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The Official Magazine of The British Chamber of Commerce in Hong Kong Issue 30 Mar - Apr 2014

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March–April 2014

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

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The British Chamber's Sterling Members



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In Praise of Diversity

Amongst the benefits of free markets, diversity of product and service is perhaps the one we value most yet most take for granted. Monopolies are typically criticised for their impact on price. Monopoly profits mean customers pay more than they need to do. But the impact on choice is an even bigger problem. As consumers grow wealthier, price is often less important than the nature of the product or service.

Without competition in the nature of the product, life would be very dull indeed. I think about this, by analogy, like the contrast between humans and robots. Robots are all the same; human beings are all different. If economic life becomes robotic, it loses all humanity.

But what, I hear you ask, has this to do with our great Chamber? I have two themes in mind, both of which are currently topical for us. First, when we discuss policy issues within our committees and at General Committee level, we assess whether the issue at hand is a business matter, where it is appropriate for the Chamber to have a view, and if it is, whether there is a clear consensus on what our position should be.

It can sometimes feel frustrating to find we are unable to find any clear agreement. Are we failing as a Chamber if we are unable to present a clear line to the administration or to the public? It can be tempting to think so, but I take a different view. We should expect diversity of opinion, even amongst a membership with relatively similar business interests and backgrounds. This is a strength not a weakness. Having 99% agreement on issues only occurs in totalitarian structures. To fail to acknowledge diversity of views and take account of them would indeed be a weakness.

The second area of Chamber activity I have in mind in relation to the theme of diversity is the work going on around the globe in Chambers under the heading Overseas Business Networks. The laudable aim of the FCO/UKTI here is to promote UK exports by enabling the outward migration of those British businesses that have yet to address global markets. As you know, the approach of the Chamber in Hong Kong is to ensure we continue to respect the interests of our members while supporting British businesses (who may become members in the future) planning to expand into overseas markets. We are doing this by enabling them to connect, through access to Christopher and his team (as we've always done) and by providing a channel to members of the Chamber here who are best placed to help newcomers to our markets.

In my view, it should be expected that the ways in which Chambers around the world do this will vary; that they will be diverse. Not only are their territories very different and their markets rarely comparable, but the range of their memberships, their strengths and skills, will also vary in scale and capability. This should not be viewed as a problem to be addressed by imposing conformity; rather, to coin a phrase, why not let a thousand flowers bloom? Let Chambers play to their local strengths, and reflect their members' needs, skills and willingness to help. As this initiative is taken forward, I hope the value of diversity in what we do as Chambers will not be overlooked, because of a needless concern with tidiness, which may look neat but adds no value.

Nick Sallnow-Smith



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New Passport and Visa Application Processing Developments

From 7 April, the fee for a UK passport for customers applying from overseas has been reduced by 35%. This is a result of the efficiency savings made by moving the processing and issuing of overseas passports back to the UK. The passport fee for customers applying for a UK passport from overseas is now US\$139 for adults and US\$89 for children.

The British Consulate-General also recently announced the outsourcing of the UK visa service in Hong Kong to a commercial partner, VFS Global. The new UK Visa Application Centre at the Leighton Centre in Causeway Bay, Hong Kong opened on 21st March 2014.

NEWS

Lord Davies, the former trade minister, and former British Chamber of Commerce Chairman is to add a boardroom role at Jack Wills, to his growing portfolio.

Founded in 1999 by Peter Williams and Robert Shaw, with an investment of just US\$67,000, the company is now estimated to be worth hundreds of millions of dollars.

Lord Davies served in the latter stages of Gordon Brown's government after a successful career in banking. Since then he has led the drive to improve boardroom diversity, setting a target of having 25% of FTSE-350 directorships filled by women by next year.

Former Chamber Chairman Takes Reins at Jack Wills



SPONSORSHIP ANNOUNCEMENTS

Barclays Sponsors Women's Series for Third Year



Barclays is sponsoring the British Chamber's Inspirational Women Series for the 3rd consecutive year. The Inspirational Women Series is a series of six seminars coordinated by the British Chamber's Women in Business committee with the support of Barclays. Speakers to date include: Caroline Wilson, British Consul General to Hong Kong and Macau; Teresa Ko, Partner and China Chairman,

Freshfields Bruckhaus Deringer; Susan Gilchrist, CEO, Brunswick Group; Fern Ngai, Chief Executive Officer of Community Business; Umran Beba, President, PepsiCo Asia Pacific and many more. The primary role of this series is to celebrate women leaders while looking at the opportunities and challenges women face, across different industry and professional sectors.

Capital Gains Pains

Last autumn, George Osborne announced plans to introduce a Capital Gains Tax for non-residents selling UK residential property. The Consultation Document was published 28 March. For years, non-resident investors were exempt from Capital Gains Tax on the sale of UK assets. The Government's proposals will remove this exemption for non-residents selling (or gifting) residential property in the UK.

The Fry Group will be engaged throughout the consultation process, recognising that the Consultation Document gives us fair warning of what is to come, and provides a window of opportunity to take action to protect investments.



The Group notes that residential property should form part of most people's investment portfolios. It does not see these changes as fundamentally altering the proposition offered by residential property in terms of yield and asset growth, but notes that the cost proposition, of which tax is an increasingly bigger drain, is a critical aspect of the property investments.

NEWS



Chamber Law Firms Win Awards

Howse Williams Bowers was delighted to be awarded "Hong Kong Law Firm of the Year" by Chambers and Partners. Chambers and Partners said the award recognises HWB's "extraordinary growth and expansion" in the two years since its establishment in 2012 and that the firm is "one of the top competitors in this space".

Leading international law firm Clifford Chance was pleased to announce it was awarded Chambers Asia Pacific's prestigious "Asia Pacific Law Firm of the Year" for demonstrating outstanding capability in a range of practice areas and thorough coverage across the region. The Firm was also awarded "China Finance Law Firm of the Year", which covers both Hong Kong and China as a single jurisdiction.

SME Series Flies High for Second Year with BA

British Airways is the prize sponsor for the British Chamber's SME series for a second year in a row. BA is again generously offering two complimentary return tickets in Club World from Hong Kong to London as the lucky draw prize for members of the British Chamber who attend at least two SME events in 2014. BA is also supporting the British Chamber's newly launched SME Marketplace by encouraging members to sign up for their On Business Programme, which is a free and incredibly



flexible corporate loyalty programme. Each time anyone from the same company flies on any British Airways flight, the company will earn On Business Points which will be stored collectively in the same pot. Those points can then be used for free flights and upgrades. Members will also receive triple On Business points on their first six flight sectors after they join. There's also a special British Chamber bonus on offer, so visit our website to find out more.

NEW APPOINTMENTS

Howse Williams Bowers Announces New Partners

Howse Williams Bowers announced the addition of two new Partners: Stacey Devoy joins the Family and Matrimonial practice and Alison Scott joins the Dispute Resolution practice.



Stacey Devoy

Stacey joins HWB from Withers London and Hong Kong and her practice deals with all issues confronting families when new relationships are formed or when relationships break down including: marital agreements, separation, divorce, custody and access disputes, international relocation of children and all financial arrangements.



Alison Scott

Alison previously worked as a partner with HWB's senior partner Chris Howse at Richards Butler in Hong Kong. Alison returned to England in 1998 where she has been working for Her Majesty's Courts and Tribunals as a Tribunal Judge and the Welsh Assembly in Wales as a legally qualified Chairperson.

CBRE Appoints Marcos Chan as New Head of Research



Marcos Chan

In early April, CBRE announced the appointment of Mr Marcos Chan to the position of Head of Research, CBRE Hong Kong, Macau and Taiwan, with immediate effect.

Mr Chan will lead the Research Team in support of the company's business priorities and growth agenda, via CBRE's research platforms, to produce cutting edge market-leading research.

Mr Chan has over 16 years' of market research experience behind him, the last 13 of these with JLL, where he held senior positions as Head of Research, Hong Kong and most recently, Head of Research, North China.

Brian Cooklin Appointed Principal



Brian Cooklin

Nord Anglia Education, the leading global international schools group, welcomed Brian Cooklin as founding Principal at the Nord Anglia International School Hong Kong in March. The new school, located in Lam Tin, is scheduled to open in September 2014 offering the English National Curriculum together with Nord Anglia Education's High Performance Learning educational philosophy.

Mr Cooklin brings almost 40 years of teaching experience, including 18 years as a school Principal. His previous role was as the Principal of the Edron Academy, the leading British international school in Mexico. Under his leadership, the school rose from 10th to 1st place in the country's English language international school rankings.

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Breakfast with Mr Osborne

On a fine morning in February, the British Chamber of Commerce in Hong Kong hosted the Chancellor of the Exchequer, who gave a keynote speech on the importance of UK-China relations for achieving strong and sustainable economic growth.



On 20 February we were delighted to host a breakfast with the Rt Hon George Osborne MP, Chancellor of the Exchequer. The breakfast was a sell out, attended by almost 200 guests representing the senior business community in Hong Kong.

The Chancellor spoke about strengthening the UK's trade relations with Hong Kong and China, and he announced plans to open an RMB clearing bank in London.

From the Chancellor's speech:

On Britain's economic recovery

"I'm now the first to say that the recovery is not yet secure and our economy is still too unbalanced. We cannot rely on consumers alone for our economic growth, as we did in previous decades. And we cannot put all our chips on the success of the City of London, as my predecessors did.

Britain is not investing enough. Britain is not exporting enough."



On the UK's relationship with China

"... this is a two-way relationship of equals. Gone are the days when the British Finance Minister was only interested in securing greater market access to China.

That's still important, but just as important now is Chinese investment and access to the UK.

Nowhere is that more apparent than in the development of the use of China's currency, the Renminbi.

Now almost two thirds of all RMB payments outside of China and Hong Kong take place in London. ... Ultimately what we all want to see is RMB being used more and more as a currency of choice in the world.

... I want to make the UK the prime destination for tourists from this part of the world. Almost 300,000 Chinese tourists come to the UK each year, and that number is growing by 40% a year.

I also want to strengthen our relationship by encouraging more students from China and Hong Kong to come to our world-class universities."

On international economic considerations

"... If we have learnt anything from the recent Great Recession, it is that in this interconnected global economy one country's problem can very quickly become everyone else's problem.

... We need to understand that international coordination can work and has worked when it holds governments to account for domestic reforms, but not when it tries to impose global macroeconomic policies that are against countries' own self interests. Fostering domestic resilience from the bottom up is the best way to build global resilience at the top.

"... The G20 and the IMF have important roles in coordinating balanced and responsible fiscal consolidation plans, though there is still more to do." **B**

On the UK's relationship with Hong Kong

"... More investment comes to the UK from Hong Kong than from the USA, Canada and Singapore combined.

This relationship brings jobs and prosperity for both our economies.

... Almost a tenth of all our exports into China flow via Hong Kong. And almost two thirds of all Chinese outward investment comes through here in one form or another."

“
Fostering domestic resilience from the bottom up is the best way to build global resilience at the top.

The British Chamber would like to thank the sponsors of the event:



Shine On Hong Kong

A world finance centre, Hong Kong has long been known as one of the great Asian Tigers, but competition is stiff in the global economy. Has Hong Kong maintained its leadership position? Is it still Asia's financial hub? If not, how does it return to the top? — By Gina Miller



"The gorgeous lights of Hong Kong are dazzling from space," said Liu Wang, one of the astronauts aboard the Shenzhou-9 spacecraft in 2012.

Dazzling from space, perhaps, but for those of us on the ground, not everyone is singing the praises of Hong Kong's shine in the firmament of Asia's great cities. And it is this limping modesty – or perhaps a conservative desire to downplay our own greatness – that could be our undoing.

Ask any businessperson in Hong Kong about the city's strengths and the same answers invariably appear: location, rule of law, international professional

capabilities, the taxation system and currency flow. In the British Chamber of Commerce's most recent Business Confidence Survey, 92% of respondents said they were either "very" or "somewhat" positive about the Hong Kong business environment in 2014. Their views of the future were less rosy, however, with only 73% of respondents saying they were positive about Hong Kong's future five years from now.

So what is the problem? Is Hong Kong losing its competitive edge? Have our high property prices, poor air quality and lack of international school placements reduced our attractiveness? Does Hong Kong only shine from a distance?



Not according to Nick Sallnow-Smith, Chairman of the Chamber of Commerce and Non-Executive Chairman of the Board of The Link Management Limited.

