

BRITAIN

IN HONG KONG



The Official Magazine of The British Chamber of Commerce in Hong Kong Issue 66 May-June 2020

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NAVIGATING A
GLOBAL CRISIS

A photograph of two ducks swimming in a pond. In the foreground, a male mallard duck with a green head and yellow bill is facing the camera. In the background, another duck, possibly a female mallard, is swimming away. The water is greenish-blue with ripples.

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May - June 2020



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Dear Members,

As we look around the world and observe the response to COVID-19 in countries and territories beyond Hong Kong, I think we should be proud of the SAR. We are some way from calling the end of this crisis and I write this message with the trepidation that I may well be tempting fate. However, if ever we needed the affirmation that Hong Kong is a community which can pull together positively in the tough times, then the last three months must be the evidence. It is all the more remarkable when we recall that only six months before, Hong Kong felt like it was irreparably tearing itself apart as a result of the social unrest. The administration has thoughtfully introduced measures which its citizens have, for the most part, stoically embraced and which seem to be dealing with this health crisis. Even the international press has recognised this.

One of the measures has been the encouragement to manage ourselves in accordance with 'social distancing' recommendations. This is a euphemism for not going out. COVID-19 has spawned a whole vocabulary of new euphemisms. This includes 'lockdown', 'self-isolation', 'self-monitoring' and 'quarantining'. This nomenclature is designed to encourage us to stay at home all day and make us feel like this is an acceptable way of spending our time rather than traipsing into the office. There is even an online barman who has created the 'quarantini'. This is a cocktail to be enjoyed during lengthy periods of 'self-isolation' at home, on your own.

The question now preoccupying armies of business thinkers, who also have a great deal more time to think (in their pyjamas), is what will work look like when

we emerge from this 'lockdown'? In a sequence of syntactical errors this is referred to as the 'Next New Normal'.

Workforce productivity must surely be the first order of business. Engaging and lifting employee morale will be essential if we are to get back on our feet. Returning to operational health will be the second front of mind challenge. This will start with reactivating and, in some cases, reconfiguring altogether supply chains with a focus on the weakest vulnerabilities. Digitisation permitting, amongst other things, 'work from home' practices, has been accelerated as part of this Next New Normal. You may have seen the social media joke asking the question: Which of the following parties has contributed most to your company's digital transformation: (1) the CEO, (2) the CTO, or (3) COVID-19?

However, I suspect, when the lockdown does eventually come to an end, we will want to spend as little time as possible in our pyjamas. Instead we will leap out of bed with the enthusiasm of a new employee, skip breakfast, shower as quickly and as decently as possible, jump on the MTR and relish the commute to work and the queue for the office lift.

In all honesty we miss office sociability. We miss the water cooler gossip; who's in, who's out; who's up, who's down? We miss those chance meetings in office corridors to catch up on holidays and birthdays and discuss our children's schooling needs. Social engagement in the office is, in my view, as important for work productivity as any IT solution and will contribute to re-invigorating the work force.

We have had the opportunity to test Jean Paul Sartre's proposition that "Hell is other people" by, well, not being with other people. In my 'self-isolation' at least, I have concluded the precise opposite. Actually, I quite like people, actually quite a lot. I include the colleague with the telephone voice which carries over five counties and the colleague with the annoying lunch habit. If the Next New Normal misses the human element, and in particular the importance of other people's company, I predict it will soon become the Past New Normal.

At the Chamber we have been carefully following the social distancing recommendations. This has resulted in a programme of insightful webinars addressing all sorts of business and other issues. I am pleased to report that our members have enthusiastically participated both as presenters and as audience. These have all been free to our members. Many thanks to all of you who have made these possible, including to our outside speakers. The BritCham community has proven in expedient times that it can operate in a virtual environment.

We have also pursued our advocacy work with the usual level of BritCham determination. At an early stage of this crisis we wrote to the Chief Executive, together with the French Chamber, to address the particular concerns of the international schools. I am pleased to report that, as a result, examination classes were allowed to meet again in person. As I wrote last time, we have also been lobbying across government for a programme of significant infrastructure spending when the lockdown ends.

And most recently we co-signed with other international chambers a letter to the Financial

Secretary to encourage the government to support businesses financially and maintain employment. We were very pleased to see the recent announcement by the Financial Secretary of the HK\$137.5 billion COVID-19 relief package – the third and largest financial commitment to support the community during this crisis.

As the magazine goes to press I am also happy to announce the appointment of your Chamber's new Executive Director, David Graham. I will simply repeat here that I am delighted and the Chamber is truly fortunate that David will be our next Executive Director. He has a 20-year relationship with Hong Kong in a number of senior positions, a lawyer's eye for detail and a great sense of humour – all of which will serve us well. I look forward to introducing him to you in person.

Finally, if you ever needed evidence of the nugatory effect of the lockdown on work rate then just reread this column and you will see that I've spent far too much time thinking (in my pyjamas) and not enough time executing (in my suit and tie).

Please stay healthy,



Peter Burnett
Chairman,
The British Chamber of
Commerce in Hong Kong



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“It’s Been a Privilege to Lead the Chamber”

Dear Chamber Members,

As you will have seen, I am standing down from the Chamber at the end of May. Sadly, the current restrictions make it unlikely that I will be able to say farewell to you in person.

It has been a real privilege to lead the work of the Chamber for the past 5+ years. I believe the Chamber’s reputation as one of the leading international business organisations here is very strong. In our policy and advocacy work, our views are listened to – and sought out – by governments and policy makers. We have a fantastic event programme, from breakfast briefings, to top VIP speakers and the best Annual Ball in town. Our connections and networks with other business organisations in Hong Kong, in the mainland, the region more widely, and in the UK are stronger than ever.

These are clearly difficult times for businesses, and we have had to adjust the work of the Chamber accordingly. But I do think it is precisely at times like this that the collective voice, the collegiality, and the support and platform the Chamber provides are more important than ever.

All that the Chamber achieves is the result of a terrific effort right across the Chamber community.

I first wish to pay tribute to the small but dedicated and loyal Chamber executive team (both past and present), whose professionalism, creativity, hard work,



and friendliness is central to the Chamber’s work. They are a wonderful group of colleagues.

I am enormously grateful to the members of the General Committee for their support, and for their great advice and wisdom: to have some of Hong Kong’s most senior and experienced business minds guiding the work of the Chamber has been critical to its success. I and the Chamber owe huge thanks to the specialist Committee network – all the Chairs, Vice Chairs and members – for the time, effort and expertise they put into our policy work, events programme and so much else.

I have had the good fortune to work with, and to learn from, three outstanding Chamber Chairmen, in Andrew Weir, Mark Greenberg, and Peter Burnett. I am hugely grateful for the strategic direction, clarity of thinking, and personal commitment they brought to the Chamber and its work, and for their guidance and advice to me. Again, it says something about the





Chamber that such senior business leaders are willing to give up so much of their time and energy to the role.

Within that stellar constellation I would like particularly mention Peter Burnett. Because he has had the fortune or misfortune, as the case may be, to lead the Chamber through one of the most difficult periods in Hong Kong's recent history. I am probably alone in seeing the full extent of the dedication, time, thought and effort Peter has put into his Chairmanship. The Chamber has been lucky indeed to have him as Chair during this critical period.

And finally, my warm thanks to you, all the Chamber Members. It is you that make the Chamber what it

is. It is there to help your business grow. The combination of serious business intent and purpose, based in the knowledge,

expertise and experience of the membership, together with great friendship, good humour and collegiality is an unbeatable one and is at the heart of the Chamber's success.



I said earlier it has been a privilege to lead the Chamber. It has also been a total pleasure. Thank you all enormously for your support, company, and friendship.

I wish your businesses every possible success, and you and your families every possible health and happiness in the months and years to come.

Thank you,

Andrew



Farewell to Andrew Seaton

Peter Burnett (2018-current)

Andrew was well into his stride by the time I took up the chairman reins from Mark Greenberg in 2018. On official visits, Andrew would introduce me as both the BritCham Chairman and his boss. Whilst both these introductions were *de jure* the case, we all know that Andrew was *de facto* the boss. His hand on the tiller was always very firm as he guided the chamber from event to event and policy issue to policy issue. My first London Door Knock with Andrew was particularly memorable. This is the annual visit by the Chairman and Executive Director which takes place in October at the same time as the HKTDC London dinner. Andrew set up a sequence of meetings with senior business leaders and Government stakeholders. The tone of our message is just as important as the content. All of Andrew's skills were on display and as we travelled back and forth across London. He would, in the back of a London taxi, carefully hone not only what I had said but how I said it - and with all the good humour and experience of a seasoned diplomat.

Over the last two years Andrew and I have been through some of Hong Kong's toughest times – trade tensions, social unrest and, now of course, COVID-19! We have met with government officials, visiting UK officials, LegCo, Parliamentary representatives, business leaders

in the United Kingdom and Hong Kong and, of course, with our BritCham members. Sometimes this has been to gather, sometimes to proffer and sometimes to formulate

views on a variety of issues. Andrew has been an absolute pillar through all of these challenges. There have been times when he and I have spoken on a daily basis – sometimes even more than once a day. His advice has been clear and always thoroughly informed. Within the Hong Kong Chamber community and at the International Business Committee, Andrew is often seen building a consensus of opinion and recommended next steps on a whole range of subjects. But he has always been driven by a very clear sense of purpose: What best serves the interest of BritCham members and what best serves the furtherance of the Hong Kong business community. At BritCham we will certainly miss his leadership, but Hong Kong will also be shorter for his leaving.



Andrew Weir (2014-16)

As Chairman, it was my pleasure to welcome Andrew to the Chamber and work with him during his transition.

Needless to say, Andrew hit the ground running and soon any hand-holding going on was very clearly for my benefit!

Andrew embraced immediately the commercial world and the challenges of running the Chamber operations with great gusto. It could not have been easy as a former diplomat to return to his "old turf" with a new hat on but before long a common refrain was "Andrew is everywhere".



Mark Greenberg (2016-18)

Back in 2015 I was part of the selection team, alongside the then Chairman Nick Sallnow-Smith and fellow Vice Chairman Andrew Weir, which landed on the appointment of Andrew as the new Executive Director to replace the retiring incumbent Christopher Hammerbeck. We were lucky enough to have an excellent field of candidates to choose from, but Andrew was the standout. It's quite rare to be able to look back at any appointment and say everything worked entirely as planned, indeed beyond expectations. This was genuinely one.

Andrew has always brought a combination of energy, intelligence and real passion to his work with the Chamber. It's not easy to step into running an established operation and which had a longstanding incumbent in the role, with 20 plus years of history. From the outset, Andrew was very clear where he felt he could make a contribution. In particular, he made a special effort to enhance the quality of the Chamber's policy and advocacy work. The Chamber's deserved reputation for identifying the key issues of the day (and of those to come), providing insight and solutions for the benefit of Chamber members, as well to all Hong Kong business community stakeholders (including the HKSAR Government), owe much to his efforts.

Even during his time as UK Consul General to HK, Andrew spent a lot of time with the Chamber and his appreciation of the Chamber's role in the lives of its



members, as well as the wider HK business community, has been notable. As Executive Director, supported by the excellent Chamber team, Andrew has also kept up the unbelievable pace of engagement with members, fronting up an uncountable number of the nearly 300 odd events a year run by the team.

It has been a tremendous privilege working with Andrew and I'm sure all members, like me, are very grateful for his major contribution to the operation and development of the Chamber during his time as Executive Director.

We should also take the opportunity to thank Helen for all the support she has given him over many years, and I join everyone in wishing them both a happy retirement back in the UK.

We made great progress together based on a "content and full English breakfast" strategy to General Committee meetings – both elements of which I like to think of as heavy.

Andrew's relationships in Hong Kong, mainland China and the UK helped me as Chairman and more importantly have been shown to be hugely beneficial to the Chamber.

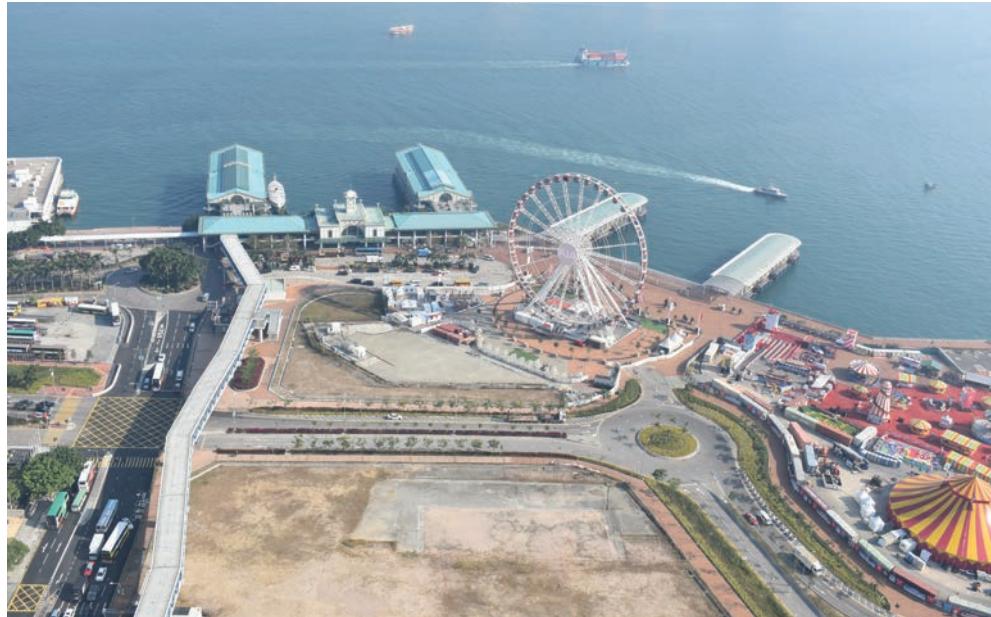
His very sound, seasoned judgement on policy and public communications will be greatly missed. Personally, I and others have greatly enjoyed the camaraderie and enormous fun of working with Andrew.