"I get annoyed when people say Hong Kong is losing competitiveness because property is too expensive," he said.

"You could argue that high property prices show a successful city, whereas if the prices were too low, it would be the sign of an unsuccessful city."

A sign that a city is beginning to fail is when people start to leave, said Mr Sallnow-Smith. It doesn't matter why they leave, he said, whether they are leaving for lack of work, problems with schools, work permits, air problems – whatever the cause – if they are leaving, that would be the sign that the city is failing.

Many residents complain about Hong Kong, said Mr Sallnow-Smith candidly. They complain about the air, or the property prices, but they are still here. And that is the city's victory, whatever the grumblings of her citizens.

We need cheerleaders

What is it that makes Hong Kong reticent? Do we shy away from our own praise for fear of bringing down ill fortune? If so, there is a risk that we will create a self-fulfilling prophecy.

"Why are we so negative?" asked Teresa Ko, Partner and China Chairman, Freshfields Bruckhaus Deringer, at a recent Chamber Breakfast Meeting.

We broadcast our competitor's strengths, she said, at the expense of our own. For too long we have allowed our proximity – our wonderful geographic location – to do the hard work, but we face new challenges, and "we should be fearless in our quest for fresh thinking."

Richard Winter, CEO of Quam Capital and Chairman of the British Chamber's Financial Markets Committee, agrees.

"We have an amazing opportunity," he said. "We're on the doorstep of China. They look at us to be their window to the west and to take a leadership role, to help them to come to the forefront of the world stage. I think (at the moment) we must be somewhat disappointing."

Hong Kong's triumphant return to China was never meant to turn the city into another Shenzhen, he said. Mr Winter believes that China wants us to be their international finance centre, and they want us to take a leadership position.

Instead of embracing that opportunity, we spend our time being introverted, and worry about upsetting them he added.

"The Hong Kong community generally is far too inward looking – for lots of political and historical reasons," said Mr Sallnow-Smith. "A city that has built its success on international investment and goods and trade – a city of flow – for a city like that to become inward looking is potentially a problem in an international world."

"We need to be more internationally minded and rise above ourselves," said Mr Winter.

Surveys, rankings and damned statistics

Hong Kong was ranked fourteenth of the "Top 100 world cities for an innovation economy in 2012-2013" according to "Innovation Agency" 2thinknow (Singapore was ranked at number 30). Singapore was ranked as "Most Innovative City in the Asia Pacific region" by Solidiance, a B2B growth strategy and innovation marketing consultancy firm focused on Asia Pacific.

In the World Bank's "Ease of Doing Business" rankings, Hong Kong placed second, after Singapore, but Hong Kong won top place on the 2014 Index of Economic Freedom (tracked by The Heritage Foundation, in partnership with *The Wall Street Journal*), edging out Singapore.

“
I get annoyed when people say Hong Kong is losing competitiveness because property is too expensive. You could argue that high property prices show a successful city, whereas if the prices were too low, it would be the sign of an unsuccessful city.

– Nick Sallnow-Smith

So what does it all really mean?

"A little bit depends on what surveys are trying to measure," said Mr Sallnow-Smith, "Some of them are based on data that is irrelevant to our members."

That is the crux of rankings: What actually *matters* to Hong Kong, and what *matters* to its business community.

Certainly lifestyle issues are a concern. The environment, education, public transportation, infrastructure, access to quality healthcare and rule of law – these are issues that make up the fabric of our daily lives.

“
For many, availability of international school placements is a major concern, "but the government is onside with this, and trying to improve the situation," said Mr Sallnow-Smith.

Even the environmental issues of air-quality and water pollution are making slow headway (though 96% of British Chamber of Commerce members reported in the Business Confidence Survey that Hong Kong's air quality would have a negative impact on its attractiveness as a place to do business).

Overall, most agree that Hong Kong is a brilliant place to live: with international style, entertainment, sophistication, access to travel, excellent food, plentiful public transportation and reliable rule of law.

So what is missing from this picture?



Romance and Flair

Hong Kong needs to embrace its historic “can-do, entrepreneurial and visionary attitude,” said Mr Winter.

Innovation and entrepreneurialism are required or we will be overtaken in our aims to be a major international finance centre, said Ms Ko. Hong Kong needs to stay focused, be more coordinated, act decisively and add value to businesses.

And we need to stop “knocking” our city; we need to be positive. We must sell Hong Kong to the world.

“We should be the asset management centre of Asia,” said Mr Winter. “We have amazing increasing wealth in China and in Asia, and we have the ideal opportunity and authority to be Asia’s asset management centre.”

“The government must be more proactive in its encouragement of financial services and commerce in general; be more user friendly and welcoming of business activity, because that is what drives wealth and increases the standard of living for everyone,” he said.

The British Chamber has its own role to play, of course.

“The way we present our ideas to government is by examining what makes Hong Kong an attractive place to do business in,” said Mr Sallnow-Smith.

“
*We should be
fearless in our quest
for fresh thinking.*
– Teresa Ko

”

“Taxes, infrastructure, ease of doing business, light-touch regulation, law and order, good schooling, etc. These are also the sorts of things that make a place attractive.”

“Indirectly, and through the support we give our members, we hope we aid their ability to do business competitively,” he said.

It’s time for Hong Kong to bang its own drum, to wine and dine and court investors and promote our financial services. The HKMA is internationally well regarded, but so far, as a financial market, we’re offering a starchy marriage: All pre-nup and no romance.

“Competitors are courting issuers around the world,” said Ms Ko. The New York Stock Exchange is using its own history to create a vibrant and compelling environment, she said (the Museum of Money, using the floor of the NYSE is meant to “capture a great off-balance sheet asset of a link to the history of finance for the Exchange” according to the Museum of Money and Financial Institutions).

Hong Kong needs to return to what it does best, to be “flexible, imaginative, pragmatic and apply a ‘can do attitude’ with our resources – our location and our very impressive people,” said Mr Winter.

Once we do, we will not need to go to space to see Hong Kong shine. **B**

Confidence Rising

For the second year running, members of the British Chamber of Commerce in Hong Kong are more optimistic about the outlook for the business environment over the coming 12 months, but Chamber members warn that optimism may be short-lived. — By Andrew Davison

In its most recent survey on Business Confidence, 92% of British Chamber members indicated they are 'very' or 'somewhat' positive about the business environment in 2014 – an increase of 8% over the outlook for 2013, and an increase of 21% over the outlook for 2012.

The optimism, however, apparently comes with a "sell-by" date, with 73% of respondents indicating that their view of the future in five years is not so rosy. This is 16% lower than last year's figures, which indicated 89% of respondents were positive about Hong Kong's future five years down the road.

Satisfaction with Hong Kong as a place for doing business remains – as always – very high with 94% of Chamber members describing the business environment as 'very' or 'somewhat' satisfactory.

Satisfaction with all aspects of government has declined since 2012, with government leadership and civil service efficiency each declining by 8%, and the legal and regulatory systems and a stable government and political system each declining by 3%.

The economic outlook

Optimism for the coming 12 months has increased significantly for the second year running, going from 71% in 2012, to 84% in 2013, and 92% having a positive outlook for 2014.

The number of members having a 'very positive' outlook has also increased from 7% for 2013 to 20% for 2014.

Confidence in the longer-term future is not so good, with only 73% of respondents feeling positive about the business environment over the next five years, a major drop from 89% reported last year.

The business environment

Satisfaction with the business environment in Hong Kong continues to be extremely strong, with 94% of Members describing the business environment as 'very' or 'somewhat' satisfactory; a slight decrease from 96% in 2012.

Hong Kong's competitive trading conditions continue to drive the most satisfaction amongst Chamber members; however, the high cost of labour and property are proving increasingly unsatisfactory.

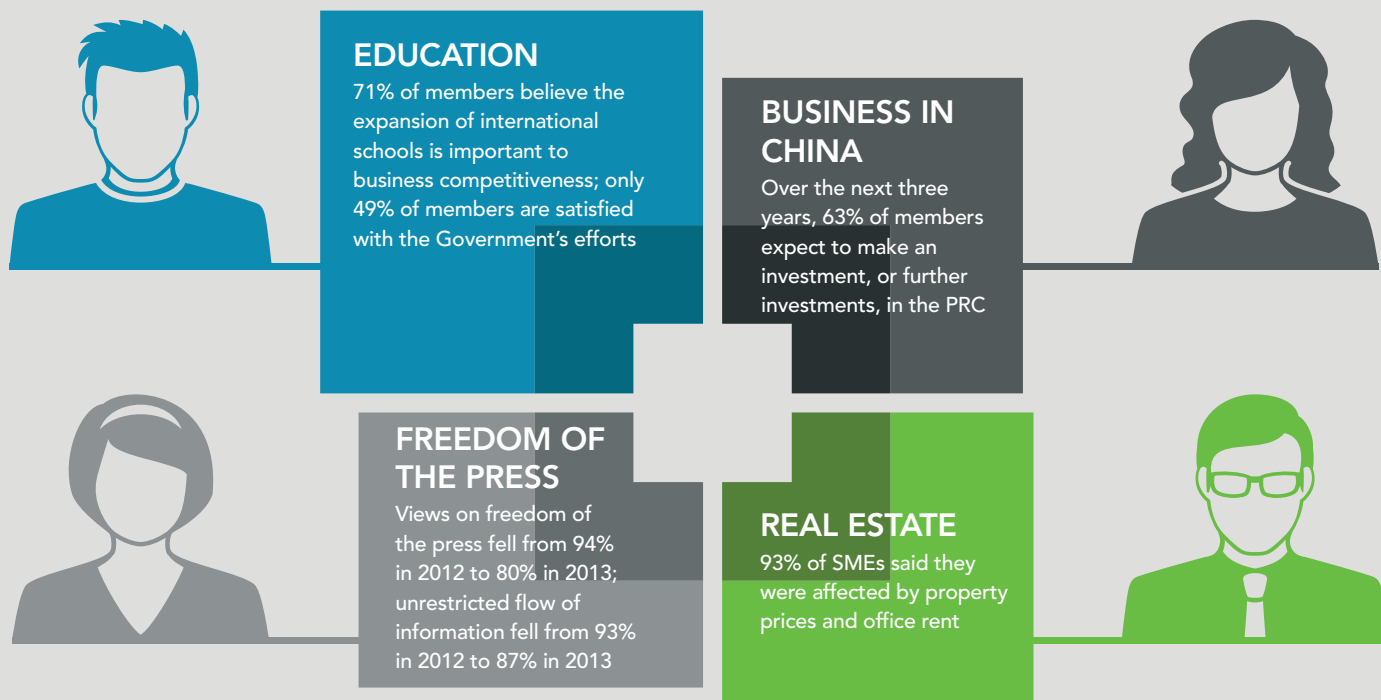
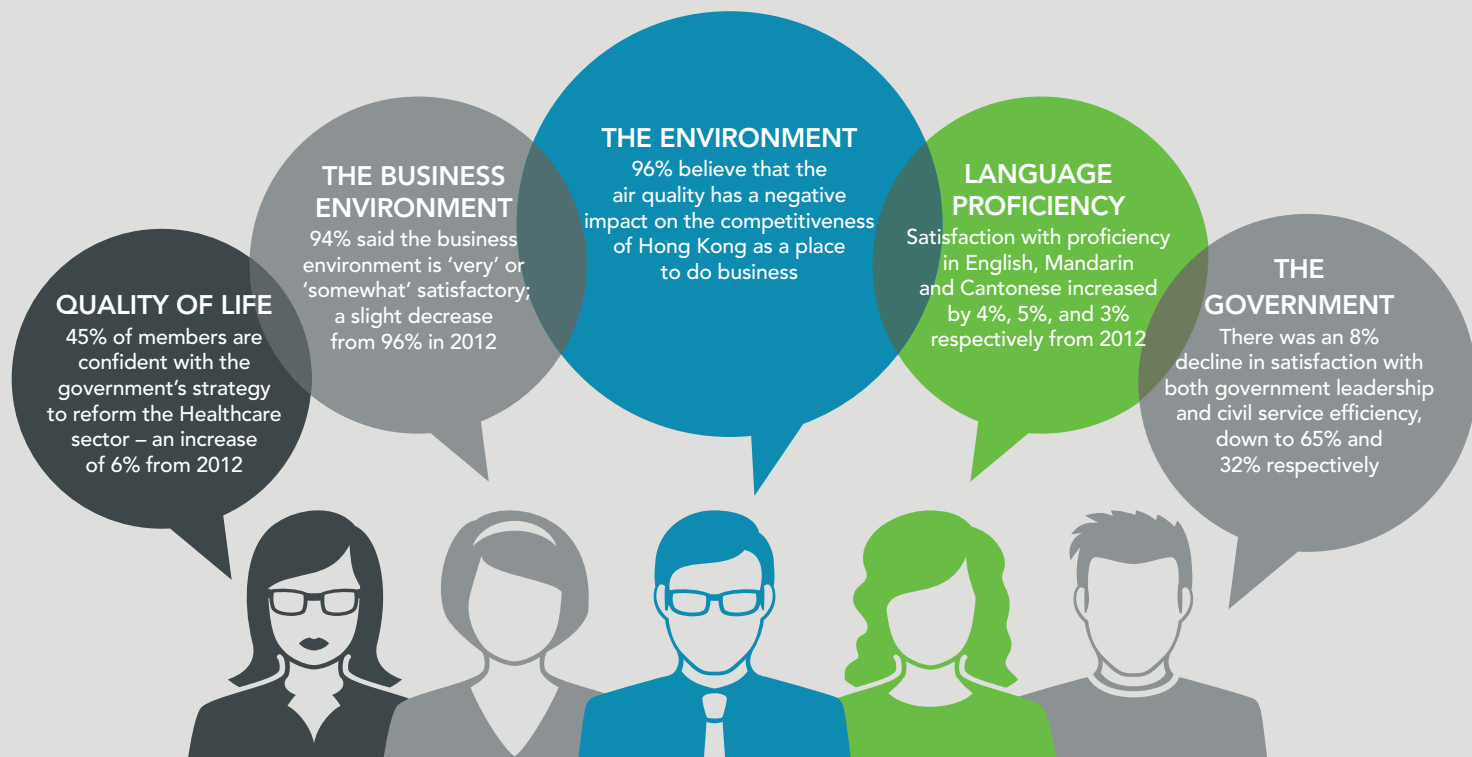
The six items scoring the highest satisfaction ratings are: geographical location (100%), the taxation system (100%), free port status (99%), public security and safety (97%), infrastructure (97%) and communications (97%).

The most notable changes in dissatisfaction are: freedom of the press, down 14% from 94% in 2012 to 80% in 2013, and unrestricted flow of information, down 6% from 93% in 2012 to 87% in 2013.

The government

As noted, satisfaction with government has declined since 2012, with government leadership and civil service efficiency each declining by 8%, and the legal and regulatory systems and a stable government and political system each declining by 3%.

The two questions that showed the most significant change over last year were: First, 73% of members believe that the Hong Kong Government's efforts to capitalise on China's growth to become a leading global capital and wealth management centre is important to their business, up 7% from 2012. Second, 12% of members feel that there is an adverse change in the way the Inland Revenue Department has treated their business or personal taxation in the last year – an increase from 7% in 2012.



Small and medium enterprises

When asked to rate how circumstances affected their business directly, SMEs responded by stating: 93% were affected by property prices and office rent; 87% were affected by the availability of qualified employees; 53% said they were affected by the transparency of Hong Kong's laws and regulations; 51% were affected by the availability of affordable professional services; 49% were affected by SME banking processes; and 49% were affected by access to capital and financing.

The environment

Members' satisfaction with government's environmental strategy continues to show a year-on-year increase, with satisfaction with the strategy for water pollution (in particular) showing a significant increase. While the number of members who say the government's strategy for air, water and waste pollution, is 'very satisfactory' remains low, those who are 'somewhat satisfied' has increased, leading to an overall increase in satisfaction.

Overall, 96% believe that the air quality has a negative impact on the competitiveness of Hong Kong as a place to do business.

Education and quality of life

On issues relating to quality of life in Hong Kong, 45% of members are confident with the Government's strategy to reform the Healthcare sector – an increase of 6% on 2012.


In terms of education, 71% of members consider the expansion of international schools (and places available in them) is important to their business

competitiveness, but only 49% of members are satisfied with the with the Government's efforts to encourage the expansion of international schools.

Language proficiency

Satisfaction with language proficiency of all languages (English, Mandarin and Cantonese) shows an increase from 2012; English increased by 4% to 65%, Mandarin increased by 5% to 88%, and Cantonese increased by 3% to 100%.

Business in China

Over the next three years, 63% of members expect to make an investment, or further investments, in the PRC, although 54% of members agree that doing business in the PRC is becoming increasingly difficult. 

“
The six items scoring the highest satisfaction ratings are: geographical location (100%), the taxation system (100%), free port status (99%), public security and safety (97%), infrastructure (97%) and communications (97%).”



Andrew Davison

Director – International Research Centre, TNS Global

The Business Confidence Survey is conducted by the British Chamber of Commerce and marketing consultants TNS every year since 2001 amongst members of the British Chamber of Commerce in Hong Kong. The British Chamber of Commerce conducted the 2013 Annual Business Confidence Survey in co-operation with TNS, the world's largest custom research group.

All corporate British Chamber members were given an opportunity to complete the questionnaire online; 69 questionnaires were completed.

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The RMB Market Leaders

Though it is currently the world's eighth-largest currency for trade, only 16% of China's foreign trade is denominated in RMB thus far. As the two leading global RMB centres, London and Hong Kong are presented with a huge opportunity. — By Patrick Turner

2013 was a year of big steps forward for the development of the international RMB. Global RMB activity grew by around 80%, and the RMB became the world's eighth largest currency for trade settlement – a breath-taking rise that has seen the RMB overtake 22 other trade currencies in just three years.

As the two leading global RMB centres, this meant an eventful 2013 for London and Hong Kong. London cemented its status as the European hub for the

RMB, becoming the first G7 country to agree on an RMB swap line with the People's Bank of China, securing the first RQFII license outside of Greater China, and seeing the volume of RMB trades made in London hit 30% of the global market. Likewise, Hong Kong's RMB deposit base broke the highly symbolic RMB1 billion barrier (US\$160.79 million), if you include Certificates of Deposit, and outstanding dim sum bonds grew 30% to RMB330 billion (US\$53.06 billion).

However, what makes the rise of the RMB a “huge opportunity”, as described by George Osborne in his speech to British Chamber members in February, is the massive growth potential. Hong Kong’s deposit base is impressive, yet it represents only around 1% of the total liquidity pool of onshore and offshore RMB combined. And although trade volumes settled in London in RMB grew tenfold from the start of 2012 to the end of 2013, just 16% of China’s foreign trade is denominated in RMB thus far.

London and Hong Kong have long understood that this growing market is not a zero-sum game. A growing, maturing market is good for all international finance centres pursuing RMB business. That is why the Chancellor launched the City of London’s London-Hong Kong RMB Forum, in partnership with HKMA during his last visit to Hong Kong, in early 2012. His verdict on the value the Forum was unequivocal: “London’s position as the western hub of RMB trading has been greatly strengthened as a result of this collaboration with Hong Kong.”

This collaboration is so potent because it has been led by the private sector. Participating banks from China, Hong Kong, the UK, and beyond (many of which are members of British Chamber of Commerce in Hong Kong) are driving the agenda. That has ensured a tight focus on issues that matter to the market. And it falls to the Forum’s members, rather than government or regulators, to deliver the commitments made at last October’s Forum: to find industry-wide solutions to more efficient RMB settlement, to better integrate RMB into banks’ treasury services, and to develop innovative investment products to cater to Chinese investors.

In this vein, it was the inventive use of Hong Kong and London’s close ties by Hong Kong-based Chinese investment firms and UK partners that spurred the latest RMB breakthrough for London. Sajid Javid, the UK Financial Secretary to the

Treasury, and Liu Xiaoming, the Chinese Ambassador to the UK, joined CSOP Asset Management in Hong Kong and Source UK Services Ltd, to launch the first ETF on the London Stock Exchange on 9 January. This innovation allowed UK and European investors to invest directly in the Chinese stock market for the first time, and it used the Hong Kong-based RQFII quota to do it. The Chancellor announced a second fund, launched by E Fund and ETF, in his speech to British Chamber members last month.

“
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A growing, maturing
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RMB business.***”

It is worth noting that UKTI staff in Hong Kong, China and London provided support to get both initiatives off the ground. If any members are considering similar moves, or are interested in any investment in the UK, they should not hesitate to contact the British-Consulate General in Hong Kong.

As the Chancellor said to members in February, “Ultimately, what we all want to see is RMB being used more and more as a currency of choice in the world.” The British Consulate-General and HM Treasury look forward to pursuing this goal in 2014 in partnership with London-Hong Kong RMB Forum participants, members of the British Chamber of Commerce in Hong Kong and our key partners in Hong Kong. 



Patrick Turner
Senior Economic Adviser
British Consulate-General
Hong Kong

The British Consulate-General
in Hong Kong is responsible for developing and maintaining the important and longstanding relationship between the UK and Hong Kong. The BCG deals with a wide range of political, commercial and economic questions of interest to the UK and Hong Kong and provides high-quality consular services.



**British
Consulate-General
Hong Kong**

Missing Persons: Women Directors

Women's representation on Hong Kong boards has stalled. Despite the HKEx's requirement for boardroom diversity, only three more women were listed in directorships in the past year. — By Fern Ngai

Where are the women? According to the recently released Standard Chartered Women on Boards Hong Kong 2014 research by Community Business, progress on the representation of women on the boards of Hong Kong's leading companies is stalling.

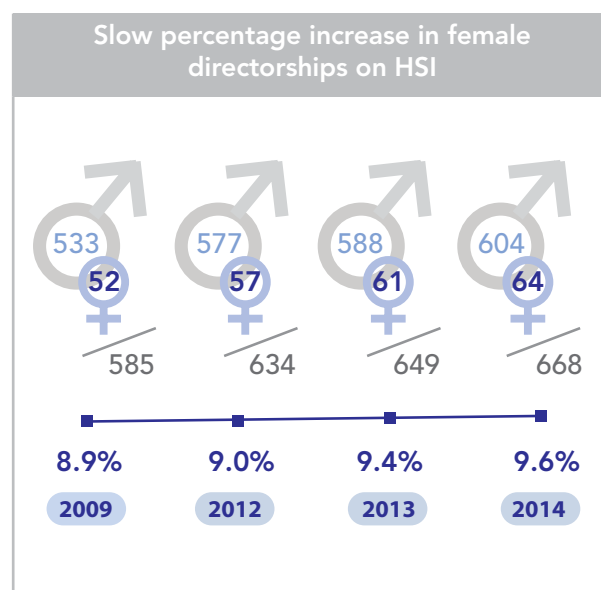
From 2013 to 2014, the overall number of women holding directorship roles in Hong Kong's 50 leading companies, as listed on the Hang Seng Index (HSI), has inched up a disappointing 0.2% in the last year to 9.6%, with the number of female directorships increasing from 61 to only 64. In fact, Community Business has observed this glacial pace since 2009 when it started to track women on Hong Kong's boards.

Hong Kong lags global peers

Distressingly, this sluggish pace is prevailing against a global movement towards more women on corporate boards, and against the local momentum of last September's introduction of a new code provision by the Hong Kong Exchanges and Clearing (HKEx), that requires listed companies to have a policy for and report on their board diversity.

Hong Kong appears resolutely slow moving in contrast to the trajectories seen in geographies that have adopted similar 'comply or explain' measures. For example, after Australia introduced a






At the current rate of just three additional female directorships each year, it will take approximately 45 years to secure 30% representation of women on boards and 90 years to reach parity. This is outrageously slow, and hardly reflective of the fast pace of life that is typical in Hong Kong.



comparable code provision with additional emphasis on gender diversity in 2011, it experienced significant and rapid progress, from 10.7% to 17.3% in 2013. With the HKEx code provision having been effective for just half a year, we are holding our breath in anticipation that Hong Kong will react similarly. Perhaps a significant change in the representation of women on boards will come after the next round of listed company AGMs where new board appointments are usually formalised.