I wish Andrew and Helen all the best in their next chapter and offer a toast to thank Andrew for his wonderful service. Let's raise a glass on Zoom. Cheers Andrew!!

New Central Harbourfront Development Criteria Announced

The British Chamber of Commerce in Hong Kong warmly welcomes the announcement by the Secretary for Development at the launch of the 2020-21 Land Sale Programme that the tender for the New Central Harbourfront Site 3 will be managed on a "Two Envelope Approach". Combining both design and price criteria in the tender evaluation will, in our view, result in an optimal outcome for this iconic waterfront site.

In our letter to the administration dated 2 February 2018, we were strongly supportive of incorporating design criteria in the tender award process. These would include an imaginative, people-focused



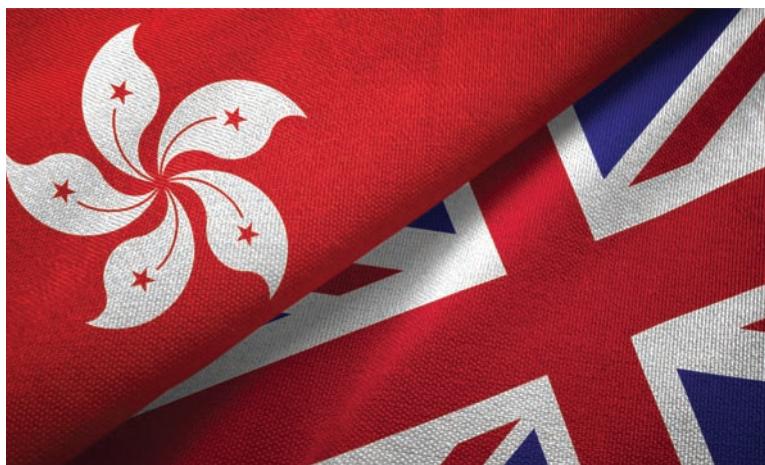
approach and improving accessibility to the waterfront for the enjoyment of all Hong Kong residents.

Visit our website to read the full letter to the Chief Executive from Peter Burnett, Chairman of the British Chamber. <https://bit.ly/2VevHJF>

Chamber Chairman's Letter Urges Hong Kong/UK Free Trade Agreement

The Chamber Chairman, Peter Burnett, has written to the UK Secretary of State for International Trade, on behalf of the Chamber, encouraging the UK Government to consider a Free Trade Agreement with Hong Kong as a priority as it moves ahead with its new post-Brexit trade relationships. The letter sets out the Chamber's case for this including the opportunities for a wide range of business sectors.

The full letter can be found here:
<https://bit.ly/3bglQcb>



COVID-19 Economic Relief Package

The Government has launched an additional COVID-19 economic relief package. This consists of: a general employment subsidy scheme; a job creation programme; and sector specific measures including support for the construction and aviation industries and for sectors which have been hardest hit and forced to close in order to control the outbreak.

Peter Burnett, Chamber Chairman, commented: "We welcome this package, which should provide much needed support to hard-pressed Hong Kong businesses. I am particularly pleased to see the support to businesses to maintain employment, which we have seen as a priority."



The Chamber, alongside other leading international Chambers, wrote to the Financial Secretary earlier this month (letter here: <https://bit.ly/3ev9oas>) urging the Administration to implement further support to allow businesses to maintain employment.

Details from the Administration of the support measures are here: <https://bit.ly/2XJ4X5K>.



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Still Keeping the Lights On

24 April 2020

The Chamber's SME and Start-up Committee hosted a webinar covering the recently announced Employment Support Scheme (ESS) and the government's 100% loan guarantee scheme.

Phil Aldridge shared the findings from his recent "Small Business Impact Survey" that saw 350 SMEs respond to the economic impact. What was alarming is that almost 25% said it's likely they'll have to close their business due to the current situation with COVID-19 and the previous nine months of social unrest. These figures were collected prior to the announcement of the ESS so it will be interesting to see if there is any change

in the next month. Full details can be found here – <https://bit.ly/2VSSaeH>

The government announced its 100% loan guarantee scheme (<https://bit.ly/2x5eoSj>) on 26 February. What's important to note here is that firstly, this does not mean the applicant is guaranteed to get the loan and secondly, this does not mean that the HKSAR Government is providing a 100% guarantee for the loan to the applicant.

The Chamber is continuing to engage with the government and will share further details when they are released.

Andrew Heyn, British Consul General to HK & Macao Gives COVID-19 Updates

8 April 2020

The Chamber hosted a webinar with Andrew Heyn OBE, British Consul General to HK and Macao, who shared some updates regarding the situation amid COVID-19 both in Hong Kong and the UK.

Over the past couple of weeks, there has been little focus on Brexit as the UK government has shifted its strategy in an attempt to contain the virus. Andrew pointed out that Hong Kong has been a positive example in terms of dealing with the outbreak and executing quarantine strategies, with individuals also taking responsibility in reducing the risks. The Consulate has been co-operating with the government to help British citizens in the region and arrange flights for those in need. It is also focusing

on the procurement of medical equipment from the region and welcomes any input from members regarding this issue.

The outbreak, along with the protests last year, has impacted trade and investment, but the UK is determined to enhance its ties with Hong Kong as the UK-China relationship is fundamental to the UK's global agenda post-Brexit. They recognise that a Free Trade Agreement (which the Chamber has actively lobbied for) could help to open markets for UK businesses in Hong Kong and vice versa, and strengthen Hong Kong's role as a gateway to China and the region, all of which aligns with the UK's interest.

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Disruption from Nowhere: Is Your Business Prepared?

1 April 2020

With the exponential growth of data and the acceleration of technological advancements, disruptions are happening in the business scene which is further accelerated by the COVID-19 outbreak. How do companies manage disruption when it plays by its own rules?

James Kane, Managing Director, Mondelez International (Malaysia & Singapore); Daisy Jiang, Director of Operations, UIB; and Yau Boon Lim, Senior Partner, Disruption Management, Lim-Loges & Masters, shared their insights on the readiness of firms and human capital facing disruption in this post-digital age. It is agreed that rethinking and redesigning business models can best prepare businesses for disruptions. AI, 5G and block chain will make the world a smaller place, and small actions by individuals can have big effects. These small actions could be as simple as ensuring leaders are decisive and future-ready; they have to prepare their company for changes, and create an environment where employees feel safe to take risks.

Thank you to Lim-Loges & Masters for sponsoring and to Lelia Lim-Loges, Principal Founder, Lim Loges & Masters, for moderating.



Moderator for the event, Lelia Lim-Loges

The logo for BIDVINO features the word 'BIDVINO' in a large, bold, serif font. A small silhouette of a wine bottle is integrated into the letter 'I'. Below the main word, the tagline 'Refine your cellar' is written in a smaller, italicized, serif font. Underneath, the text 'BRINGING FINE WINES TO YOUR DOOR STEP.' is written in a bold, sans-serif font. At the bottom, the text 'CONTACTLESS HOME DELIVERY TO HK ISLAND, KOWLOON & N.T.' is written in a smaller, sans-serif font. At the very bottom, the text 'FREE FOR ANY ORDER OVER \$1000' and '\$100 DELIVERY CHARGE FOR ORDERS UNDER \$1000' is written in a small, sans-serif font. The website 'WWW.BIDVINO.COM' is also mentioned.

 To the right of the text, there is a photograph of several wine bottles of different colors (red, white, and rosé) arranged on a wooden barrel. The barrel has metal bands around it.

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Small business



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Christopher Anderson

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Brenda Wang

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Mental Health

Start-up



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Adapting in the Age of Coronavirus

COVID-19 has dramatically changed the way we live and work – and it's not over yet. Here, we examine the emergency measures companies put into place and explore what working in a post-coronavirus world might look like. – By Sarah Graham



Almost as soon as it struck, the people of Hong Kong doubled down. It wasn't the first time a deadly virus had hit the city, and memories of Sars were still raw in the minds of many. Coming several months into another devastating saga for the city – the anti-government protests sparked by the now-defunct extradition bill – the arrival of coronavirus threatened to drive the final nail into the coffin of a city that, not so long ago, was proudly labelled Asia's World City.

Yet, at the time of writing, it appears that Hong Kong has managed to keep COVID-19 at bay. Daily cases have remained at zero or thereabouts since April 20 following a peak in March as those who fled the city in the early stages returned as the virus spread around the world. The city's swift move towards restricting gatherings of more than four people, along with mass testing, contact tracing, and an estimated 99% of the population wearing masks, has certainly contributed to the low numbers we've seen. But perhaps more than that, Hongkongers were already in a state of 'new normal' by the time of the outbreak of COVID-19. Months of protests had already changed the way we behaved: entire districts became no-go zones where violent battles between protesters and riot police were a weekly occurrence. MTR stations were regularly empty, too dangerous for commuters who wanted to avoid getting caught up in the demonstrations. Universities closed and moved learning online, some businesses allowed staff to work from home.

For businesses, already redrawing strategies as Hong Kong's credit score was downgraded by Fitch and the city limped into recession for the first time in a decade, the outbreak of coronavirus was a shock but

Corporate winners & losers

The effect of coronavirus on the global economy has seen some of the world's best known companies go bust, while others have thrived.

WINNERS:

zoom

amazon

NETFLIX

LOSERS:

OASIS

WAREHOUSE

Cath Kidston

DEBENHAMS

LAURA ASHLEY

Virgin australia

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flybe.





by no means the end. Over the past three months, organisations in the city have been forced to adapt to life in a pandemic. We spoke to Chamber members who shared their insights into how this unprecedented global crisis has affected Hong Kong, and what might lie ahead.

Back in November last year, Control Risks – a specialist risk consultancy with offices in Hong Kong – organised a crisis management exercise for its clients here. The idea was to present clients with a scenario that meant at least 30% of their workforce was not able to work in the usual way.

“We got them to see how they could respond to a global crisis,” says Ben Wootliff, a partner at Control Risks. “There were a number of separate elements in that, and part of it was a global pandemic.”

The scenario was, of course, a coincidence. The first reports of a deadly new virus spreading in China did not surface until January. But it’s the type of crisis that organisations need to consider if they are to become agile in the face of disaster. Control Risks has been advising clients in China since COVID-19 emerged. Now it’s also providing crisis management for clients in the rest of the world.

“In the field of crisis management, you’re not looking to plan for every possibility,” Wootliff says. “What you’re looking to do is help organisations put in place the structures and capabilities to give them the resilience they need to deal with a crisis: to understand their organisations, how a crisis could impact them, and help them recover and get back to business as usual.

“As a global company, we’re having to deal with this around the world now, helping our clients plan for recovery.”

The consultancy’s experience of the impact of the virus in China’s economy, and its subsequent ‘reopening’, means it’s well-placed to advise its global clientele on the how to survive this crisis. The ability to adapt is key, says Wootliff, and organisations must ensure they have the right teams and structures in place to get through this period of uncertainty.

“What’s pretty unique about this situation is it hits every part of any organisation,” says Wootliff. “It’s the biggest global crisis of our lifetime. This is not going to go away in 12 days, 12 weeks, or 12 months. But it will evolve, and we have to evolve with it.”

This sentiment is echoed by professional services firm, Deloitte, one of the so-called Big Four accounting organisations. Samuel Tsang, Asia Pacific HR Transformation Leader for Deloitte, says a task force was formed immediately news broke of the new coronavirus, which brought together a cross-function that combined the CEO, HR, and property management. Several

BritCham events go digital

The Chamber is continuing to provide information and insight to you by hosting a series of webinars. We are pleased to announce that we have just reached **over 2,000 registrants** since launching the webinar platform earlier this year and want to say a big thank you to those of you who have taken part. It’s at times like this we realise how powerful the Chamber’s network is and it is great to see collaborative measures in place which are helping to steer us all through these challenging times.

We’ve got some great webinars lined up covering a variety of topics relevant to the current situation and other industry trends. Please visit our website for updates. If you wish to host an event with us, please feel free to email events@britcham.com.

Hong Kong government's HK\$137 billion relief package

In April, the HKSAR unveiled a multi-billion dollar relief package to support businesses and protect employment in the city. The measures include:

- An employment support scheme to ensure 1.5 million employees are paid 50% of their wages, capped at HK\$9,000 per month.
- Support totalling HK\$21 billion for the hardest-hit industries, including tutorial schools, travel, and health and fitness.
- Creation of 30,000 jobs over the next two years.

measures, including a flexible working arrangement for staff, were promptly put in place. Since then, the company has conducted a mandatory weekly survey of all staff to assess the effect on their health and family of working from home. A questionnaire addressing health and other concerns is also provided to clients.

At the same time, Deloitte – which at 175 years old is one of the most established professional services firms in the world – has had to adapt to new technologies and workflows. Like many organisations responding to global travel restrictions, Deloitte has begun experimenting with video conferencing software such as Zoom and Microsoft Teams. Miro Pihkanen, partner, Cyber Risk Services at Deloitte China, says one positive to emerge from the crisis is how quickly companies are embracing change.

"As a global organisation dare I say often it's quite a lengthy process to deploy new technologies," he adds. "We have actually been very rapid in terms of rolling out Teams and Zoom and making them available in other regions.

"I'm also seeing similar behaviour in a lot of my

clients. A lot of the red tape that exists in organisations must initially be shortened; decision-making processes must be effective. That might be one of the benefits to come out of this whole ordeal: adapt and understand processes faster to make better decisions. But of course, security must be considered at all times when digitizing this rapidly and since the start of the pandemic we have seen an increase in requests for the 24/7 Managed Cyber Security Service that we run out of our Cyber Intelligence Centre in LKF. We are also launching a 'Future of Dev Sec Ops' series to support our clients with secure app development."

Tsang observes another potential sea change: a new wave of collaboration. He believes that working from home can provide greater focus for employees that could impact the way they interact digitally. "Previously, organisations that wanted to be more collaborative introduced offices without walls, there were no more rooms," he says. "A lot of people didn't realise that some of these initiatives were impacting productivity and creativity. There were too many distractions. A lot of these great technologies mean we can still have interaction and collaboration which do not require face-to-face time together or co-location. It really helps our creativity and efficiency. However, I believe we will see the importance of physical space change with organisations bringing people together for specific purposes where the human connection really counts. We have already seen a number of companies tentatively booking in dates at our collaborative workspace The Garage for future events and workshops."





With so many countries in some form of lockdown, companies are having to find new ways to engage existing customers and attract new ones. Marketing strategies have had to turn their focus on social media as the principal way to reach consumers. According to Accenture's Robert Hah, innovation in this area has already begun in China, where many companies are leveraging the Internet of Things (IoT) and other technologies to boost sales.

"We've also seen companies in China focusing more on virtual experiences to keep customers engaged, with automakers, for example, launching car-selling campaigns through live-streaming and WeChat mini programs, or real estate companies making use of VR to recreate the experience of showrooms," says Hah, Accenture Strategy Greater China lead.

And the innovation isn't limited to encouraging people to part with their hard-earned money. A growing number of companies in China are using high-precision robotics to help them resume manufacturing, while some public sector organisations are leveraging technology such as virtual agents to provide their employees with as much COVID-19-related information as possible to help prevent its spread.

But innovation cannot happen without people, and currently organisations are tasked with developing

both if they are to adapt to the 'new normal'. So, what can companies do to survive this crisis?

"A lot of companies will be looking to retrain and reskill their workforce to be able to work more efficiently in this new environment, where communicating and executing tasks remotely will be key," says Hah. "Many others will have to rethink some of their short and medium-term strategies; so for example, we have a company in the auto sector we're working with in enterprise transformation now, where because of what's happening in the sector they're focusing on their HR transformation as something that's mission critical and reprioritising it above their finance transformation program. These kinds of essential choices are something several companies are facing now."

Hah predicts the impact of COVID-19 will have a long-lasting impact on all of us, particularly a new 'virtual' century where anything that can be done virtually will be.

"We also expect a renewed focus on the home as the epicentre of life and experience, following on from moves around the world to encourage people to self-isolate en masse, a trend we call 'cocooning', " Hah adds. "As people become more focused on their well-being, businesses will also need to understand how they can be part of a new health ecosystem that will dominate citizen thinking going forward." **B**

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Get Ready for the New Normal



The global outbreak of coronavirus has dramatically altered our behaviour in a matter of months. What will a post-COVID-19 world look like, and how can we harness the opportunities it will bring? – By Miro Pihkanen

The global COVID-19 pandemic is undoubtedly the worst mass disruption that most have experienced in their lifetime, and the public response so far reflects this: fear, panic and uncertainty. History, however, can provide some reassurance that better times will come. As the old adage goes, 'this too shall pass'. While continuity plans are important, recovery plans are all the more, particularly when that recovery could be sharp and fast.

So far there have been numerous projection scenarios, most of them bleak and pessimistic, some of them overly optimistic. One thing we do know is that digital transformation has accelerated, and this could make for an exciting new world. Grandparents who were unable to navigate WhatsApp are now comfortable video-calling their grandkids using Zoom. Kids with notoriously waning attention spans have quickly adapted to online learning. Entire workforces have moved to virtual workplaces, with some glitches albeit, but at an astonishingly quick pace. What does this mean for the future, and how can businesses succeed once demand returns against the backdrop of this new normal where information, products and services are consumed at a faster rate than ever?

The first issue that companies will be addressing is supply. According to a recent comment by FedEx CMO, "90% to 95% of large manufacturers in China are now back to work in some capacity"¹. This is

encouraging news, but the lessons are still there. With the increasingly globalized world that we live in, supply chains are so optimized that they leave organisations open to greater risk, particularly when the bulk of their sources are located in one hub: China. Therefore, we can expect to see more investment in other countries, especially now that Chinese wages have risen substantially. US companies will likely give more consideration to Mexico whilst European companies will look to Africa and the Middle East. Japanese companies will look to Southeast Asia and Chinese companies will also diversify their supply chains.

The next challenge is in keeping people engaged. Almost overnight, corporate workforces have transitioned to online work-from-home practices. As people become accustomed to this, there is a high chance that virtual work trends will continue once the curve has flattened. This will result in cost-savings on unnecessary work travel and costly premium office space, as well as changes to employee capacity and output. Furthermore, the migration of a large number of employees from a closely monitored, controlled, and secure enterprise environment to an insecure, unmonitored home Wi-Fi network expands the attack surface for opportunistic threat actors.

Since the start of the pandemic there has been a 38% increase globally in cyber security incidents². These are commonly caused by phishing emails

luring victims in with social engineering tactics e.g. fake offers for vaccinations or ads touting prevention, treatment, or cure claims for COVID-19, or simply a threat actor posing as a CEO communicating WFH policies. There are several security measures that can be undertaken to prevent these types of attacks, but employee education and communication is an easy place to start. Educating users on current threats, the dangers of opening attachments or clicking links from untrusted sources, and the basic actions needed to prevent infection can be done via regular newsletters or webinars.

With regards to business, anticipating demand will be crucial as consumer patterns will change. Consider the bricks and mortar customers of yesterday that now, out of necessity, enjoy the convenience and speed of online shopping, or the technophobes who shied away from online banking preferring the trusty bank teller over a machine? The pandemic has nudged the doubters over the edge, and whilst spending will initially be down, it will bounce back with a far greater captive audience ready to spend. Creating a seamless online customer experience will be more important than ever and those that quickly focus their attention on understanding customer needs will succeed.

Big data has been given a new boost throughout the course of this crisis. We've seen the Singaporean government successfully curb its case numbers through social tracing and China now has the ability to predict potential virus hotspots using AI. Despite many individuals and nations being wary of this Orwellian mass monitoring, attitudes will likely shift as the positive effects of data sharing continue to outweigh the negatives. The recent Apple and Google partnership that uses Bluetooth to enable more efficient and accurate contact tracing has the potential to reach three billion phones and save even more lives, however consumers understandably point to the potential misuse of data. Governments and policymakers will play a major role in the success of these new developments and while we can't predict how data security will be managed in each jurisdiction, we do know that countries lacking the technological infrastructure will be hit the hardest by the virus, shining a light on the fact that data and the speed at which we can receive that data, will be crucial if the time comes to overcome a scenario like this again.

Aside from the potential that data has to contain the virus, social distancing has magnified its exponential

value, calling in to question the ethics surrounding the ownership and monetization of personal information. Many organisations grappled with legislation and regulations on data privacy prior to the pandemic so learning what these new changes are early on will be important. Changes in regulation that are being driven from the public domain can open up doors for the private sector moving forward, and vice-versa.

In sum, supply chain diversification, effective people management and investment in digital transformation is more important than ever, making it the compulsory time to employ more innovative and robust cyber security strategies. Take this opportunity to assess the holes in your business continuity plan and prepare for the inevitable security risks that will come as your organisation embarks on a new horizon of opportunities brought about by the impact of COVID-19 disruption. B

¹ <https://www.fool.com/investing/2020/03/22/fedex-brings-some-good-news-on-the-coronavirus-cri.aspx>

² Deloitte Cyber Intelligence Center

Deloitte.



Miro Pihkanen
Partner,
Cyber Risk
Services,
Deloitte China

Miro is a Partner with over two decades of professional experience in various areas of Cyber. Miro has worked across numerous industries and delivered Cyber strategies, architectures, policies, standards, and Cyber solutions and services. Miro runs the Cyber Intelligence Center (CIC) and The Garage in Hong Kong. The CIC is a 24/7 managed security service and interactive cyber training centre and The Garage is a collaborative workspace designed for innovative product development and problem-solving. To learn more about booking Cyber War-game Scenarios, Cyber Escape Room training or Cyber Privacy Room training contact thegarage@deloitte.com.hk



From Surviving to Thriving

While the outbreak of coronavirus has disrupted global economies and supply chains, with this new normal comes new opportunities. – By Lennard Yong

As the COVID-19 outbreak infects global supply chains and disrupts economies around the world, 49% of operational executives at APAC organisations are feeling the pain and are concerned about the future of their business, according to a Business Sentiment & Resilience Barometer Report recently released by Tricor Group.

But the situation is not entirely grim, with the outbreak offering critical learning experiences that can amplify business resiliency now and for years to come. The following are the best practices business leaders can implement to scale up operational readiness and response in the face of uncertainty.

De-risk supply chains and consider diversifying

International businesses were gradually shifting toward alternative markets to fill manufacturing and sourcing needs amid the US-China trade dispute. But COVID-19 has turned all the lights on, illuminating the risks of single-market dependency – especially with companies that operate or source from mainland China, the US and Europe.

If there's anything to be learned from COVID-19, it's that offshoring and outsourcing help companies rebalance single-market dependencies and protect a company's bottom line against unforeseen events, like health crises, natural disasters, trade tensions and social unrest. Companies with operations in multiple markets agilely respond to disruptions in one market by seamlessly transferring operations to another.

Ensure robust protection in governance, risk and compliance (GRC)

According to research from the Financial Times and Ropes & Gray, 57% of senior-level executives rank risk and compliance among the top risk categories they feel least prepared to address – and 69% of executives are not confident that the risk management strategies they currently have in place will meet future needs.

As COVID-19 prompts companies to diversify operations into new markets, they must be acutely aware of cross border compliance issues. Non-compliance wreaks havoc on a business's financial

health, affecting companies of all sizes and industries. But companies face greater risks than just fines and penalties. Reputational damage often causes irreversible or long-term harm to the business.

Stay bullish on APAC markets

In spite of COVID-19, long-term views on APAC remain positive and optimistic. For example, only 7% of international businesses report that COVID-19 has changed their view about operating in Hong Kong, according to a survey by the American Chamber of Commerce in Hong Kong. And a survey by the American Chamber of Commerce in Singapore found that among the economy's biggest investors – US multinational corporations – 98% have long-term confidence in Singapore.

The early 2000s SARS outbreak, which had a nearly 10% fatality rate compared to COVID-19's 2% fatality rate, caused China's economic growth to slow from 11.1% year-over-year in the first quarter of 2003 to 9.1% in the following three months, according to data from the World Health Organization. The growth in retail sales and industrial production in China was also slower during the time of the outbreak. But, once the virus was contained, production quickly resumed, and exports rose.

In addition to APAC's track record of swift recovery from epidemics, the favourable economic trends anticipated in the 'Asian Century' – the supposed inflection point when the continent becomes the new centre of the world – will continue to make the region enticing to multinational companies and global investors.

Do a self-assessment

Leaders must ask the following as they look ahead: Are you prepared to restructure your business over the next two months? Are you prepared to reduce growth activities for the remainder of the year? Are

you prepared if you don't have the right staff and resources to take advantage of a future recovery?

Knowing is half the battle and an honest self-assessment will help businesses find themselves better positioned to proceed accordingly.

Enlist a third-party team of experts

Every organisation must be prepared for evolving market conditions. The problem is that, when disaster strikes suddenly, not every company has the resources to manage emerging needs internally. Hiring a skilled expert can help a company properly mitigate risks, stave off potential disaster and save money in the long term.

A third-party partner performs a wide range of operational restructuring activities, from initial planning to full-service streamlining core functions. These functions include business continuity planning, operational streamlining, global payroll management, diversification, offshoring, outsourcing, cost reduction and risk management.

Looking ahead

Businesses face a challenging start to the new decade and are now anticipating a few more difficult months ahead. Though business leaders cannot control the situation, they can control how their company responds.

Organisations today, perhaps more than ever, should make the wise investment in an operational restructuring strategy that meets the needs of the rapidly evolving business environment. When developed correctly, operational restructuring takes an integrated, 'all-hazards' approach and bolsters protection for a company's most important assets: people, information, cash flow and reputation. This protection can help a business confront COVID-19 with confidence – and essentially thrive, not merely survive, in the face of uncertainty. 



Lennard Yong
Group CEO
Tricor Group

Tricor Group is the leading business expansion specialist in Asia, with global knowledge and local expertise in business, corporate, investor, human resources & payroll, and corporate trust & debt services. The Group has over 50,000 clients globally (including 20,000 clients in Mainland China), over 2,600 staff and a network of offices in 47 cities across 21 countries/territories.