Hong Kong continues to lag behind global counterparts

Percentage of Directorships Held by Women:

Norway		40.1% (All public limited companies, Jan 2014)
United Kingdom		20.4% (FTSE 100, Jan 2014)
Australia		17.3% (ASX 200, Dec 2013)
United States		16.9% (FORTUNE 500, Dec 2013)
Hong Kong		9.6% (HSI, Mar 2014)

Women matter in business

For those who are sceptical about the importance of women on boards, there is a growing body of evidence to reinforce the impact on business performance. A recent study from the Sauder School of Business examined behaviour traits of male and female directors in merger and acquisition activity. The study found that female directors tend to be more risk-averse, and the price paid for acquisitions

was reduced by 15.4% for each female director on a board, supporting the notion that female directors help create shareholder value. Another study by McKinsey found top quartile companies with the highest number of women in executive committees, when compared with companies with all male executive committees, performed 41% better on ROE and 56% better on operating results.

Diversity beyond gender

To navigate and succeed in today's complex business environment – now and into the future – companies need to build strong boards made up of individuals who represent a diversity of perspectives and independence of views.

In its broadest sense, board diversity should take into account factors such as age, culture, gender, thinking style, skills, and experience. However, the fact that gender is a fundamental and tangible aspect of diversity cannot be ignored. With women holding a paltry 9.6% of board positions on the HSI, women's expertise, insights and perspectives are simply not being voiced or heard in Hong Kong's boardrooms. It will be the enlightened companies committed to developing a strong female pipeline that supports women in their path to the very top, and which appoint board members who are representative of their key stakeholder groups (customers and employees), that will stand out in terms of future strategy and performance, and as employers of choice.

Challenge for Chairpersons

Community Business is calling on Hong Kong's Chairpersons to address gender diversity as a critical part of their board diversity strategy. Specifically, Chairpersons are urged to:

1. Set specific goals and targets with an aim to build a pipeline of female talent to address the representation of women on boards as well as at mid- and senior-management levels.
2. Ensure that women are included on the candidate slate for every board appointment, casting the net wider than the 'old boys club' or other traditional channels to identify these women. Consider using search firms that specialise in board nominations, and the large pool of female talent who already sit on corporate boards, as well as the women who have gained relevant experience from NGOs and advisory boards.
3. Aim to appoint at least one additional female director in the year ahead.
4. Consider giving two female candidates from senior management the opportunity to serve as a non-executive director at another company.
5. Refer to Community Business' *Improving Governance through Board Diversity: A Guide for Companies Listed in Hong Kong* to formulate a relevant board diversity policy and to create the right environment and mechanisms for meaningful and sustainable change.

Chairpersons – key to leading change

The latest figures underscore the need to keep the spotlight on this topic and Community Business has pledged to conduct further research, raise awareness, and encourage meaningful dialogue, with the aim to strengthen the business case for more women in Hong Kong's boardrooms. However, unless specific and concrete measures are taken, it is unlikely that there will be any level of improvement in the gender diversity of

Hong Kong's boardrooms – and the numbers in a year's time will continue to tell a disappointing story.

Hong Kong prides itself on being Asia's world city and a leading hub of international finance and business, with its success built on a diverse, vibrant population and an inclusive society. It is high time for our boardrooms to reflect this status. **B**

Women on boards league table: Hang Seng Index 2014

Rank	Ranking Compared to Last Year	% of Women	Board Size	No. of Women	Company Name
1	up	28.6%	14	4	Hang Seng Bank Ltd
2	up	26.7%	15	4	MTR Corporation Ltd
3	up	23.5%	17	4	HSBC Holdings plc
4	up	23.1%	13	3	China Resources Power Holdings Company Ltd
5	up	22.2%	18	4	Bank of Communications Company Ltd
6	down	20.0%	15	3	China Construction Bank Corporation
7	down	19.0%	21	4	Cheung Kong (Holdings) Ltd
8	same	17.6%	17	3	CLP Holdings Ltd
8	same	17.6%	17	3	Swire Pacific Ltd
10	down	14.3%	14	2	Bank of China Ltd
10	up	14.3%	14	2	Hutchison Whampoa Ltd
10	up	14.3%	14	2	New World Development Company Ltd
13	down	13.3%	15	2	Industrial and Commercial Bank of China Ltd
13	up	13.3%	15	2	The Wharf (Holdings) Ltd
15	up	11.1%	9	1	Belle International Holdings Ltd
15	up	11.1%	9	1	China Shenhua Energy Company Ltd
15	down	11.1%	9	1	Esprit Holdings Ltd
15	up	11.1%	9	1	Sino Land Company Ltd
19	down	10.5%	19	2	Ping An Insurance (Group) Company of China Ltd
20	down	10.0%	10	1	China Mobile Ltd
20	down	10.0%	10	1	Hang Lung Properties Ltd
22	down	9.1%	11	1	China Life Insurance Company Ltd
22	down	9.1%	11	1	China Unicom (Hong Kong) Ltd
22	up	9.1%	11	1	Li & Fung Ltd
22	down	9.1%	22	2	Henderson Land Development Company Ltd
26	down	8.3%	12	1	China Overseas Land & Investment Ltd
26	down	8.3%	12	1	Sands China Ltd
28	up	7.7%	13	1	Hong Kong Exchanges and Clearing Ltd
29	down	7.1%	14	1	Hengan International Group Company Ltd
30	down	6.7%	15	1	China Petroleum & Chemical Corporation
30	down	6.7%	15	1	Cosco Pacific Ltd
32	down	5.9%	17	1	Cathay Pacific Airways Ltd
33	down	5.6%	18	1	Power Assets Holdings Ltd
34	up	4.8%	21	1	Sun Hung Kai Properties Ltd
35	down	0.0%	6	0	Kunlun Energy Company Ltd
36	down	0.0%	8	0	AIA Group Ltd
36	down	0.0%	8	0	Tencent Holdings Ltd
38	down	0.0%	9	0	China Coal Energy Company Ltd
38	down	0.0%	9	0	The Hong Kong and China Gas Company Ltd
38	down	0.0%	9	0	Tingyi (Cayman Islands) Holding Corporation
41	down	0.0%	11	0	CNOOC Ltd
41	same	0.0%	11	0	PetroChina Company Ltd
43	down	0.0%	12	0	BOC Hong Kong (Holdings) Ltd
43	up	0.0%	12	0	Citic Pacific Ltd
45	down	0.0%	13	0	Want Want China Holdings Ltd
46	down	0.0%	14	0	Aluminum Corporation of China Ltd
46	up	0.0%	14	0	China Resources Enterprise Ltd
46	down	0.0%	14	0	China Resources Land Ltd
49	down	0.0%	15	0	China Merchants Holdings (International) Company Ltd
50	down	0.0%	17	0	The Bank of East Asia Ltd

Source: Standard Chartered Bank
Women On Boards Hong Kong
2014 Report (published in March
2014 by Community Business)



Fern Ngai
Chief Executive Officer
Community Business

Community Business is a non-profit organisation focusing on corporate responsibility, particularly the field of diversity and inclusion (D&I) in Asia. Community Business is dedicated to progressing discussion on D&I in the workplace, understanding the challenges and issues faced by the companies operating in the region, and working with them to advance their D&I strategy.

COMMUNITY BUSINESS



Two World Views, One School

Written by Nicola Weir, Western Co-Principal,
YCIS Early Childhood Education Section

Recent research on management has shown that collaborative leadership is necessary to ensure quality within a school setting. This being a leadership style that considers the importance of various view points and collective brainpower when thinking of creative strategies or when making informed decisions. Dr. Betty Chan, Director of Yew Chung International School (YCIS) has taken this one step further, and provided YCIS with the unique practice of collaborative leadership at its highest level – two Co-Principals overseeing one school. One Western Co-Principal and one Chinese Co-Principal, who are on equal footing with equal authority, collaboratively leading and managing a school within a partnership.

This style of leadership considers perspectives of both the Eastern and Western mindset of leadership, along with the two perspectives of Education, to work together to bring about a leading and managing approach that considers both schools of thought. Research suggests that the Principal of a school embeds their values through their leadership, impacting all aspects of school life. The working partnership of two culturally different leaders suggests that shared values between them will ensure the West meets the East in the practical daily running of school life.

Research also suggests that collaborative leadership takes place through dialoguing and continual sharing amongst the respective leaders. The two Co-Principals are in continual dialogue and exchange as they work together to make decisions, set vision, and ensure the values of YCIS are imparted at every level of the school. The two Co-Principals are also seen working together to build relationships with the students, the teachers, the parents, and the community.



At YCIS, the two Co-Principals collaboratively lead and manage a school within a partnership



The two Co-Teachers work together to provide students with one educational programme

An example of this can be seen in the professional training and development of teachers at YCIS. The two Co-Principals discuss their values, views, and expectations of the educational programme and of the learning that is on-going, and decide together on further growth and development for their teachers; again, two culturally different understanding and viewpoints come together to provide one outcome for the teaching and learning, where the values of East and West meet.

This model is duplicated at the classroom level. One Chinese Teacher and one Western Teacher work collaboratively to provide students with one educational programme. Their partnership grows as each of them contributes their perspective, as well as their culture, of both the East and the West. This Co-Teaching approach gives students at YCIS the advantage of forming actual relationships with a representative of both Eastern and Western culture, ensuring their learning experience penetrates mere content to an emotional, social, and personal level. The impact of connecting with such significant role-models, and being involved in the ongoing relationships within the classroom, truly enables the student to experience an inner transformation.

An example of this integrated working partnership at YCIS is evident in the assessment process of each learner. The two Co-Teachers come together to discuss and compare their observations and understandings of each child's progress and development. Together they work on an assessment report and portfolio that reflects both the expectations and views of an East and West mind frame of education, providing the student and family with a broad world concept of their child.

An education feature brought to you by YCIS

A man in a dark suit and white shirt is captured in a dynamic, mid-stride pose, running towards the right. He is holding a laptop in his left hand, which is extended forward. The background is a textured, grey wall. The overall image conveys a sense of speed, movement, and professional urgency.

Barometer Rising on Hong Kong ICTs

With Hong Kong's ICT workforce contributing 6% to the GDP, Cyberport has promised to double its investments and create a platform for the use and support of Hong Kong ICT start-ups. — By Mark Clift

In a recent announcement of its Three-Year Strategic Plan (2014 - 2017) Cyberport pledged to double its investments to HK\$200 million to create a one-stop platform for Hong Kong ICT start-ups, and engage a wider spectrum of audiences from different sectors and industries. The plan aims to enrich Hong Kong's ICT ecosystem as the industry enters the next stage of development; to help Hong Kong-based start-ups expand overseas and on the Chinese mainland; and to foster ICT talents, entrepreneurs and users for industry development.

Hong Kong's ICT ecosystem has evolved dramatically in the past few years. Thousands of ICT start-ups have entered the scene, with many overseas ICT companies setting up shop in Hong Kong. The proportion of Hong Kong's population and economy involved in ICT-related businesses has grown – the local ICT workforce increased 18% from 2008 to

2012, and is now contributing more than 6% of Hong Kong's GDP – and more incubators have sprung up across the city to cater to the growing demand and interest in the field.

With these exciting developments, it is apt for Cyberport – a leading ICT hub in the region – to step up its efforts to support Hong Kong's ICT growth and foster its IT legends.

In the past few years Cyberport has groomed ICT start-ups, established networks, partnerships, forayed into regional and global markets, and provided professional, business and technical support to the ICT industry and its practitioners. Over the next three years, Cyberport will work to enrich and expand on these initiatives, increasing the breadth and depth of its work to provide more comprehensive support for the industry and all start-ups within and beyond Hong Kong.

On the grooming end, the Cyberport Creative Micro Fund (CCMF) Scheme created in 2009, and the Incubation Programme, created in 2005, have provided seed funding to more than 100 projects and nurtured some 200 aspiring ICT start-ups, including many overseas start-ups incorporated in Hong Kong. The demand and the results for both these programmes has been impressive. The programmes are responsible for the creation of some 1,300 jobs, have secured more than HK\$101 million in funding from local and overseas investors, have won 134 industry awards and have created 111 intellectual properties.

There is considerable room for expansion, and Cyberport will be increasing the programmes' capacity to 150 CCMF grants and offering 150 more incubatee positions over the coming three years. It will provide more comprehensive financial, resource and professional support to the start-ups to nurture them into marketable companies.

With universities that have begun offering incubation programmes for ICT talents, Cyberport will initiate the CCMF Partner Programme and University Partnership Programme to explore collaboration opportunities, to generate synergy and strategically offer early-stage support to Hong Kong's budding ICT talents.

For start-ups ready for the marketplace, Cyberport will leverage on its growing regional and global network of strategic partners and alliances – particularly those in regions such as the Yangtze, Pearl River Delta Region, Beijing, Shanghai, Japan and Silicon Valley – and assist local start-ups in their pursuit of expansion and development.