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COVID-19: A To-Do List for Hong Kong's Banking Sector

Banking, along with most industries, is having to get to grips with new consumer behaviour driven by the global response to the coronavirus outbreak. Now is the time for the financial sector to step up. – By Ravi Chhabra

COVID-19 is undoubtably one of the biggest global events of our lifetimes, presenting unprecedented challenges to many industries, governments and people all over the world. The pandemic remains a health and humanitarian crisis, and the business and economic impact has been deep and far reaching. As such, it is changing human attitudes and behaviours and forcing organisations to respond, from banks to retailers to manufacturers, as well as local and national governments.

Financial services firms, in particular, have the opportunity to help consumers and businesses weather the economic downturn and navigate the current storm – and a lot has been done already.

Many banks have shifted staff from branches that are temporarily shut or with reduced working hours to help respond to online or phone inquiries from customers. There's also been a focus on introducing advanced technologies and tools for online customer service, like chatbots and data analytics. We expect financial firms will implement video collaboration tools, new chat and messaging software and other fintech innovations to continue live interactions with customers to cope with new social distancing norms, including the use of common consumer apps.

Nearly all of the major banks have made significant investments in technology and digital transformation over the past few years. However, a lot of these companies are still heavily reliant on face-to-face interactions, supported by paper processes. Therefore, we expect to see renewed impetus in the banking industry to make a concerted effort to up their digital game. This will be critical as COVID-19 is likely to have

a prolonged impact and banking touches every part of our economy.

That said, most banks have addressed the immediate challenges of COVID-19 related to protecting staff and providing much-needed services to customers. They now have the chance to be active and positive participants in this crisis and there are four key areas they can focus on to help Hong Kong navigate the current situation:

- Customer Service and Advice: As a result of social distancing, an increasing number of consumers are using online banking channels to manage their money. This is likely to result in a more permanent shift in customer preferences for digital channels and an increased demand for digital services. It's important for banks to be accessible to all consumers, including the elderly or those not so familiar with mobile banking,

“It's important for banks to be accessible to all consumers, including the elderly or those not so familiar with mobile banking, providing education on how to use digital tools, keeping ATMs stocked and branches in strategic locations open.”

providing education on how to use digital tools, keeping ATMs stocked and branches in strategic locations open. As customers seek help and advice on short-term cash management and re-planning their future, banks should prioritise live interactions through video collaboration tools. To provide customers with the essential peace of mind, this increase in digital customer engagement must go hand-in-hand with a ramp-up of cybersecurity and fraud-protection tools.

- Credit Management: Even with the Hong Kong government's recently announced relief package, banks can expect an increase in loan defaults as borrowers struggle to make payments in the

face of a cash crunch from lost business and jobs. Lenders should consider offering a grace period for mortgages and other loans to prevent defaults and help facilitate the transfer of funds from government programs focused on small businesses and other sectors of the Hong Kong economy that were hit particularly hard by COVID-19. Providing customers with an appropriate grace period may be challenging, as many core banking and loan accounting systems are not set-up with the required flexibility, but the industry must work together to make the financial relief process quick and easy to deploy. Banks should also proactively initiate credit forbearance and modification programs using a data-driven approach to understand which customers need help and then rapidly reach out with tailored, relevant solutions. Even with these programs in place, some customers may still not be able to make their next payments, so banks should prepare for losses and build capacity to deal with an increase in delinquent and defaulting loans, which will require trained staff who can help address customers' unique situations with empathy. Augmenting staff with intelligent machines and tools such as AI engines will help increase the quality of customer engagement, equipping staff with the best possible solution for each customer.

- Revenue Compression: Revenue at retail and commercial banks is already falling sharply, as central banks around the world slash interest rates, significantly reducing net interest margins, while income from payments and other services are hit by a general decline in economic activity. We expect an overall drop of up to 10% in banks' payments revenues, which means a US\$150 billion top line decline for the industry globally, as demand in sectors like retail and entertainment falls sharply or moves to online channels, while activity in areas such as tourism and travel evaporates. There's little banks can do to stop the overall drop in revenue,

but they can focus on making payments safer by increasing limits on contactless cards and educating consumers on digital wallets. Banks can also focus on cashback and loyalty rewards to encourage spending in restaurants and other sectors that need it most.

- Operating Model Adjustments, Cost Control and Innovation: Over the next few quarters the banking sector will face a misalignment between short-term costs and revenues due to the economic impact of COVID-19. Banks will need to review and prioritise current projects to determine what can be slowed/ stopped or redirected to the most pressing needs. Banks should also focus on investing in things that will outlive the current pandemic, including projects and initiatives that maintain or improve the customer experience such as a paperless utility, end-to-end digital advisory and lending capabilities, increased fraud and cybersecurity analysis and detection, etc. These new digital tools will make banks more efficient and resilient to future changes.

COVID-19 will have long-lasting impact in many industries, not just banks. It will change our behaviours as customers, citizens and employees in Hong Kong and around the world. These changes will likely shape the future of experience, ushering in a new virtual era, where anything that can be done virtually will be, including working, socialising, banking and consuming. Also, after a period of enforced "cocooning" we expect a renewed focus on the home as the epicentre of life and experience. As people become more focused on their well-being, businesses will also need to understand how they can be part of a new health ecosystem that is likely to dominate customer thinking going forward. The idea that "every business is a health business" is already emerging in many corners of financial services, and that is perhaps one of the few positive lasting impacts to result from COVID-19. **B**



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Accenture is a leading global professional services company, providing a broad range of services and solutions in strategy, consulting, digital, technology and operations. Combining unmatched experience and specialised skills across more than 40 industries and all business functions, Accenture works at the intersection of business and technology to help clients improve their performance and create sustainable value for their stakeholders.

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Power of Data Mapping

Most companies collect data on their customers these days, but it's the smart ones who use data mapping and incident planning to ensure they're not falling foul of data protection laws. – By Jennifer Wu

All companies, in particular banks, technology start-ups and mobile operators in Hong Kong, should carry out a data mapping exercise to ensure they are best placed to innovate while meeting their obligations under data protection law, and also ask themselves if they are prepared to handle a data breach.

Use of data is at the heart of digital transformation projects, from the development of smart cities and open banking initiatives, to the delivery of investment guidance through artificial intelligence tools and the tailoring of retail promotions.

Organisations that harness the power of data through powerful analytics tools can lead the market in innovating in these areas. However, the transition to becoming a 'data smart' company first depends on getting the data basics right, especially if you are collecting and using a lot of data belonging to an individual that is caught by the definition of 'personal data'. Anonymisation measures are often insufficient since the current definition of personal data in Hong

Kong captures personal data which could be 'indirectly ascertained'.

Businesses need to know what data they collect, where it is stored and whether data subjects are aware of the data being collected about them and how it is being used. This includes facial recognition technology and other means of tracking. Getting a handle on data sharing arrangements and cross border transfers of personal data is also important.

A data mapping exercise can help organisations understand the volume and type of information they collect, including whether the data constitutes personal data and falls subject to data protection law. It will also help identify where data gathered constitutes sensitive personal data – special category data in the European Union – that is subject to additional restrictions and safeguards in some jurisdictions.

Data mapping will also help businesses understand the jurisdictions in which data centres that host or

process their data are located. This will be particularly important for organisations that give managers or staff scope to procure and use off-the-shelf cloud-based solutions in their everyday work, as well as those that more formally outsource the storage of data to third parties.

Understanding which data is gathered and how it is used and shared makes it easier for businesses to understand whether they are meeting their obligations on transparency under data protection law. It is an essential part of data governance. Data protection laws around the world, including in Hong Kong, require organisations to inform data subjects about the personal data they gather about them and how it is put to use and to whom the data may be transferred, which would include the data processor. The onus in Hong Kong is currently on the data user to ensure data is stored securely.

Breaches are inevitable in this data-hungry age. Whilst some continue to develop great technology to assist us in our day to day operations, good data stewardship is often forgotten.

Not all organisations are getting data stewardship right. According to the Privacy Commissioner, there was a 16% increase in data protection complaints to the regulator in 2018-19 compared to the previous year, with banks and finance institutions among the most complained about.

The privacy commissioner also recorded a 102% increase in the volume of complaints relating to IT, which includes a more than three-fold increase in the number of cases concerning "disclosure or leakage



Jennifer Wu
Senior
Associate,
TMT/data
disputes
(litigation &
arbitration),
PinSENT Masons

of personal data on the internet". The risk of data leakage is inherent in major digital transformation projects that finance and telecoms companies in particular engage in when seeking to update their legacy IT infrastructure, access new digital technologies to save costs and make systems and processes more efficient.



***Businesses need to know
what data they collect, where
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subjects are aware of the data
being collected about them
and how it is being used.***



In total, there were 113 data breach notifications from organisations to the Privacy Commissioner in 2018-19. Organisations are not obliged to inform the regulator if they experience a personal data breach under the current legal framework in Hong Kong, but the introduction of a mandatory data breach notification regime was recommended in a discussion paper for legislative reform published earlier this year.

According to the Privacy Commissioner, data breach incidents are becoming more complex and severe. This is why we urge companies to develop and test incident response plans so that they are prepared to deal with a data breach should they occur.

In practice this means forming a team of individuals from across different functions of the business to lead the response to data breaches in the event of an incident. Incident response planning and data mapping are practical and pre-emptive measures businesses in Hong Kong can take to address increased risks around data and anticipate reforms to the Personal Data (Privacy) Ordinance that are likely to stiffen the requirements facing businesses and increase the potential penalties they could face for non-compliance. ■



PinSENT Masons

PinSENT Masons is a market leading full service international law firm in Advanced Manufacturing & Technology (AM&T), Infrastructure, Energy, Financial Services and Real Estate sectors. Our AM&T specialists in Hong Kong provide legal services for a wide range of TMT-related issues including IT outsourcing, TMT disputes, IP litigation, data protection, cybersecurity and brand protection. For more information, please visit www.pinsentmasons.com.



Shaping the New World of Work

The impact of coronavirus on our working habits brings a new challenge for employers. The age of the corporate voice is dead – now people need authenticity and meaning. – By Imogen Short

Even before coronavirus, the working world was evolving at an unprecedented rate: the introduction of new technology and agile seating or remote working; the blurring of boundaries across channels and time zones; and the rise of the gig economy and the fierce competition for talent. We were already at the tipping point of a work revolution when coronavirus pushed us over the edge. It changed everything. It forced us to adapt, pivot, transform, rewrite, reskill, upskill. Everything we were taking baby steps towards suddenly became a giant leap into the reality of what is now our day-to-day working life.

The world was already at the mercy of an employee engagement crisis with only 15% of the workforce engaged in their work¹, costing businesses \$7 trillion² a year in lost productivity and slowing down economic growth. The impact of coronavirus will undoubtedly amplify this.

Managing through turbulence

The immediate focus is on managing people through turbulence and uncertainty, which is a task easier said

than done – especially with the added dimension of people working from home. Businesses need to find ways to make their digital channels more human, and leaders need to step up like they never have before. In the absence of a face-to-face connection and its inherent social cues, people will focus more on substance, relationships and creativity. It's time to get personal and show our humanity. It's time to make websites and communications connect on a personal level, as if they were a conversation in person. The age of the corporate voice is dead – people need and demand authenticity and meaning.

This will change everything about the way we work. We are moving into a new age – one of empathetic leadership, stronger cultures and better connections (not to mention technical dexterity). Necessity is the mother of invention and we will perhaps begin to see a new limitless kind of creativity. We have F1 teams creating ventilators to fight a pandemic, so what else could be possible?

People need purpose

But all of this will only be possible if we can give

people what they need. Purpose. While numbers and facts continue to be vital throughout the crisis, we're all human. We crave a journey to embark on, a picture of our working world when the worst of this is over.

If coronavirus relegated us to the bottom layers of Maslow's Hierarchy of Needs, it's the job of businesses and leaders to inspire us back towards the top. Back towards purpose. And if your business didn't have a sense of purpose before, it will and should now. Because belief is more important now than information. Purpose and direction are what will get your business on the road to recovery.

And let's not forget the bottom-line impact. Just as disengaged employees cost businesses dearly, purpose can revive declining performance and numbers. In fact, research tells us that a strong purpose can grow revenue four times faster, create seven times more jobs, and increase stock prices 12 times faster.³

But having a purpose is not quite enough. People need to know and understand it to really engage with it. Employees who know and understand their company's purpose are over 50 times more likely to be fully engaged than those who don't⁴. How?

A story that shapes your new world

A compelling and long-running company story allows your purpose to transcend channels, giving it weight to make digital more human. It empowers leaders to paint a vision of the future – of what's possible beyond the now. Your story goes beyond how successful your quarterly or annual results

are and gets to the hard-core question of why. Why should I work here? Why care? Why buy your product?

A story is what makes you, you. It's the pulse of your business. It carries your messages, your ethos, your beliefs to the world. It's your differentiator. Your purpose. Your competitive advantage. It will help you connect meaningfully with customers, employees and investors over the long term.

Why story?

Because stories are how we find meaning in the world around us. The great stories cause our brain to produce oxytocin and cortisol, building empathy, trust and focused attention. While the bad ones are forgettable.

We've seen multiple brands rewrite their 2020 story in a matter of weeks, pooling their resources to help fight the pandemic. Ralph Lauren is making hospital gowns, Starbucks has improved its mental health benefits and moved to a 'go-to' delivery model in the US. And there are thousands of other examples. Beyond the need to help, they recognise the importance of their 2020 story and how it will define their brand for decades.