For industry professionals, Cyberport will allocate and invest more resources to provide even better world-class IT & T infrastructures, such as the recently launched Cyberport Community Cloud, and establish more clusters of excellence. Cloud computing, digital entertainment and mobile applications will remain in focus, as well as emerging technologies such as Wearable Computing, FinTech and Public Sector Information solutions.

Cyberport has organised and co-organised more than 230 events in the past two and a half years, allowing world-class ICT experts and speakers to converge at Cyberport to share their knowledge, insights and visions on a variety of ICT-related topics with a likewise diverse audience. New business opportunities were explored, market trends explained, best practices shared and knowledge transferred.

In the coming years, Cyberport will host and organise more events for professionals to stay ahead and for start-ups to enhance their investor relations, access funding opportunities, and increase business networking and development, and soft business skills.

And to reach beyond the ICT industry and foster tomorrow's ICT talents, entrepreneurs and users, Cyberport will enrich its visitor tour with more interactive elements for school students and turn Cyberport into a centre for learning about ICT technologies and industry development. At the same time, initiatives will be put in place to facilitate all local industries to work in pace with the ICT industry.

These are just some of the many initiatives to expect under Cyberport's new plan. These timely moves will place Hong Kong's ICT industry in a tactical position ready to take on the next stage of ICT evolution, in Hong Kong, in the region and in the world. 

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**Cyberport will initiate
the CCMF Partner
Programme and
University Partnership
Programme to
explore collaboration
opportunities.**
”



Mark Clift
Chief Operating Officer
Hong Kong Cyberport

Hong Kong Cyberport

Equipped with an array of state-of-the-art ICT facilities, Cyberport is a creative digital community with a cluster of technology and digital content tenants, and committed to facilitating the local economy by nurturing ICT industry start-ups and entrepreneurs, driving collaboration to pool resources and create business opportunities, and accelerating ICT adoption through strategic initiatives and partnerships.



The Leadership Paradigm

In a rapidly changing world facing significant geo-political, environmental and socio-economic turmoil, tomorrow's leaders need to shift the locus of success from themselves to the communities they serve.

— By Graham Birse



We live in a complex world: a world of seismic shifts in the economic, technological and geo-political landscape.

As the centres of global finance, manufacturing and innovation move, gradually but inexorably, from west to east, so does responsibility for leadership.

Under the circumstances of climate change, population growth, pressure on natural resources, political tension, demographic pressure on social services – to name only a few – it would be tempting for Hong Kong, its business community, government and citizens, to do what has always been done – make money and prosper. But what can responsible global leadership teach the region?

Global challenges, problems and opportunities are now so significant that they cannot be ignored. Many local problems around the world are government problems, but most are also community problems that require a community response.

Tough times usually breed tough leaders. Globally, we tend to place our trust in leaders of the alpha male variety: decisive, aggressive, and charismatic. However, this leadership model is dependent on a powerful hierarchy, with decision-making focussed on a small and powerful clique.

Given the complexity of the modern world, is this model fit for purpose any longer; is it fit for Hong Kong and its region? Here's an interesting exercise: Consider the profiles of the following candidates

for a job vacancy for a global leader. Candidate one is a heavy drinker, often arrives for work at noon, has a controversial career, many successes and failures, and was not elected to power. Candidate two has been married three times, had an unsuccessful early career, and refused to refute terrorism. Candidate three is a vegetarian, monogamous, a non-drinker, and author and political philosopher, and was elected to power. Candidate four is a good communicator, a drinker, a womaniser, and his family is rumoured to have fixed elections and have connections to the mafia.

Recognise anyone? Well, in order of the above, candidate one is Winston Churchill; two is Nelson Mandela; three is Adolf Hitler; and four was John F Kennedy.

The lesson we can take from that exercise – apart from the fact that selection processes can be flawed – is that we are all human, with human frailties, weaknesses and strengths. Distinguishing great leaders from despots on the evidence above is not always easy.

Further, are the ‘command and control’ leadership models of yesterday fit for purpose any more? Some global brands, especially banks and financial institutions with that traditional model at their core, have been unable to respond effectively to dramatic changes in the economy, in consumer behaviour and in regulation; their response has been, at best, ponderous and, at worst, disastrous. Even some powerful brands have crashed and burned recently.

The gap between trust and credibility in leadership has never been greater, and new models of leadership are emerging that appear more effective in the modern world. These may be collectively described as embedded leadership.

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The gap between trust and credibility in leadership has never been greater, and new models of leadership are emerging that appear more effective in the modern world.
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The important point about embedded leadership is that it acknowledges the significance of emotional intelligence, of understanding others’ perspectives and personalities in communicating a shared vision. It also recognises the multi-faceted nature of leadership and accepts that we should all apply leadership styles in our own way according to our own personality. In other words, leaders are more convincing as a leaders by being comfortable in their own skin, than by practicing to be a neo-Nelson Mandela in front of their mirrors.

Societies require more than just statesmanship on the part of the international hierarchy of leaders, or the chief executives of global corporations. Societies need strong community leadership, business leadership and civic leadership. Embedded leadership acknowledges this fundamental truth and encourages leadership at every level in organisations and communities.

There is nothing new in this embedded paradigm. It was Lao Tsu, the founding father of Taoism, who said in the Fifth Century BC, “The wicked leader is he who the people despise. The good leader is he who the people revere. The great leader is he who the people say, ‘We did it ourselves’.”

“Doing it ourselves”, I would submit, is a global leadership model fit for the 21st Century. **B**



Graham Birse is the Director of the Edinburgh Institute of Leadership and Management Practice, at Edinburgh Napier University.

Edinburgh Napier University is the largest UK provider of education in Hong Kong, and has partnered with various Hong Kong universities to provide undergraduate and postgraduate courses in a range of disciplines. The Edinburgh Institute (EI) delivers management education and consultancy in Hong Kong to corporate clients, and is dedicated to improving leadership and management through practice-based learning.





Pay to Stay

Hong Kong left British control in 1997, but it still proves a major attraction for British expat workers. — By Travis Barton

Enticed by low taxes and its efficient public transport system, Hong Kong has been ranked 71st in the Mercer 2014 Quality of Living Survey, with a wide availability of consumer goods, a stable economic environment, good education system, and efficient public services and infrastructure all rating highly.

However, Hong Kong was rated lower than a number of its Asian competitors thanks to the city's renowned air pollution problems, traffic congestion and the natural environment – its climate and natural disasters.

Mercer conducts its survey annually to help multinational companies and other employers compensate employees fairly when placing them on international assignments. Two common incentives include a quality-of-living allowance and a mobility premium. A quality-of-living or hardship allowance compensates for a decrease in the quality of living

between home and host locations, whereas a mobility premium simply compensates for the inconvenience of being uprooted and having to work in another country.

Companies need to be able to determine their expatriate compensation packages rationally, consistently and systematically. Mercer evaluates local living conditions in more than 460 cities it surveys worldwide. Living conditions are analysed according to 39 factors, grouped in 10 categories:

- Political and social environment (political stability, crime, law enforcement, etc.)
- Economic environment (currency exchange regulations, banking services)
- Socio-cultural environment (media availability and censorship, personal freedom)
- Medical and health considerations (medical supplies and services, infectious diseases, sewage,

waste disposal, air pollution, etc.)

- Schools and education (standards and availability of international schools)
- Public services and transportation (electricity, water, public transportation, traffic congestion, etc.)
- Recreation (restaurants, theatres, cinemas, sports and leisure, etc.)
- Consumer goods (availability of food/daily consumption items, cars, etc.)
- Housing (rental housing, household appliances, furniture, maintenance services)
- Natural environment (climate, record of natural disasters)

The scores attributed to each factor are weighted to reflect their importance to expatriates to allow for objective city-to-city comparisons. The result is a quality of living index that compares relative differences between any two locations evaluated. For the indices

to be used effectively, Mercer has created a grid that allows users to link the resulting index to a quality of living allowance amount by recommending a percentage value in relation to the index.

Business leaders gain insight into the factors that affect their customers and constituents from the survey and its rankings. In particular, businesses need to understand the correlation between quality of living and their bottom line. The survey reveals facts and information that businesses can use to influence policies and procedures and ultimately increase competitiveness.

Mercer advises clients on a range of expatriate issues and offers a comprehensive portfolio of advice and solutions covering global mobility strategies, programme effectiveness, policy review and research-based competitive benchmarks and trends. **B**

Travis Barton

Principal and Talent Business Leader, Hong Kong



Mercer is a global leader in talent, health, retirement, and investments. Mercer helps clients around the world advance the health, wealth, and performance of their most vital asset – their people. Mercer's more than 20,000 employees are based in 43 countries, and the firm operates in over 140 countries.



As an expat there's a good chance you'll be heading home one day

And to make the most of your hard earned assets, you need to be planning for that day right now. But we know that getting the most out of tax structures, pensions and general financial planning can seem daunting.

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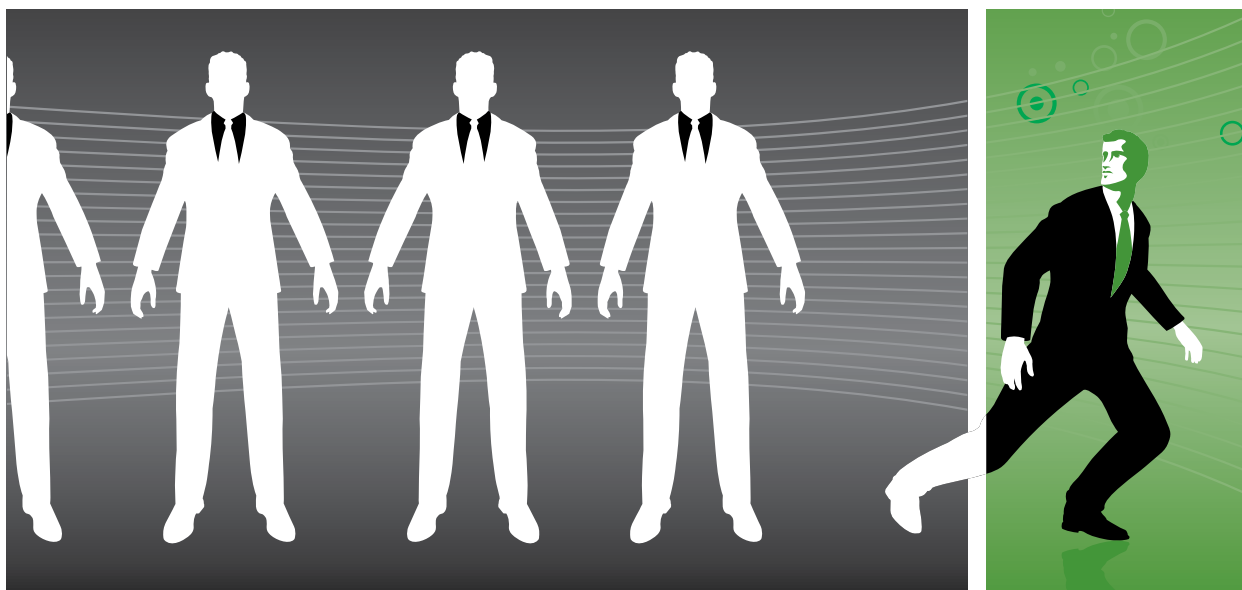
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Life After Banking

In 2012, Alex Ypsilanti decided to leave the world of traditional investment banking and develop a business model that provided a new service to a market segment in need. With help from the British Chamber's Angel Business Programme, he opened the virtual doors of his new "fintech" company in 2013, providing online wealth management products. — By Alex Ypsilanti



Two years ago, I unwittingly became a Hong Kong cliché: the ex-banker looking to do something else. I had spent 15 years in the world of finance working for two investment banks across London, Tokyo and Hong Kong. I was looking for the next opportunity to grow, both professionally and individually. The only thing I knew with certainty was that I was done with the traditional world of investment banking.

Bereft of bright ideas, I met with hedge funds and other asset managers to explore opportunities on the buy-side. It was clearly not an inspired solution, and it showed. But it made me realise one thing: I wanted to create something.

I pondered my next move. I started reading. I read voraciously. I became fascinated by the intersection of finance and technology. There were a growing number of "fintech" companies using technology

to provide services traditionally only sold by banks. Whether it was lending, paying, or investing, these technology firms could do things faster, cheaper and without many of the hurdles that plague banks. And here's where the relative smallness of the banking community in Hong Kong helped me: I was quickly introduced, through former colleagues and friends, to a number of budding entrepreneurs in Hong Kong who were working at start-ups.

I met with many tech entrepreneurs and tech investors. I even did an internship, at the age of (almost) 40, at one start-up that was an immensely valuable experience. I found that everyone was exceedingly keen to share information, contacts or advice – or even to meet for a coffee with no apparent agenda. I had a lot of coffees. I eventually saw an opportunity that married the boom of wealth in Asia with online technology. More importantly, I saw that I had the chance to build something innovative.

The opportunity

The explosion of wealth in Asia has happened over a remarkably short period of time, but traditional wealth managers, such as private banks, only cater to the super-rich. No one was successfully serving the wealthy middle class. This person could be your neighbour. It could be the person who teaches your daughter's mathematics class. The point is, that retail banks are doing a crummy job of providing sound wealth management services at affordable prices. The rising class of the mass affluent is often the most tech-savvy, with people glued to their mobile phones and devices. This is a massive market and it is hugely underserved.

And so Quantifeed was born. It took us a year to turn the idea into an early product release and multiple customer opportunities. Regardless of what I was doing at each step of the way – whether looking for the right business partner, validating the market opportunity with early customers, or getting advice on funding options – there was always someone willing to help.

Hong Kong is rapidly becoming a great city for tech start-ups. In a recent event organised by a Hong Kong-based venture capital firm in Sheung Wan – Hong Kong's Silicon Valley – I found myself amongst 20 or so other fintech entrepreneurs. We were all there to convince the organiser of a popular global conference on innovative financial technology companies to host their next Asian event in Hong Kong instead of Singapore.

There is a budding number of programmes organised by government bodies or corporates that provide entrepreneurs with anything they need – from cloud-hosted technology and legal support, to access to angel investors. We were very fortunate to win the

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The explosion of wealth in Asia has happened over a remarkably short period of time, but traditional wealth managers, such as private banks, only cater to the super-rich.

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British Business Angel Programme, organised by the British Chamber of Commerce. Besides the obvious goal of fund raising, the programme forced us to distil our vision and Quantifeed's business proposition down to its essence. We had a little over 10 minutes to communicate – and persuade – 20 odd investors over coffee and croissants that we could turn an innovative idea into a hugely successful business. It was a great lesson.

More change needed

But while Hong Kong's start-up ecosystem is on the right growth trajectory, there is still much that can be done. One of our biggest challenges as we grow is going to be sourcing talented people. Hong Kong has a huge pool of smart, well-educated, hardworking and ambitious young people. But in Hong Kong, brand names are important, and that's true when it comes to jobs as well. Young people need to know that there are great work opportunities outside of big companies and banks. I think this will happen as more people see technology start-ups growing up to become fully-fledged companies.

I don't think I could have made this transition as quickly and effectively anywhere else in Asia as I did in Hong Kong. As I sit in our small office at The Hive in Wan Chai – a far cry from an investment banking trading floor – I am proud that I am no longer a Hong Kong cliché. This is a new journey for us, and one that I hope others will follow. **B**



Alex Ypsilanti is the Co-Founder and CEO of Quantifeed. He is a former investment banking managing director and research analyst in equity derivatives and quantitative investment strategies with more than 15 years of experience. He lives in Hong Kong.

Quantifeed is a financial technology company that provides online wealth management products. It uses investment models and cloud-hosted technology to deliver low-touch wealth management solutions to self-directed investors. Its customers include online brokers, banks and financial advisors.

Quantifeed

Customer Relationship Management

Incorporating a Customer Relationship Management (CRM) philosophy into corporate culture enriches customer experience and the bottom line. — By Shawn Hiltz

For many consumers, CRM is represented by a collection of unused plastic loyalty cards that clutter their wallets and junk drawers. Increasingly, consumers do not view their relationships with corporate entities as mutually beneficial, which is the fault of the hundreds of companies who started CRM initiatives with good intentions but failed to deliver on the promise of creating value.

There is a business case for CRM but the responsibility for developing and executing an effective programme should not rest solely with an organisation's marketing team. CRM must be embraced as part of the corporate culture and supported at the highest levels of management. Without executive buy-in, even the best CRM efforts are destined to fail.



CRM is a key pillar of INFO/NATION's business strategy. The company uses value creation for members as the litmus test that all new growth and investment opportunities are evaluated against.

INFO/NATION's exclusive membership club, *The Reserve*, facilitates targeted engagement opportunities between its VIP members and selected brands, services, experiences and investment opportunities from around the world.

By embracing CRM as a fundamental business practice, *The Reserve* is able to gain an in-depth understanding of each member through every interaction, be it in person or through tailored marketing channels such as print, online, email and social media. The result is a high level of understanding of each member that allows *The Reserve* to personalise communications, invitations and experiences, thereby building even higher levels of loyalty and trust. Through fostering a culture of CRM across the organisation and incorporating feedback from members and employees alike, INFO/NATION has developed the following three CRM principles.

First, respect individual relationships, taking measures to:

- Protect data and intimate details with the highest level of confidentiality;
- Appreciate the value of member's time by never wasting it;
- Communicate only relevant opportunities;
- Treat each individual fairly, without prejudice or preference; and
- Follow through on commitments.

Second, be nimble and aware of individual sentiment as individuals' preferences change and their expectations evolve accordingly. Avoid repeating patterns of behaviour out of routine.

Third, find new ways to surprise and delight. There will always be a competitor or budding start-up aiming to improve upon your relationship offering. As a result, companies must continuously innovate.



There will always be a competitor or budding start-up aiming to improve upon your relationship offering. As a result, companies must continuously innovate.

There is no single CRM model that fits every business, so it is essential to know a company's capabilities and appetite for effective CRM follow through. Until an organisation is ready to commit to a long-term relationship with customers that will continue to deliver benefits and rewards, it should start small. The backlash of a failed relationship promise can be worse than doing nothing at all.



It is also crucial that companies set realistic key performance indicators when implementing new CRM initiatives, and measure and adjust KPIs when they fall short of expectations. From day to day, there should be no dramatic shifts in a company's overarching CRM strategies and objectives, but tactical programmes can be adjusted as needed when they fail to deliver results.

Failed tests are valuable in providing useful insights that help to develop more successful programmes, so businesses should not be afraid to try new ideas. All tests should result in one of two outcomes: 'test and reassess' or 'test and invest'. When new ideas do not work, it is important to analyse what went wrong and modify the approach. When they work, it is time to invest in the idea and expand upon it. Tests that yield no actionable results are a waste of time, money and company resources.

Whether or not an organisation has defined a CRM strategy, CRM is taking place on various levels every day. From face-to-face meetings to website visits and social network posts, companies are gaining and losing favour with their customers with every interaction. **B**



Shawn Hiltz
CEO
INFO/NATION
Hong Kong

Founded in 2011, INFO/NATION is Hong Kong's leading media and intelligence-led marketing business focusing on Greater China's high net worth individuals. INFO/NATION believes gaining detailed insights and psychographic information on its members is the key to helping brands execute campaigns with multiple touch points that truly engage an audience and drive a desired behaviour.

INFO/NATION
INTELLIGENCE-LED MARKETING

Asia Glitters with Gold



Hong Kong is awash with bullion as prices fall and manipulation scandals dog trading markets. The west might be feeling the curse of the Midas touch, but Asia appears intent on reaping the benefits.

— By Martin W. Hennecke

During the media furore over the (falling) price of gold since its apex of US\$1,918 per ounce in 2011, most news organisations have overlooked the more important story, namely, the subsequent flow of gold. The direction of that flow is particularly worth mentioning, as it moves from London over Switzerland through Hong Kong to China, from west to east, and from the western banking system into powerful store of wealth management hands in Asia.

Recently, Swiss gold refineries have been running 24 hours a day, recasting 400-ounce bars that constitute good delivery in the London and New York bullion markets, into smaller kilo bars preferred by Asian buyers. This January, Switzerland imported 4.32 billion Swiss francs

(US\$4.87 billion) of gold and silver bullion from the UK, and exported more than 80% of the recast metal to Asia, with Hong Kong being the top destination.

The reason why this should be of interest to investors is the simple fact that while Westerners tend to trade in the shorter term, worry about price drops, and easily 'throw in the towel' in fear, the majority of Asians think long term, welcome the discount to increase their buying, and are unlikely to want to give it back. All of which means that the gold they purchase now may not be available again to the market for years, if not decades, to come. This, in turn, should support prices as soon as the Western reserves currently supplying gold-hungry Asia run out.

Other factors could emerge in gold's favour as well, including:

- An expanded investigation into alleged price manipulation and artificial price suppression;
- A possible return of the Eurozone and the US sovereign debt crisis, rising interest rates and inflationary risks on a global basis;
- Rising costs of gold mining; and
- An increase of geo-political risks following the Ukraine crisis.


Alleged price suppression

The Henley Group has a particular interest in the investigation into gold price manipulation, as it has been sceptical of gold trading market irregularities for some time. Finally, mainstream media reported the issue this year, with the *Financial Times*, among others, reporting in late February that "Global gold prices may have been manipulated on 50% of occasions between January 2010 and December 2013." In this new round of financial scandals, however, the manipulation of prices for precious metals may be even worse than the Libor-rigging scandal, according to Germany's top financial regulator Bafin. Presumably, the more this issue

comes to light, the less manipulation will likely occur going forwards, setting prices free to be moved by market forces, which the Henley Group regards as positive.

The majority of Asians think long term, welcome the discount to increase their buying and are unlikely to want to give it back.

The fact that a top German regulator is advancing the investigation is noteworthy in of itself. Since January 2013, Germany has been trying to repatriate a large part of its central bank gold holdings from the US Federal Reserve. So far, however, only five out of the total requested 300 tonnes have been delivered. This delay has led some analysts to question just how much of Germany's gold supposedly held at the Fed (a total of 1,528 tonnes, representing 45% of Germany's central bank gold holdings) is actually still there.

In any case, notwithstanding the more extreme scenarios of wars or a default on German gold by the US, it is The Henley Group's view that if and when the combination of some or all of the aforementioned factors should materialise going forwards, there may be a rebound in the gold price to levels potentially far exceeding the previous high of 2011. 

Martin W. Hennecke

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A Rough Guide to Your Financial Future

For expats, higher salaries and a lower tax rate should mean more retirement savings, but as with most things, life sometimes gets in the way. The Fry Group recommends four simple steps to savings.

— By James Sutton



Most expatriates arrive in Hong Kong with an ambitious notion that higher earnings and lower tax rates will pave their way to early retirement and financial security. While it is easy to enjoy what this higher earning power and lower tax rate bring, having something to show for it when you return home can be tougher.

Expensive rents, mortgages, school fees, and holidays often take precedence over income protection, savings and retirement planning, leaving many expats in precarious fiscal positions. It's easy to allow high monthly earnings to offer a false sense of security, but when illness befalls a breadwinner in the family (or perhaps more likely in today's economic climate, a loss of a job results in loss of earnings) it is important to have emergency funds to continue paying school fees and mortgages.

Another consideration while earning a satisfactory income is how to turn that wealth into income for your retirement, and then protect it for the benefit of your children. Accumulating assets in a tax efficient jurisdiction is relatively easy but it's what you do with the assets that dictate how they will serve you in the future.

The Fry Group recommends four simple, crucial steps to get you on your way:

Start as early as possible

The earlier you start the easier it is for you to meet your goals. Assuming a 7% growth rate on investments, a 40-year old aiming to retire at 60, will need to save nearly 2.5 times as much on a yearly basis than a 30-year old taking action with the same retirement goals. The cost of life and health insurance also increases considerably each year, as you get older.

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*Accumulating assets
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serve you in the future.*”

Get the right financial planner

There is a vast array of financial products on the market. An independent financial planner can narrow the options and help decide the most suitable approach for you and your financial goals. It is important to distinguish between a product sales person and a financial planner. Seek honest financial advice, independent of insurance or financial institutions. A financial planner who can give impartial advice and is not tied to a specific product, who is fee based rather than commission focussed, should serve your needs more fairly. By working on a fee-based structure, the cost is declared, agreed and remains the same regardless of financial product or investment taken.

Make the right choices for you

Don't be tied into policies that aren't suitable when you return home. Consider the length of the policy, and earning capabilities after you return home, and don't fall into the trap of taking out a long-term, contractual savings plan without

fully understanding costs, penalties, and the impact of making any changes or withdrawals in the future. Ideally, opt for a fully flexible plan without any penalties or commitment period.