Ultimately, stories are how we connect with other people, companies and ideas. Through stories, we feel a shared human experience, which is why they have 20 times more impact than any other form of communication. As Ben Horowitz famously said, "A company without a story is often a company without a strategy".

Your story is what will shape your new world. 



Imogen Short
Chief Creative
Officer,
Write the Talk

Write the Talk is a multi-award-winning story shaping agency. We use the creative techniques of the most successful drama writers and show runners of multi-million-dollar television networks to engage people over the long term. Founded in the UK in 2005, we work with clients all over the world to shape narratives, train leaders and bring stories to life. www.writethetalk.com

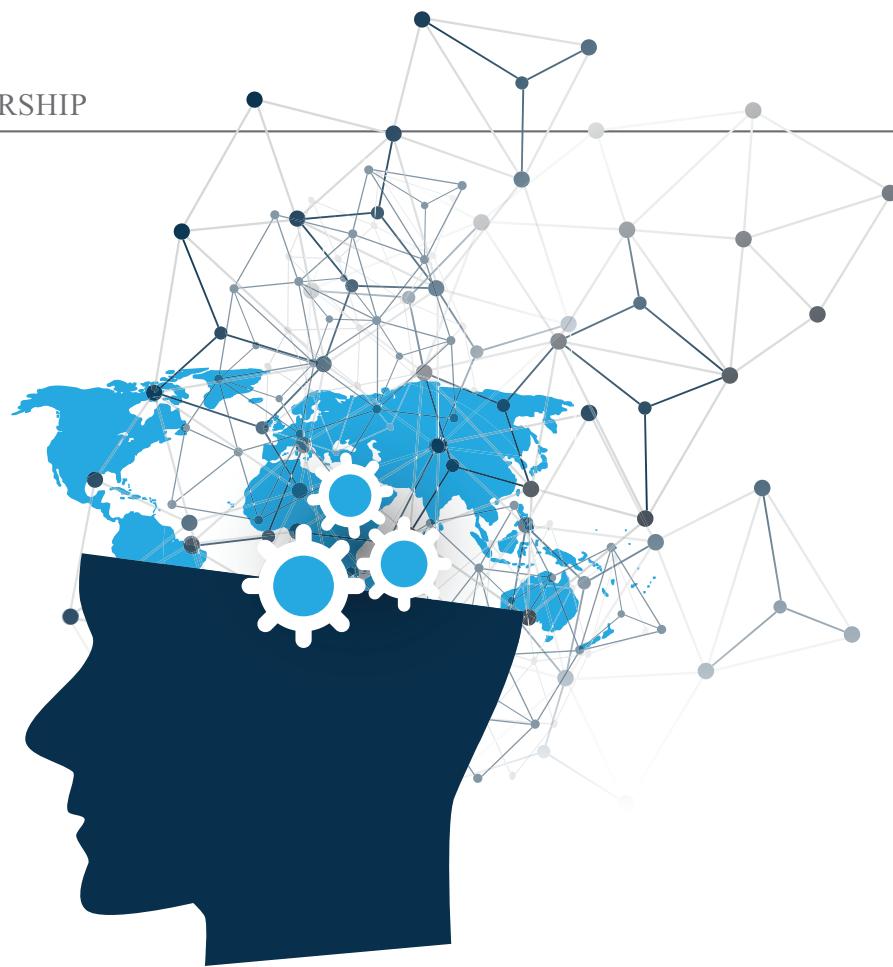


¹ <https://www.gallup.com/workplace/238079/state-global-workplace-2017.aspx>

² <https://www.gallup.com/workplace/231668/dismal-employee-engagement-sign-global-mismanagement.aspx>

³ John Kotter, *Corporate Culture and Performance*. May 16, 2011.

⁴ <https://www.modernsurvey.com/fall2014>



Applying a Global Mindset

Harnessing the array of technologies available to businesses is key to achieving success – but organisations need to first adopt a global mindset. – By Leila Lim

At the end of last year, it was predicted that in 2020 Asian economies would become larger than the rest of the world and the region would be the main global growth engine. However, the disruption from COVID-19 has devastated every industry and sector, exploding this expectation. In today's globalised and increasingly connected world, we need leaders who can work effectively in these turbulent times and apply a broader, more global mindset to survive.

Leaders today require a global mindset that involves the ability to quickly grasp and navigate complexity – across different cultures, economies, political climates, customers and competitors. Armed with such an approach, leaders are better positioned to build digitally savvy, innovation-focused companies capable of acting quickly on emerging opportunities.

But what are some of the steps that business leaders can take to instil this global mindset and help to position their organisation for success?

Building a culture of innovation

Digitalisation and automation are transforming how goods are produced, businesses communicate, and individuals obtain knowledge, goods and services. The Fourth Industrial Revolution is driven by emerging technologies such as artificial intelligence (AI), robotics, cloud computing and the Internet of Things. Harnessing these technologies affords organisations tremendous opportunities to make business processes more efficient and solve complex problems. It can also significantly enhance the way they engage with customers.

Customers are increasingly expecting businesses to be run at a much higher speed, in far more personalised and responsive ways, all without losing the human touch. Businesses need agile, customer-oriented and responsive workforces with skills and attributes that unlock innovation. At the same time, CEOs must implement new digital tools and platforms that allow their workers to be more flexible, agile and customer-centred than ever before.

Applying a global mindset for business success

To be successful, leaders must become strategic bridge builders, spotting patterns across territories and markets, and connecting resources and talent across cultural and political borders. At the same time, they must remain relentlessly dedicated to finding new ways of creating value.

There are three critical leadership skill sets essential for bringing this approach to life:

- The ability to build a culture of innovation.
- Enabling the use of technology and data science in ways that can empower the workforce to form closer customer relationships.
- Create learning and development programmes that blend best practices from both East and West to ensure that every age group can learn new business capabilities and keep pace in a future where skill sets will be augmented by technology.

Effective global leadership in Asia: four steps to success

Four interrelated steps have been identified that leaders can take to develop their skills and capabilities for future business success:

1. **Be ambidextrous.** 'Ambidexterity' is about appreciating both sides of any dilemmas that organisations are facing. It encourages leaders to reframe critical questions by focusing on the core issue and looking at the bigger picture, rather than debating the merits and demerits of each polarity.
2. **Apply appreciative inquiry.** Grounded in change philosophy, appreciative inquiry involves leaders engaging a broad segment of employees in authentic and affirmative conversations that focus on 'what is working well', rather than 'what is not working.' In this way, leaders can open up pathways of rich possibilities and new thinking. It can also help them leverage human capital practices as a competitive advantage.
3. **Build authentic practices.** Successfully leading organisations through enormous challenges such as digital disruption, diversity and globalisation requires building authentic practices based on trust. When organisations apply such an approach to areas such as development, inclusion,

communication and engagement, they can significantly improve their return on human capital investment and significantly augment employee productivity and engagement.

4. **Build soft-skill leadership capabilities.** A leadership style that includes empathy and compassion is crucial for bringing people together and creating a great place to work. Effective leaders spend time determining what soft skills are most important for their organisation to emphasise, then develop key performance indicators to promote these. Developing such skills should also become part of an organisation's succession strategy, where high-potential employees are provided with the tools they need to grow into successful global leaders.

We are all operating in unprecedented times and although no one knows what the business landscape ahead will look like, disruption is and will continue to occur at an extraordinary rate. Businesses leaders need to ensure they provide actionable strategies to manage disruption, ensure client satisfaction and support sustainable growth, and this must come from having the right global mindset. B



Lim-Loges & Masters

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Leila Lim
Managing
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Future of Work 2050

The workforce of 2050 will be vastly different to that of today, with jobs that don't currently exist. It is the responsibility of schools to prepare our students for this brave new world. – By Mark S. Steed

To adapt and misquote the immortal first line of L.P. Hartley's *The Go-between*, 'The Future is a foreign country, they'll do things differently there.'

There is little doubt that 30 years from now will see a very different workplace to the one that we witness today. A glance back 30 years gives some perspective: in 1990 daily routines did not include mobile phones, WIFI, the internet, or social media. Yet we all know that the ever-increasing rate of innovation will mean that by 2050 we will have seen even more change.

Working patterns in the mid-C21 are going to be radically different. By then, most jobs that can be automated, will have been automated – and that won't just be in manufacturing. The professions will have been transformed beyond recognition. Sure – there will still be lawyers, bankers, accountants, architects, and so on, but there will be fewer of them and the way in which they work will be radically different – the heavy lifting on mundane tasks being done by AI systems. As Richard and Daniel Susskind put it in their excellent book *The Future of the Professions*:

'The best and brightest professionals will endure the longest – those who perform tasks that we prefer to leave in the hands of human beings. But there will not be a sufficiency of these tasks to keep armies of professionals in gainful employment.'

In response, the optimists argue that, as with previous iterations, the 'Fourth Industrial Revolution' will throw up a whole range of new job roles that don't currently exist. This is quite possible, but, as Yuval Harari argues in *Homo Deus*:

'The crucial problem isn't creating new jobs. The crucial problem is creating new jobs that humans perform better than algorithms.'

Furthermore, the entire way in which firms recruit is changing – increasingly qualifications are no longer a proxy for employability as employers use more sophisticated tools to select suitable candidates.

Firms from 'the Big Four' to Starbucks are increasingly ignoring GCSE, A-level and degree results, and, instead, using aptitude tests and psychological profiling in order to sift through and select candidates. This trend is only set to increase.

These changes to the world of work and to recruitment have important ramifications for education.

CBI annual reports have been drawing attention to the growing disconnection between what is assessed in schools and universities and the requirements of the workplace for well over a decade.

Schools are in the future business

2050 seems half a lifetime away. For many of us it is beyond the likely span of our professional lives and careers. But, seen from an educational perspective, it is just around the corner. A child starting school this September will go to university in 2038 and enter the workforce in 2041 or 2042.

When it comes to education, it matters little whether the 'Brave New World' of 2050 takes a utopian or dystopian shade. Both scenarios present a significant challenge to schools as to how they prepare young people for what is likely to be a future that is far harder to predict than in previous ages.

What should be the role of schools in the C21?

CBI annual reports have been drawing attention to the growing disconnection between what is assessed

in schools and universities and the requirements of the workplace for well over a decade.

This disconnection is often justified by educationalists on the grounds that schools and universities must not become merely the servant of business and industry, but they also should perform a number of other important functions, including preparing young people to be good citizens and to have the personal skills and resources to live happy and fulfilled lives.

This is a valid argument, but it should not be used to excuse schools from the significant responsibility to equip young people with the skills required to be able to enter the workforce. After all, providing the means for an individual to achieve a minimum level of financial stability is a significant factor in delivering the other desirable benefits of education.

A curriculum for the mid-C21

Schools have a responsibility to equip young people with the technical skills, human and personal skills, and inner resources, and to be able to thrive in what is likely to be a hugely competitive employment market.

- **Technical Skills:** there is little doubt that digital technologies are going to play a significant role in the world of the mid-C21 and it is important that young people don't leave school without a developed understanding of how these work.
- **Human and Personal Skills:** a significant proportion of the jobs that are still going to be available are going to be those which require the most human of qualities: creativity and empathy.



Mark S. Steed
Principal
and CEO,
Kellett School

Established in 1976 and one of Hong Kong's leading international schools, Kellett offers an exceptional education comparable to prominent independent schools in the UK. Kellett is a co-ed through-train school with campuses on Hong Kong Island (4-11 years) and Kowloon Bay (4-18 years). Kellett follows the English National Curriculum, including GCSEs, IGCSEs and A levels. As children progress through the school, they learn with growing independence in a challenging and stimulating environment, and as a result achieve consistently strong academic results with many going on to study at the world's leading institutions. Kellett is a Not-For-Profit with a parent-governed Board and highly skilled staff, all of whom strive to enable students to develop their own passions, broaden their outlook and achieve their full potential.

Alongside fostering these, schools need to develop personal skills to be able to communicate and present oneself and one's ideas effectively in a whole range of contexts and media.

- **Inner Resources:** Perhaps most important of these is the ability to adapt to a world of constant change. This requires developing a flexible mindset and resilience to cope with the inevitable challenges that arise in life; and having the knowledge, understanding and skills to be able to protect one's own wellbeing at those times. At Kellett, we place a significant emphasis on our Positive Education programme which fosters these important qualities.