Be tax efficient

One of the biggest oversights for expats is not taking tax implications into consideration when planning for their future, and a potential return home. For British citizens, the UK has quite a complicated tax system. For example, just because an expat spends most of their time abroad doesn't necessarily make them exempt from UK Inheritance, Income or Capital gains tax.

For many expats, cashing in gains on Hong Kong based investments, share portfolios or overseas properties and taking the gains back to the UK is not as straightforward as it may seem. Realising gains after you return to the UK will likely be subject to UK taxes. By structuring your investments correctly and planning in advance, these implications can be minimised and even avoided. **B**

James Sutton is the Director of The Fry Group (HK) Ltd.

The Fry Group has a long-standing reputation in Hong Kong and the United Kingdom. Established in 1898 in the UK, the Hong Kong office is fully regulated in Hong Kong by the SFC and CIB, and offers a fully transparent fee based financial planning service. The Fry Group can be contacted on +852 2526 9488 or at: enquire@thefrygroup.hk.



China's Connected Consumers

Online sales and marketing are the everyday business of mid-market brands, but until recently, luxury brands were reluctant to enter the e-commerce revolution. According to a recent KPMG survey, all of that is changing. — By Nick Debnam

China's explosive growth in e-commerce for both business-to-consumer (B2C) and consumer-to-consumer (C2C) channels shows no signs of decelerating, according to a recent survey by KPMG of 10,200 consumers across China.

The survey, which looks at online spending patterns for luxury brands, found a greater confidence in online channels across all age groups, including higher transaction amounts when paying online. It also notes a shift from cash on delivery to a greater use of online payment mechanisms.

So far, however, high-end luxury brands have not capitalised to the same extent on the explosion in e-commerce in China. Luxury brands have traditionally been hesitant to embrace online strategies because so much of their brands are about the experience of going into a traditional bricks and mortar shop and learning about the brand and its heritage. Consumers don't get the full consumer experience while shopping online. It therefore tends to be counter-intuitive to invest in an online strategy, despite the fact that Chinese consumers have very quickly taken up online purchasing.



As a result, some luxury brands are hesitant to embrace online strategies and have been late with their online strategy, opting to focus instead on expanding their bricks and mortar network in China.

Challenges include after-sales maintenance of customer service and authentication of products. The issue of guarantees and warranties is also an issue for luxury online shopping. Some 78% of the survey respondents noted concerns about the authenticity of products bought online. To tackle this, the B2C channels are increasingly putting stronger vetting procedures and checks in place. Additionally, 48% of survey respondents indicated they were concerned that products they received would be dissimilar to the ones displayed online.

But these perceptions and challenges are changing. Luxury brands are increasingly using e-commerce for international marketing purposes, including targeting travelling Chinese consumers. We have seen an increase in purchasing luxury items from overseas brands and third-party websites using VPN connections. In response, some luxury retailers are offering Chinese language options on their domestic websites. In fact, a recent KPMG survey found the numbers of travelling middle-class Chinese consumers had increased to 71% in 2012, up from 53% in 2008.



The rise of home-grown platforms, which underpin the rise of online transactions, and the increasingly important roles of social media and mobile devices, is fundamentally reshaping the way consumers in China purchase goods and services and how businesses operate online.

There tends to be less emphasis and attachment in China to physical stores, partly due to the fact that they haven't been established for long and (in some lower-tier cities), a lack of access to some brands has driven more consumers online. As a result, this has meant huge opportunities for online retailers.

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Some 78% of the survey respondents noted concerns about the authenticity of products bought online.”


Chinese consumers are rapidly interacting online, visiting web forums and discussing and researching brands on the Internet, either on their PCs, tablets or smartphones. Digital media is playing an increasingly significant role as it enables brands to interact with existing and potential consumers.

Social media is popular, with many consumers turning to celebrities, influential bloggers and individual online communities for direction and pointers on what to buy. Consumers engage with online campaigns, post online product reviews and provide direct feedback. Brands, therefore, need to be able to fully integrate social media as part of their overall strategy in China.

Pricing arbitrage for luxury brands remains a key driver for online purchases, as the digital consumer tends to be price sensitive. However, our survey demonstrates that convenience and product accessibility is also gaining momentum.

A shift from purchasing on PCs and tablets to smartphones is another trend highlighted by our survey participants. There is also increased demand for better overall customer experience and service when purchasing online, this includes personalised customer care and after-sales service.

The future development of e-commerce in China is linked to technology developments and the take-up by consumers, including the way they research and purchase products online.

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Online purchasing in China is still mostly promotional and discount driven. Subsequently, there is enormous potential for retailers as the market migrates towards full-price e-commerce. An online presence is increasingly important for brand positioning. This is a journey and it is becoming more important to the brands. 



Nick Debnam
Asia-Pacific
Chairman
Consumer Markets
KPMG China

KPMG is a global network of professional firms providing Audit, Tax and Advisory services. We operate in 155 countries and have 155,000 people working in member firms around the world. With 16 offices and around 9000 people, KPMG China refers to the member firms of KPMG International in Mainland China, Hong Kong SAR and Macau SAR.



cutting through complexity

The Road Ahead

With increasing economic prosperity throughout China, the country's logistics demands have shifted from out-bound transport of factory goods, to domestic distribution of goods and services to China's own citizens. But the road is long and convoluted.

— By Mark Millar



China's two economic markets, global and local, are interconnected and converging. The global market is driven by mass production for export to developed countries, and the local market revolves around rapidly expanding domestic consumption.

Multi-national companies first came to China to take advantage of abundant supply of low-cost labour and the incentives to establish operations in Special Economic Zones. Now they remain in China to sell products to Chinese consumers in the local market. Factories and shops are interconnected and converging; the workers have become the shoppers. One development has fuelled the other, increasing economic prosperity across the nation. The latest saying is that foreign companies "came to China for the workers, now they stay in China for the shoppers."

From the perspective of China logistics, the emphasis has shifted and is no longer based entirely on transporting factory products to ocean ports for export to developed western markets. Today, there is just as much emphasis on distributing goods within and throughout the domestic China market in order to reach the increasingly prosperous consumers located all over this enormous country.

Logistics

The logistics industry has been a key part of China's relentless economic growth. The latest report from the China Federation of Logistics and Purchasing (CFLP) says that China's logistics industry was worth RMB177.3 trillion (US\$28.5 billion) last year, up 9.8% from the previous year, mainly fuelled by the country imports of raw materials.

The CFLP figures note that logistics costs increased by 11.4% to RMB9.4 trillion (US\$1.5 billion), equivalent to 18% of the country's gross domestic product.

Transportation accounted for more than 52% of China's logistics costs, with 78% of all domestic cargo being moved by road. Road transport companies account for the largest share of the logistics market in China, with 790,000 road hauliers, but the top 20 trucking companies share less than 2% of the market.

As reported by *Asia Maritime*, China's logistics sector remains hugely complex, brutally competitive and massively fragmented. Even the top 50 logistics players, led by Cosco, Sinotrans & CSC Holdings and China Shipping, with combined sales revenue of more than RMB2 billion (US\$3.21 million), have less than 2% of the total market.

Li & Fung's latest China Logistics report says that high road tolls, stringent regulations and increased taxes are some of the issues facing logistics companies in China, with road tolls now representing 33% of total transportation costs.

Continuing economic development in both production and consumption sectors brings new challenges and opportunities for the logistics industry. Although logistics in China is the backbone of the domestic supply chain, the industry itself remains complicated, inefficient and fragmented.

Third-party players

Third party logistics (3PL) penetration – where transportation and warehousing activities are outsourced to a third party – accounts for about 20% of logistics operation in China. This number is considerably lower than in the US, where the penetration rate is around 45%, or Western Europe


where it's almost 50%, or Japan, where outsourcing reaches 80%.

China's low 3PL penetration rate is a function of it being early days for outsourcing – vertical integration is the traditional approach of Chinese companies. It also indicates the relative immaturity of the logistics sector, reflecting the developing market environment.

Though we are seeing improvements in the quality of warehousing infrastructure, largely driven by property developers, the increasing presence of multi-nationals and related investments, the domestic transportation sector remains massively disjointed and challenging.

Providing transportation to service nationwide domestic distribution networks typically involves numerous trucking subcontractors, with the majority of them being owner-operators with just one or two trucks that are rarely of good quality and with little, if any, modern technology.

International logistics service providers are providing nationwide transportation solutions through tightly managed networks of pre-qualified sub-contractors, combined with adoption and deployment of technology for electronic track and trace.

As China's economy continues to develop, the logistics sector will mature and outsourcing levels increase. The increasing presence of multinational companies in the domestic market will continue to accelerate the take-up of international best practices in logistics, embracing multi-modal transportation, structured distribution networks and efficient supply-chain ecosystems. 

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The China Federation of Logistics and Purchasing says that China's logistics industry was worth RMB177.3 trillion (US\$28.5 billion) last year, up 9.8% from the previous year.
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Mark Millar provides value for clients with independent and informed perspectives on their supply chain strategies in Asia. His 'Asia Supply Chain Insights' series of consultations, seminars and corporate briefings help companies improve their understanding of the complex landscapes, make better-informed business decisions and increase the efficiency of their global supply-chain ecosystems. Mark can be reached at: mark@markmillar.com.

High Flyers

The UK has declared its financial and cultural investment in China, and with the establishment of more direct flights between the two countries, British Airways has facilitated deeper business links and a greater exchange of cultures, ideas and talent. — By Hon Lam

On the eve of his trade mission last December, British Prime Minister, David Cameron unequivocally declared the UK's position on a growth partnership with China.

"Put simply, there is no country in the western world more open to Chinese investment, more able to meet the demands of Chinese consumers, or more willing to make the case for economic openness in the G8, the G20 and the European Union. And there is no country more ready to forge a dialogue of mutual respect and understanding that can address issues of concern and advance our shared interests in the world," the Prime Minister said.

To some ears, the statement might appear overly bold and direct, but there is no denying its veracity. The economic relationship between China and the UK is often understated, but it will prove to be one of the most pivotal cross-border relationships of our generation.

In the UK, China has an economic partner that has mobilised infrastructure and industry in order to facilitate and accommodate the country's rapid growth and appetite for investment. In recent years, Britain has

worked hard to make itself increasingly receptive to Chinese trade, investment, and just as importantly, to Chinese visitors, by creating a welcoming environment that is tailored to the needs of China.

One cornerstone of this continued economic growth and interdependence is air travel. The establishment of more direct flights between China and the UK has paved the way for deeper business links and a greater exchange of cultures, ideas and talent.

The disposable income from the burgeoning middle class, and the Chinese love for Western brands, has put Chinese consumers on top of the list of international tourism spenders. According to the United Nations World Tourism Organisation, in early 2015, Chinese travellers are expected to take more than 100 million overseas trips, doubling to an incredible 200 million by 2020.

In fact, in 2010, the global airline industry directly generated 8.4 million jobs and contributed US\$539 billion to global GDP. Compared with other sectors, it was larger than pharmaceuticals (US\$445 billion), textiles (US\$236 billion) and the automotive sector (US\$484 billion).



At the conclusion of an earlier visit to China last year, Prime Minister Cameron boasted of £6 billion (US\$9.9 billion) worth of deals on the back of the greatest Chinese investment in Britain in more than 30 years. This included the Beijing Construction Engineering Group's (BCEG) participation in an £800 million (US\$1.318 billion) investment in Manchester Airport to develop its surrounding business – a proactive, strategic investment that would have assessed London Heathrow's limited capacity and the increase in global travel.

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*Better air connections
make doing business
easier and more personal.
At the end of the day,
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However, an increase in airport infrastructure has broader benefits. Better air connections make doing business easier and more personal. At the end of the day, there is no substitute for face-to-face contact.

Air travel also creates and strengthens tourism opportunities beyond first-tier cities. In September, British Airways became the first airline to start direct flights from London Heathrow to Chengdu, the capital of the fast-growing manufacturing hub in Sichuan province.

As it looks to increase frequencies to the city from May 2014, British Airways is working to raise the profile of Chengdu to leisure travellers across Europe, enabling prospective holidaymakers to get to know a different side to China.

British Airways' parent company, IAG, has also recently pledged to fly to four to five more cities in China by the end of the decade. This move is expected to create and develop new markets for investment, trade and tourism.