In addition to these, I would add one more area which is hugely overlooked by most school curricula around the world:

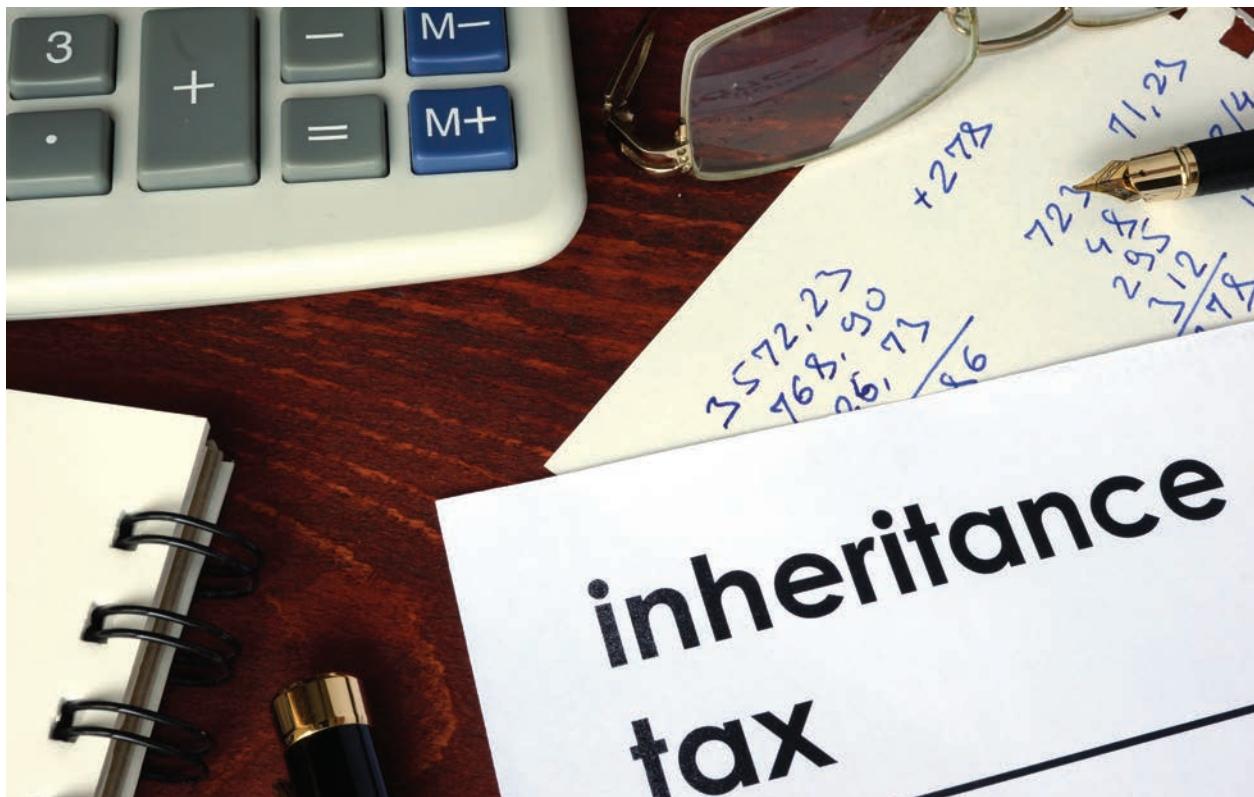
- **Real World Understanding:** It is remarkable that it is possible to go through an outstanding education and yet not have any understanding of how compound interests works, or how to read a balance sheet.

At Kellett, we believe that our Positive Education and Sixth Form Mini-MBA programmes, which sit alongside our academic programmes, will go some way to preparing the young people for the world of the mid-C21.

We would welcome working with firms in Hong Kong who are able to provide our students with opportunities for "real world" experiences of the workplace. **B**



The British International School
in Hong Kong



Inheritance Tax: A Lay Person's Guide

It's one of the most unpopular taxes yet affects us all at some stage in our lives. Here, Quilter International brings us up to date with the latest developments in UK inheritance tax. – By Jason Pearce

Every day in the UK, on average, £220 million of cash and assets are inherited¹. The Office for Budget Responsibility forecast that in the current year, HMRC will collect £5.3 billion² in inheritance tax (IHT).

IHT has been around, in various forms, since the 17th century. It is one of the most complicated and unpopular taxes, yet it is possible to reduce the burden in many legitimate ways. The former Chancellor, Roy Jenkins, famously said it is "a voluntary levy paid by those who distrust their heirs more than they dislike the Inland Revenue".

There were no changes to IHT in the 2020 Budget, and whilst the government has expressed an interest in simplifying it, any significant reductions in the foreseeable future seem highly unlikely.

IHT applies to all UK-based assets, including real estate, regardless of the nationality or residence of the owner. Non-UK domiciles used to be able to escape IHT on their UK properties simply by holding them via an offshore company, but this was stopped in April 2017. Normally such a radical change would create a reaction at the next General Election, but of course non-domiciles usually do not have the right to vote in the UK.

UK-domiciled people pay IHT on their worldwide assets. UK domiciles who have spent many years outside the UK sometimes think that they have lost their domicile, but this is much trickier than is often thought, and is easily regained.

Research³ shows that 74% of UK expats who consider themselves no longer UK domiciled still hold assets in the UK, and 81% have not ruled out returning to the

UK in the future. This means that HMRC is likely to consider them to still be UK domiciled.

The first £325,000 of your estate is taxed at 0% (the 'nil rate band', or NRB); above this everything is taxed at 40%, unless at least 10% of the estate is left to a qualifying charity, in which case the rate is 36%. There is an additional residence nil rate band (RNRB), currently £175,000, which applies to property that you have occupied (buy to let properties do not qualify), and left to a direct descendant. The NRB was previously increased each year in line with inflation, but it has been frozen since 2009 and is not due to increase until next year.

If you are married or in a civil partnership and both parties are UK domiciled, you can leave an unlimited amount to your partner free of IHT, so for UK domiciled couples the bill can be deferred until the second partner dies. If you are UK domiciled and your partner is not, then the amount is not unlimited, but is restricted to £325,000 (on top of your NRB/RNRB).

There are various exemptions (e.g. an annual exemption of £3,000) and reliefs (e.g. business relief, agricultural relief) available, but for an increasing number of people their main home alone will push their estate above the NRB.

Some people are not concerned about IHT bills; it is, after all, someone else's problem. For others, the thought of paying yet more tax after perhaps many years of paying income tax, capital gains tax, stamp

duty, VAT etc, means that they would like to explore ways of reducing the bill.

You could, of course, give your assets above the NRB to your beneficiaries while you are still alive. Such lifetime gifts are called potentially exempt transfers (PETs) and they are still in your estate for seven years afterwards – this is obviously to prevent deathbed planning. The second issue is that you can have no further enjoyment of the gift (such as giving your home to your children and still living in it), or it will fall into the gift with reservation of benefit trap, and still be in your estate.

“
UK domiciles who have spent many years outside the UK sometimes think that they have lost their domicile, but this is much trickier than is often thought, and is easily regained.
”

Some financial arrangements are very IHT efficient, such as UK registered pensions, and some overseas schemes which normally do not form part of your estate. Residential property, on the other hand, is very difficult to plan with. For many people with investable wealth, the use of trusts offers an excellent solution. Trusts can be simple to set up, inexpensive to run, and most importantly, a number of mainstream arrangements such as loan trusts, discounted gift trusts and excluded property trusts have been accepted by HMRC for many years. If you would like to know more, please speak to your financial adviser. **B**

¹ Calculate based on the figure from Inheritance Tax Statistics 2016-17, HM Revenue & Customs that the gross capital value (the total sum of the value of assets) of estates was £80.1 billion in 2016-17

² <https://obr.uk/forecasts-in-depth/tax-by-tax-spend-by-spend/inheritance-tax/>

³ Survey conducted through Atomik Research in 2017. The survey targeted UK expats currently living overseas.



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(formerly known as Old Mutual International), provides offshore and cross-border life assurance structures and robust wealth management solutions for internationally mobile high net worth clients and affluent investors across the world. Part of Quilter plc, one of the leading providers of advice, investments and wealth management both in the UK and internationally, it manages £110.4 billion (US\$145.8 billion) of investments (as at 31 December 2019). Quilter plc is listed on the London and Johannesburg stock exchanges. quilterinternational.com/hk

**Quilter
International**

World-Class Waterfront

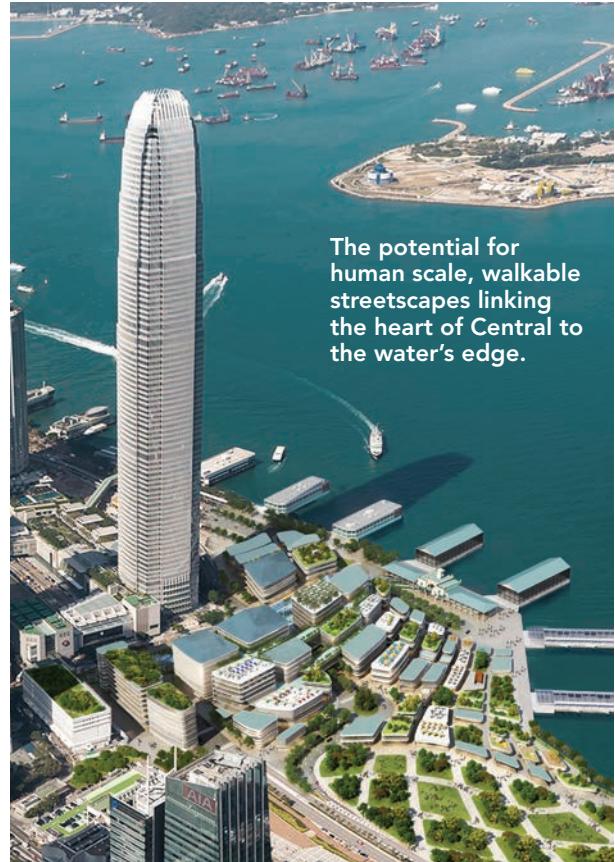
The recent announcement about the Central Harbourfront tender now being a two-stage process is good news. But will dividing the site into distinct development phases make it harder to deliver a world class urban destination? Benoy and Buro Happold, two of the original champions behind ideas for the site, discuss the opportunities, merits, and challenges in crafting a 'world's best' city waterfront.

– By Simon Bee

For a while now many interested voices have been pushing for Hong Kong's Central Waterfront to be redeveloped under a new system that considers design, creativity and placemaking as equal partners to the old-style financial bid. This is happening in many cities around the world that are keen to see the value of 'world's best' design practice brought to bear for the good of the population. It is very good news, therefore, that the Hong Kong government recently announced that Site 3, as it is called, will be the subject of a two-envelope bidding process. Urban waterfront opportunities are rarely as significant as Site 3 in Central, and few sites around the world are more instantly recognisable – this place deserves the best.

It will be interesting to see exactly what format of tender Hong Kong will adopt for the site, and how influential design, as a defining characteristic, will be.

A traditional two-envelope bid process elevates design quality in the selection criteria to a point where unless a bid achieves a certain level of quality, through submitted design proposals, it cannot advance to the financial bid stage. And



this is not without some pitfalls. If the bar for design quality is too low then all contenders potentially get through to financial envelope stage, which negates the process from a design standpoint – you risk not delivering ‘world class’. Set the bar too high and you may compromise your ability to get a fair price. It is a subtle balance.

Another key point to consider is how you equate the over-arching vision for the area with the notion that Site 3 may be developed in discrete phases. The endgame here is surely a best-in-class connected district which opens up the waterfront like never before. A scheme that catalyses further development of the Harbourfront and encourages all manner of recreational activity. As with all great regeneration opportunities, some key ingredients are already in place. Connecting all this together in a design sense is a little like organising a party where some of the guests arrived early – IFC, Jardine House, Exchange Square, Statue Square, the Post Office, Star Ferry, Maritime Museum – all linked to the beating heart of Hong Kong Island, Central itself. The masterplan crafted for Site 3 simply has to be connected, social, integrated and smart, to have a chance of completing the jigsaw successfully.

For this opportunity to be exploited to the full, so that no creative stone is left unturned, suggests stakeholder engagement on a grand scale – a willingness to come together and collectively share ideas to create what can be a great connected neighbourhood on the water. This is rarely if ever achieved by building



out plot by plot, unless there is a wider up-to-date masterplan with a clear vision for what this district should be.

How does one plot connect to its neighbour in the future, how does the space between generate brilliant public realm, and what are the design guidelines that define ultimate quality?

This is also a very complex three-dimensional puzzle to solve. Working out how discrete plots relate, link and connect is critical. In addition, the correct balance of shared logistics between plots will deliver huge economy and efficiency.

Beyond that, though, is the quality of place and the experience for the visitor – a vibrant, shared and connected journey through linked streets and squares – culturally relevant, climate sensitive. Walkable, safe, convenient, but always inspiring. The sort of public realm that is the lifeblood of the world’s best cities – movement that is seamless, experiences that are connected and sequential, creating brilliant places where people want to be.



As well as creating a new, human scale, ground level street scene, imagine being able to walk from Connaught Road to Star Ferry, on a new landscaped high link. You start your journey in a beautiful new elevated plaza over Connaught Road, then moving towards the



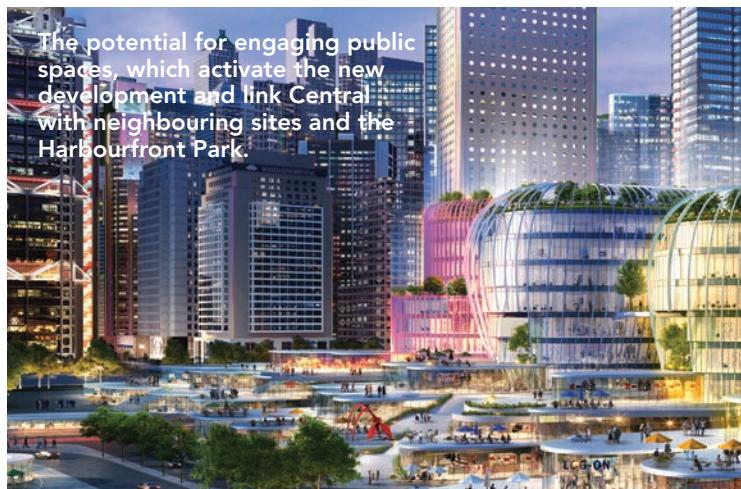
waterfront, branching left and right at will into IFC or the Site 3 district. You continue along meandering landscaped routes leading through the new mixed-use city quarter, to active terraces facing the park and the harbour, with cafes, restaurants and cultural activities. The high link would also explore connections into key landmarks like IFC 2, The Apple Store, Jardine House, the Post Office and Exchange Square. Vertical transportation could connect from the high link to surrounding rooftops – IFC deck and the Exchange Square podium garden, Post Office rooftop, and a connected, green, roofscape park over the entire new development. These routes would also facilitate direct connections to the new Harbourfront Park by means of spectacular cascading terraces.

The whole district, as well as the new development, would benefit from this

seamless multi-level connectivity, with a commensurate increase in footfall driven value, commerce, placemaking and destination creation.

High quality iconic buildings have a part to play, but architecture on a single plot alone will not fulfill the promise that beckons for this waterfront. Linked public spaces and commercial creativity are hugely important – this is mixed-use at the extreme edge, blended with city scale imagineering aimed at delivering commercially active places for people. Places which are memorable and spectacular,

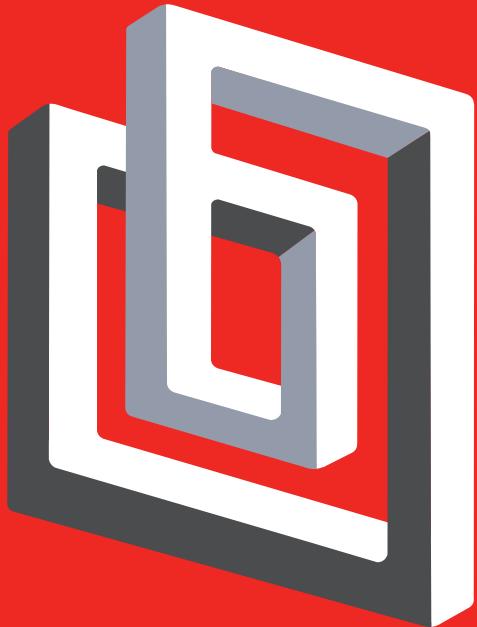
creating wonderful addresses of real value, and which are sustainable socially, economically and environmentally. This kind of vision is never delivered individual plot by individual plot – this is truly a time and place for big picture connected thinking. **B**



Simon Bee
MD – Global
Design,
Benoy

At Benoy, our aim is to transform the world we live in through design. With studios in major cities across the world including Hong Kong, Singapore, Shanghai, London, Newark and Los Angeles, we leverage our understanding of global trends, local cultures and client needs to create iconic destinations that enrich people's lives, enhance nature, and deliver lasting economic value. We partner with our clients, sharing their ambitions, frustrations and success – helping them create a lasting legacy through the built environment. We've been doing this for over 70 years, with the past 20 at a global level. Unconstrained by sectoral parameters, building formats, head office agendas or egos, we focus on agile, flexible, and experiential design. Design that is tailored to the needs of the people who live in, work in, and use the destinations we create.

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Taxing the Digital Economy

The dawn of the digital economy brings new tax challenges around the world. Now governments are scrambling to roll out unilateral tax rules to adapt to this new business environment. – By Anthony Tam

The Organisation for Economic Co-operation and Development's (OECD) 2019 workplan on addressing the tax challenges of the digitalized economy signals a path towards a fundamental change in how the international tax framework will operate. The OECD's proposals would have impact not just on digital businesses but also on consumer goods companies. The proposals will have a far-reaching impact on multinational enterprises irrespective of how heavily involved these multinational enterprises are in the digital businesses.

The digital economy has revolutionized the traditional ways of conducting business across the world. Emerging production and consumer models along with new technologies have created a fresh set of tax challenges and have strained the existing international tax rules which have been slow to adapt to the new business environment. Many governments of different countries have been rolling out their own unilateral tax rules, such as the "Diverted Profits Tax" introduced by the UK government, and are

demanding greater transparency. It is against this background that the OECD came out with proposals to combat these issues.

The workplan

In October and November 2019, the OECD launched two proposals towards this initiative for public consultation, called Pillar One and Pillar Two. The workplan is to arrive at a consensus agreement on the new international tax rules by the end of 2020.

The Pillar One proposal

The Pillar One contains three alternative proposals. These proposals differ in the approach and scope of reallocation of taxing rights. However, the common aspects in these proposals will allow the OECD and its member states to resolve the technical issues by grouping the issues facing the digital economy into three building blocks, namely, the new profit allocation rules, new nexus rules and the implementation of new market jurisdiction taxing right. The proposal by the OECD sets out three different methods – modified

residual profit split method, fractional apportionment method and distribution-based approach – to quantify the amount of profits to be reallocated to market jurisdictions and methods to determine how the profits should be allocated, or reallocated, as the case may be. It also indicates that consideration should be given to size-based limitation. In other words, the Pillar One proposal should only impact multinational groups of a certain size.

This can be illustrated in the following example. A UK parent company owns certain intellectual property and licenses the right to a Hong Kong subsidiary which would carry out the marketing and distribution of the products derived from using the intellectual property. The Hong Kong subsidiary not only distributes to customers in Hong Kong, but also to customers, say, in mainland China. It has no presence in China but may be selling to customers in China through the Internet. Under the proposal, there would be a new nexus in China, and the China tax authority should have certain taxing rights on the profits earned from selling to customers in China. Various profit allocation methodologies are introduced. It should be pointed out that the Hong Kong subsidiary may be selling to China not just by digital means but by other means as well. While the Pillar One proposal was launched to address the digital economy, the proposal could apply to other non-digitalized consumer-facing businesses.

It remains to be seen what the final conclusion would be. Regardless of what the outcome would be, it is quite clear that to address the taxation of the digital economy, the introduction of the new nexus concept, i.e., where the customers are, would be something businesses would need to consider going forward. The new nexus concept would operate regardless of whether distributors have in-country marketing or distribution presence or are selling through related or unrelated distributors in the country where the customers are located.



Anthony Tam
Executive
Director,
Tax Advisory
Services

The reallocation of taxing rights would have implications to Hong Kong businesses, which sell to customers in many other countries. Going forward, a portion of the profits earned by the Hong Kong business would be re-allocated to the jurisdiction where the customers are.

The Pillar Two proposal

To tackle remaining instances of international profit shifting to no/low tax jurisdictions under the Pillar Two, the OECD proposes a set of four rules, each of which would be coordinated with each other. Essentially, the rules would allow a country to apply a "minimum" tax if a company in that country has businesses with its related companies in a country that has a tax rate below certain threshold. The idea of the OECD is not to take the tax to be collected by the country of a lower tax rate, but to allow the country of the higher tax rate to impose an additional tax. For example, if a UK parent company has a Hong Kong subsidiary with which there are related party transactions to the extent the effective tax rate of the Hong Kong subsidiary is below the minimum tax rate to be agreed and specified by the OECD, the proposal will permit the UK tax authority to impose an additional tax to the group equal to the difference between the minimum tax and the actual Hong Kong tax paid.

Conclusion

As the OECD notes, the Pillar One and the Pillar Two recommendations represent a significant change to the international tax architecture.

The work related to the key features of the consensus-based solution to Pillar One is to be completed in June 2020. A final report will be produced by the end of 2020. Businesses should follow the OECD's work closely and to provide input, as well as preparing themselves for the roll out of these proposals. It is important that the Hong Kong Government would step up to negotiate with other tax authorities. B



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The Buzz About Portugal

Portugal's attractive resident schemes, particularly for non-EU citizens, make a compelling case for investing there. Be quick though, as these enticements may not be in place for much longer. – By Howard Bilton

The attractions of Portugal as a place to live and invest have increased dramatically over the last few years. It's not just the scenery, architecture, climate, culture and cost of living. Or the fact that Portugal is a full member of the EU, so legal residents can travel freely and visa-free throughout the EU under the Schengen arrangements. Portugal has two other great attractions that set it apart – the Non-Habitual Resident (NHR) scheme and the so-called 'Golden Visa'.

These are quite distinct schemes but can be combined to make a compelling case for non-EU citizens to invest in Portugal. For EU citizens the Golden Visa is less important because they already have a right to live in Portugal without formal immigration and without investment. For them the driver is NHR status, which has attracted many new residents from the UK, Scandinavia and France in particular.

To be resident in Portugal you must spend at least 183 days per year in Portugal or have a permanent home there. NHRs enjoy substantial tax benefits. They are not given a complete tax holiday but, with careful structuring, an NHR should be able to live tax-free in Portugal for the 10-year designated term.

At present, anyone holding a UK passport is still treated as an EU resident but that is scheduled to change at the end of the year. From 1 January 2021, any UK passport holder wishing to take up residency in Portugal will need to go through the normal immigration channels and obtain some sort of visa. It will not be as straightforward as it is now.

Portugal is under pressure from the rest of the EU to limit the tax advantages under the NHR scheme. No tax advantageous scheme lasts forever, and neither will this one. At some stage it will be closed to new applicants. With these two factors in mind, we believe that anyone thinking about a move to Portugal or

who might be spending sufficient time there to become tax resident should apply for NHR status now, while it is still easily available to UK passport holders.

To apply for NHR status it is necessary to have a place to live in Portugal. This doesn't have to be a place of your own. It can just be a room in somebody else's house which they make available to you. Rent need not be paid. It is sufficient to get a contract that provides that accommodation is available to you in return for paying overheads or something similar.

The Golden Visa scheme is a completely different matter but can be combined with NHR. The Golden Visa is designed to attract foreign investors who want the ability to reside in Portugal and otherwise would not be able to – in other words, non-EU residents. By investing €500,000 in property, €350,000 in a redeveloped property (both reduced by 20% if in a low density area), €350,000 in a qualifying Portuguese regulated investment fund or a similar sum in an employment generating business, it is possible to obtain residency immediately, with permanent residency following after five years.

For those who wish to live in Portugal this status can be combined with NHR to provide the same 10-year tax advantageous residency. The Golden Visa status means that the successful applicant is a legal resident of Portugal but not necessarily a tax resident. Those who do not live in Portugal will not be tax resident there and will have no Portuguese tax obligations. Those who do live in Portugal will be tax resident there. Anybody who has been tax resident in Portugal at any time in the previous five years is ineligible to apply for NHR status.

The most popular form of Golden Visa investment has been residential property, which has fueled a rise

in property prices in Lisbon and Porto in particular. Locals are complaining that they are being priced out of the property market and it is expected that the law will soon be changed to exclude real estate investments in Lisbon and Porto. All other investment options seem set to remain.

Of course, the fact that an individual is tax resident in Portugal does not mean that they are not also tax resident elsewhere as well. Tax treaties may decide



who has the taxing rights, so careful planning may be needed to eradicate double taxation.

Golden Visa immigrant status can be maintained by being present in Portugal for only seven days per year and, after five years of legal residency in Portugal, Golden Visa holders can qualify for Portuguese (and EU) citizenship.

This is highly exceptional. In most countries it is necessary to actually live in the country to obtain nationality – it is not sufficient simply to have maintained the legal right to live there! There is pressure on Portugal from other EU member states to change this, so speed may be of the essence. B



Howard Bilton
Chairman of
the Sovereign
Group

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currently manage over 20,000 clients that include companies, entrepreneurs, private investors or high net worth individuals and their families – and have assets under administration in excess of US\$10 billion. HK@sovereigngroup.com





A Bangkok street food market

7 Learning Holidays for Amazing Life Skills

Travel is temporarily on hold right now, but it's important not to stop dreaming of adventures to come and the positivity that travel can bring. Here, Lightfoot Travel reveals some of the best trips that boost learning and importantly, also help out a local community. – By Lightfoot Travel

Learn survival skills in Mongolia

The skills taught on an Eagle Hunting holiday in Mongolia may not all be transferable, but you'll have fun trying them out. Stay with a local family and help to milk cows, learn how to shoot a bow and arrow on horseback, practice Mongolian cooking, try eagle hunting and live in a traditional ger tent – an incredible way to immerse yourself in life on

the steppe. If you travel in October, you'll get to ride 60km with the hunters across the plains to the festival site to watch them compete in their yearly competition.

Brush up on photography in Botswana

Brush up on your photography skills while on safari. The Wild Studio team in Botswana take you on a

three-day tour of the Okavango Delta and the Selinda Reserve while helping you to develop your portfolio as you go. A teacher will be on hand to advise you on angles and apertures as you head on game drives in the bush or kayak along the Spillways. At the end of the trip you can take your new shots home and help spread the word about wildlife conservation.

Become a super horse rider in Patagonia

Fulfil your cowboy/cowgirl fantasies with a trip to the Andes to learn how to become a gaucho (or at least horse ride with more confidence). At Estancia Huechahue you can spend the day working cattle and mastering the art of wielding a lasso. While lassoing may not be wholly appropriate when you land back in Hong Kong, it will make a great story! You can also ride out with the gauchos across the landscape to discover the land they call home. Keen riders can sign up for a 10-day ride across the Andes from Chile to Argentina, camping and staying in estancias along the way.

Up your gardening talents in Laos

If you've got green fingers, or enjoy getting your



Eagle hunting in Mongolia

hands dirty, roll up your sleeves and become an integral part of the community in Laos. *The Living Land* is a cooperative of seven families who produce organically-grown vegetables for Luang Prabang's finest restaurants. To keep business turning over they take on hard-working volunteers who they teach to work on the rice fields. Okay, so it may not be gardening as you know it back home, but the

Hone your photography skills in Botswana





REVIVO Wellness Resorts, Bali



The Living Land, Laos



Eagle hunters in Mongolia



Gauchos in Patagonia

profit from your efforts will go towards educating the locals about land-friendly farming methods and building better schools in the area. Tending to your weeds will never feel like hard work again.

Train your brain in Bali

REVIVO Wellness Resorts is the kind of place to lose yourself and find yourself at the same time. Offering personalised escapes to increase self-awareness and brain training, this bolthole in the hills of Nusa Dua uses ancient traditions and holistic practices to improve specific emotional, physical and mental health conditions. Immersive programs focus on emotional balance, diet, relaxation and – our favourite – sleep. Prefer your wellness off land? REVIVO also host programmes aboard luxury hand-crafted phinisi boats as they sail among the tropical waters of Raja Ampat, Komodo, Banda Sea, Kaimana and Alor.

Master diving in Madagascar

If life above water feels a little too stressful, consider a world of beautiful ocean, unrivalled nature, endemic wildlife and rubber diving suits off the northeastern coast

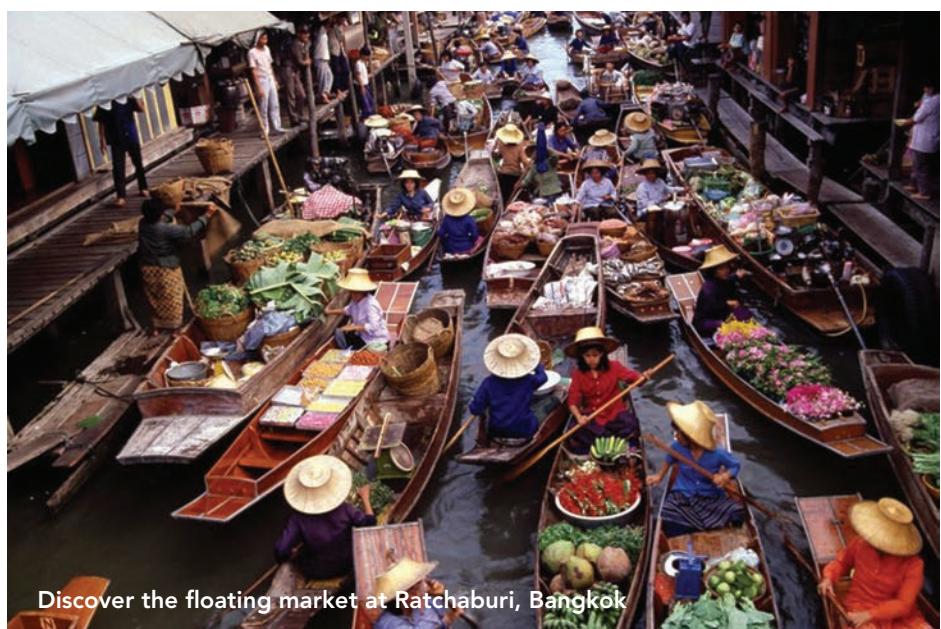
of Madagascar. Head by helicopter to the Nosy Ankao archipelago where the hidden gem that is Time+Tide Miavana awaits. This villa only, ultra-exclusive property aims to protect and conserve the island's natural resources so you can snorkel and dive your days away, swim with manta rays, spot dolphins and come up for air and luxury boat rides.

Cook up a storm in Thailand

A cooking holiday in Thailand is also a tasting



Time+Tide Miavana, Madagascar



Discover the floating market at Ratchaburi, Bangkok

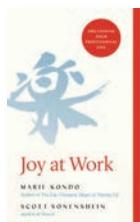
holiday thanks to the plethora of local delicacies on tap and boundless opportunities to learn about, master the art of, and enjoy Thai cuisine. Start with a stroll through the food markets to marvel at the fresh produce and herbs and spices, sip on local Thai coffee and dive into the addictive desserts. Recreate dishes at a cookery school with a private chef or sign up to a longer course hosted in a luxury hotel under the watchful eye of a top chef and their team. **B**

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Book Shelf

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



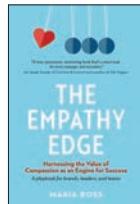
Joy at Work

by Marie Kondo and Scott Sonenshine

The workplace is a magnet for clutter and mess. Who hasn't felt drained by wasteful meetings, disorganised papers, endless emails, and unnecessary tasks? These are the modern-day hazards of working, and they can slowly drain the joy from work, limit our chances of career progress, and undermine our well-being.

There is another way. In *Joy at Work*, bestselling author and Netflix star Marie Kondo and Rice University business professor Scott Sonenshein offer stories, studies, and strategies to help you eliminate clutter and make space for work that really matters.

Using the world-renowned KonMari Method and cutting-edge research, *Joy at Work* will help you overcome the challenges of workplace mess and enjoy the productivity, success, and happiness that come with a tidy desk and mind.



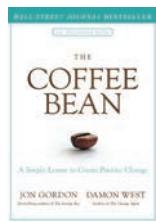
The Empathy Edge: Harnessing the Value of Compassion as an Engine for Success

by Maria Ross

Being empathetic at work means seeing the situation from another's perspective, and using that vantage point to shape your leadership style, workplace culture, and branding strategy. Pairing her knowledge as a branding expert with proven research and fascinating stories from executives, change-makers and community leaders, Maria Ross reveals exactly how empathy makes brands and organisations stronger and more successful.

Ross shows why your business needs to cultivate more empathy now, and shares the habits and traits of empathetic leaders who foster more productivity and loyalty. She gives practical tips, big and small, for how to align your mission and values and hire the right people, cultivating a more empathetic – and innovative – workplace culture.

In this practical playbook for businesses of all types, Maria Ross proves that empathy is not just good for society – it's great for business, and may transform you at a personal level, too.



The Coffee Bean: A Simple Lesson to Create Positive Change

by Jon Gordon and Damon West

Life is often difficult. It can be harsh, stressful, and feel like a pot of boiling hot water. The environments we find ourselves in can change, weaken, or harden us, and test who we truly are.

The Coffee Bean is an inspiring tale that follows Abe, a young man filled with stress and fear as he faces challenges and pressure at school and home. One day after class, his teacher shares with him the life-changing lesson of the coffee bean, and this powerful message changes the way he thinks, acts, and sees the world. Abe discovers that instead of letting his environment change him for the worse, he can transform any environment he is in for the better. Equipped with this transformational truth, Abe embarks on an inspirational journey to live his life like the coffee bean.

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Introducing our Golden Ticket Tasting Menu – inspired by Roald Dahl's colourful "night brunch", we have included some of our much loved dishes – fresh oysters on the shell, sushi & sashimi, selection cold cuts & cheese, stone grilled wagyu beef – while also introducing new innovative dishes; deep fried namban chicken skewers, lobster & cuttlefish risotto, all finished off with our signature dessert platter.

British Chamber (Hong Kong) Members receive a 10% discount. Please quote BCC2020 when making the reservation.

<https://aqua.com.hk/experience>

The Arts

In light of the COVID-19 pandemic, we are all facing a time of uncertainty and difficulty. However, businesses are having to adapt to their new environment. Some



local galleries have pivoted and are now online and delivering a viewing experience straight to your home. Some of these include: K11 Art Foundation, Art Central Online, Art Power HK, Hong Kong Arts Collective, Pace Gallery (H Queen's) and many more.

How Businesses Can Help NGOs in Crisis

28 April 2020

The COVID-19 crisis has resulted in organisations across all sectors needing to rapidly innovate in order to maintain business as usual; but for NGOs who are on the front-line supporting the most vulnerable in society this has been particularly challenging. In a cruel twist, as the demand grows for NGOs to provide essential social support, income from fundraising has been badly hit. A recent survey showed

that 63% of Hong Kong-based charities have experienced a 30% drop in funding and 17% said their donations are down by 70%.

Our panel of NGO specialists shared the challenges they are each facing. Whilst cash flow and access to tangible supplies seems to be an unsurprising trend, there is also the need for specialist knowledge and non-monetary resources such

as technology, HR and finance support. NGOs need this support from the business sector now more than ever.

But, despite these challenging times, morality remains positive and it's brilliant to see that 12 NGO organisations have joined forces to create a volunteer task force where they are working together to help the sector at large.

Resilience and Recovery After COVID-19

18 March 2020

COVID-19 has disrupted businesses across the spectrum causing companies to consider their business continuity plans and assess their resilience. As workforces move into virtual workplaces, how can you protect your business from cyber risk and ensure continuity?

Miro Pihkanen, Partner, Deloitte Cyber Risk; and Brad Lin, Director, Deloitte Risk Advisory; provided their expert advice on how to

protect businesses from cyber risk. Remote working has brought new challenges to corporates' #CyberSecurity, as employees might be working on computers, where the internet connection and public WiFi networks lack security. There are often no secure storage and disposal means for confidential documents and subsequently information might get leaked. Employees might also be tempted to download malware

that claims to notify users on COVID-19 information. Employers have to enhance security measures and detect suspicious threat activities, as well as educate employees on possible cyber risks. Safety measures include not to print confidential documents and storing them securely, establishing endpoint encryption and protection, and setting up online collaboration and document storage means.

COVID-19 Impact on Real Estate

17 March 2020

The Chamber welcomed Roddy Allan, Chief Research Officer, Asia Pacific; and Nelson Wong, Head of Research, Greater China, JLL; who shared their views on the implications of the COVID-19 outbreak on the real estate market. The initial assessment is that the outbreak has led to

delayed real estate decisions and residential launches for businesses. While retail turnover is falling, there is increased demand for industrial properties due to increased e-commerce opportunities. Limited leasing and investment activities also indicates the beginning of a downcycle.

On the positive side, correction of rental prices after a prolonged surge is looking healthy and is welcomed by occupiers. Also, PRC investment activities are largely unabated. The session finished with the experts answering questions on rental prices, trends and real estate planning for corporates.



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Perspectives

In this issue of Britain in Hong Kong, we check in with one of the Chamber's Sterling Members to get a fresh perspective on our local businesses, and a peek into the personalities of our captains of industry.



**Dr. the Hon. Sir David KP Li,
GBM, GBS, JP, FCA**
*Chair, ICAEW Greater China Strategy
Advisory Group
Executive Chairman, The Bank of East Asia*



Tell us about ICAEW

ICAEW is a global professional body of chartered accountants – but we play a number of different roles.

First and foremost, we serve and represent our members, of which there are now over 151,000. They work across 148 countries in the public, private and charitable sectors. We support them throughout their careers, to ensure that they have the skills, knowledge and influence to thrive as leaders in business and finance.

Part of what sets us apart from other professional bodies is that we are a chartered body, established in the United Kingdom by a Royal Charter that was awarded to us by Queen Victoria in 1880. The terms of this Charter require us to work in the public interest, which is something we take very seriously, and which

lies at the heart of everything we do. We are motivated by our belief that accountancy can be a force to bring positive change around the world.

We also train and provide qualifications for our chartered accountants including our flagship 'ACA' qualification, which is regarded as the very best in business and finance. And we are also a regulator, making sure that all of our members, students, affiliates, and the employees of our member firms continue to meet the highest professional standards, comply with our byelaws and – just as importantly – our Code of Ethics.

One of the most public-facing aspects of our work is our thought leadership. We are very fortunate to have a diverse range of knowledge and expertise within our institute, and we put this to good use through a

diverse and extensive catalogue of reports, and by hosting events, conferences and webinars across the world each year. Many of these are open to the general public and some are even free to attend, benefitting not just our members, but policymakers and the wider business world.

What is your area of business and growth?

Over the past 12 years, we have transformed into a truly international body. We now have four international regions and offices in nine countries. One of these regions is Greater China, of which Hong Kong is a key part. In fact, Hong Kong has the largest number of ICAEW members outside of the United Kingdom.

We are continuing to grow and we are always looking to enter new markets and collaborate with new partners, be they accountancy bodies, other professional bodies or academic institutions. In Hong Kong, you will find our members working not only in traditional accounting firms but in the four pillar industries of Tourism, Professional and Producer Services, Financial Services, and Trading and Logistics.

What is ICAEW's vision and strategy?

Our vision is of a world of strong economies that benefits everyone in a fair and sustainable way. We believe that the accountancy profession can and will be instrumental in helping to achieve this.

We focus on three key areas in order to meet this goal. The first is supporting the highest professional and ethical standards, providing a sound foundation for growth and the ability to evolve to meet current and future challenges; the second is connecting communities of businesses, governments and regulators around the world; and the third is ensuring our institute remains agile, able to respond effectively and efficiently to change.

What are the challenges and opportunities that you face?

This is a time of profound change across business and finance, and that is perhaps no truer than in audit and accountancy. Digital disruption is presenting us with huge opportunities, but also significant challenges. For us, the highest priority is supporting our members



Our vision is of a world of strong economies that benefits everyone in a fair and sustainable way. We believe that the accountancy profession can and will be instrumental in helping to achieve this.



through these changes and keeping them ahead of the game.

We are doing a lot of work on the technology trends that we believe will be most transformational for our profession – what we call the 'ABCD' – artificial intelligence, blockchain, cyber security and data analytics.

As more basic administrative and compliance work becomes automated, there is an opportunity for accountants to move up the value chain, focussing more on areas such as advisory

and critical thinking. Businesses are also demanding more insight from data, which we can deliver. ■

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