Air travel drives today's investors, and it increasingly caters to the young decision-makers of tomorrow – students.

According to the 2014 Chinese Luxury Consumer Survey, the UK is the destination of choice for children's education. British education is also being exported, with international schools in China growing in number and popularity with many offering British curricula, including International Baccalaureates, GCSEs and A-levels. A significant proportion of all air travellers between China and the UK are students and their families.

Hon Lam is the Regional Business Development Manager for Greater China at **British Airways**. Hon

joined British Airways' graduate management programme and worked on the Terminal 5 transition project, as well as in Heathrow customer services and British Airways World Cargo before coming to Hong Kong in 2009. He can be reached at hon.lam@ba.com.

BRITISH AIRWAYS



But some obstacles remain: Chinese tourism has been relatively slow to take off in the UK, with only 200,000 Chinese tourists visiting Britain in 2012, compared to the 1.4 million that visited France. This is partly because Britain is not included in the Schengen programme that allows travellers to visit most of Europe on a single visa. This has spurred the Chancellor of the Exchequer, George Osborne, to announce measures that streamline the visa application process for visitors from China.

The future of the Sino British economic relationship involves more than just economic engagement and trade, it demands a strengthening of cultural ties through increased interaction and experiences.

The aviation industry, and British Airways, has been making these connections in this region for many years, and will continue to do so for many more to come. **B**

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Indonesia's Watchdog

Against a backdrop of police, judicial and political corruption, Indonesia's Corruption Eradication Commission has helped improve the country's international reputation and may be worthy of imitation. — By Brendan McGloin

I ndonesia receives bad marks when it comes to corruption. Anti-graft surveys have consistently shown that the country is perceived to feature a high degree of corruption compared to its peers in Southeast Asia and to countries with similar-sized economies. Last year's Transparency International survey ranked Indonesia's National Police as the country's most corrupt institution, with 91% of

respondents describing it as corrupt or extremely corrupt; around 85% of respondents felt the same about the judiciary, legislature and political parties.

Against that backdrop, The Risk Advisory Group profiled Indonesia's anti-corruption watchdog to consider whether it is a model worth adopting by other countries in the Asia-Pacific region.



Korupsi, kolusi, nepotisme

Indonesia's outgoing president, Susilo Bambang Yudhoyono (SBY), and the three preceding presidents have all vowed to tackle korupsi, kolusi and nepotisme (corruption, collusion and nepotism), a phrase so common that Indonesians refer to it by its acronym KKN. Corruption is arguably becoming worse in Indonesia. The decentralisation of state power to local and provincial governments, which started in the late 1990s, has created new centres of power countrywide that are engaging in their own illegal activities.

In addressing corruption, the country's greatest achievement – which, at times, its leaders seem to regret – is the establishment of the feisty anti-corruption authority.

The KPK

The Corruption Eradication Commission (or KPK) was established in 2003 to investigate, charge and prosecute corruption involving major financial losses to the state. A key feature of the agency that explains its success in bringing high-profile cases is its independence within the government apparatus. It also has its own impressive array of law enforcement tools and prosecutorial power.

The KPK has investigated senior politicians and some of the country's top business leaders, including Aulia Pohan, a former deputy governor of the Central Bank and the father-in-law of SBY's son; Hambit Bintih, a politician from Central Kalimantan and Akil Mochtar, the former chief justice of the Constitutional Court.

The success of the KPK should not be overstated. While it has dragged high-profile cases against powerful individuals into the public arena, it lacks the resources to investigate more than a handful of cases each year. To put its resources in perspective, the KPK employs around 750 staff in a country of 242 million. Hong Kong's anti-corruption watchdog, ICAC, has around 1,200 employees in a country of seven million.

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The KPK has survived because it has achieved widespread public support, something few other government bodies in Indonesia have been able to do.
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A model worth adopting?

The KPK has survived because it has achieved widespread public support, something few other government bodies in Indonesia have been able to do. Its civilian supporters came out in force in 2009 when there was an attempt to frame KPK officials. The public's support for the KPK has afforded it a degree of protection from those in the political and economic elite who would rather it went away.

The KPK has important symbolic power and it has helped improve Indonesia's image internationally. Its ability to prosecute those at the top of the food chain, which it has done zealously, provides a useful check on power. For all that its prosecution of senior politicians and officials reflects badly on the ruling class, it provides a measure of legitimacy to a deeply corrupt government apparatus.

”
Hong Kong's ICAC was set up in 1974 as an independent agency from the Royal Hong Kong Police, which, at the time, like its counterpart in Indonesia, was viewed as a corrupt force. The KPK was set up to be independent of both the National Police and the Judiciary and its staying-power is a result of its widespread public support, which it actively cultivates, to reduce the risk politicians will legislate it away. Its independence and focus on public support are worthy of adoption by other anti-corruption bodies in the Asia-Pacific region.

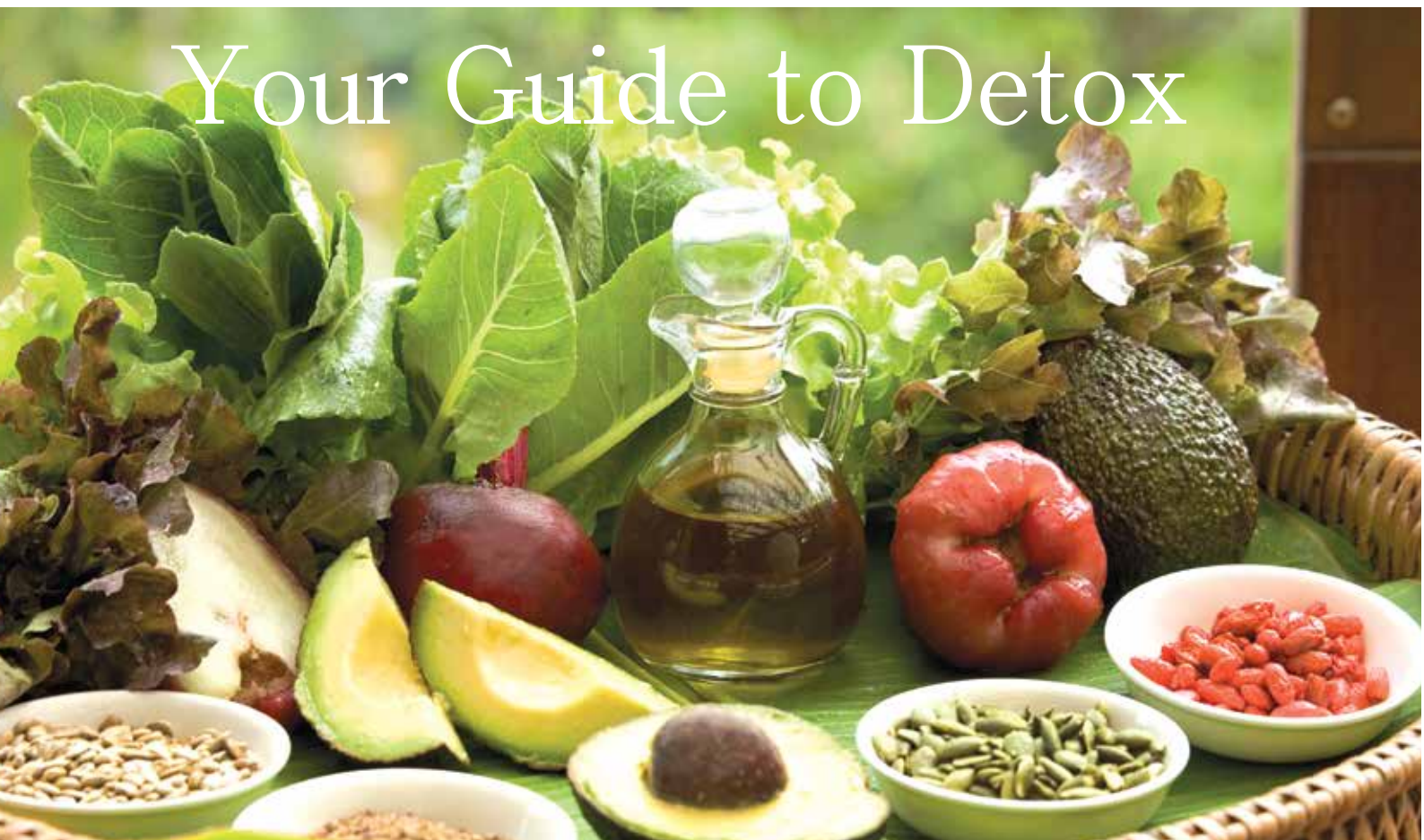
The Philippines features some of the same corruption problems as Indonesia, but its anti-corruption agency, the Ombudsman, lacks the same level of independence and law enforcement tools of the KPK. In China, the anti-corruption watchdog, the Central Commission for Discipline Inspection, is headed up by a formidable Chinese politician, Wang Qishan, but is subordinate to the Communist Party. While the recent passing of an anti-corruption law in Myanmar was a positive step, a law establishing an agency with some of the same powers and independence the KPK enjoys would arguably do more to tackle corruption there. **B**

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Your Guide to Detox



Between celebratory weekends and the environmental and dietary pollutants people face on a day-to-day basis, a regular detox programme offers a sound foundational practice to promote overall health.

— By Nikki Pang and Karina Stewart

The Hong Kong Rugby 7s have come and gone, and no doubt a few of our readers did their fair share of overindulging during the weeklong festivities. Losing kilos is usually at the top of everyone's wish list after periods like this, and a detox is definitely a good way to kick start your new period of health.

Detox myths

Despite their popularity, most people don't really understand the true benefits and actual payoffs that the process involves. Expectations often include hunger, weight loss and fatigue. However, following our five-day detox you will be surprised with just how good you feel afterwards both physically and emotionally – lighter, more energetic and with a much clearer head.

Why detox?

"Detoxification" refers to the body's ability to neutralise and safely eliminate chemicals within the body. Every day we come into contact with numerous toxins in our

environment – plastic containers, hair products, and even the food we eat can overrun our bodies with pollutants. Additionally, our bodies produce their own toxic waste through basic cellular metabolism and this must be eliminated efficiently. A prolonged period of toxin exposure results in a diminished and greatly slowed natural ability to detoxify.

How a detox benefits the body

A regular detox programme that targets the liver is an essential foundational health practice. The liver is our primary organ for detoxification and filters blood continuously, making it hugely impactful to our overall health. Following a detox, all of your organs function better and your entire level of health is improved; your metabolism, immune system, brain and digestive system are all way better off than they were pre-detox. Hormonal balance is also supported and any inflammation is reduced.



How it works

During a detox, only low inflammatory, low glycaemic and low allergenic foods should be consumed. This means no animal products, alcohol, soft drinks, sugar, bread, pasta and most other grains. Unfortunately also off the menu are peanuts, soy products, tomatoes, corn, potatoes, capsicum and eggplant as they can be inflammatory due to their micro-toxin content. Fruit portions should be reduced and fruits high in sugar such as bananas, mangos and dried fruits should only be used in small servings. Healthy oils such as olive oil and coconut oil can be used very sparingly, and small amounts of seeds such as pumpkin, sunflower and sesame can be included. What can be eaten in abundance are green leafy vegetables! While detoxing it is not necessary to stick to a raw diet. Soups, salads and steamed vegetables are ideal for a detox diet.

Activities that will enhance your detox

Gentle exercise is highly recommended during the detox process, as it is important to get your blood circulating as it helps the process along. Our recommendation includes light cardio such as walking, swimming and gentle cycling for 20-30 minutes each day. If you have access to an infrared sauna during this time, 30 minutes each day will greatly enhance cellular detoxification as these particular light waves target fat cells. Steams and saunas also have their added benefits by increasing your detox through sweating and supporting the kidneys in this way.



Tips for detoxing at home:

- Rise and shine at 6.30am and immediately stimulate the liver and kidneys with a mug of warm water with half a lemon or lime. This will provide a gentle flush while alkalising your system.
- Sip on three to four cups of green tea throughout the day. High in anti-oxidants, green tea is high in free radical fighting compounds and helps to boost metabolism.
- An early light dinner is important – before 7pm is ideal.
- Before bed, soak your worries away in a warm bath with your favourite essential oils and let go of the day's stress. Negative thoughts can be just as toxic for the body as sugar or alcohol.

The above tips and programme were created by Kamalaya Wellness Sanctuary and Holistic Spa Resort, a luxury retreat on Koh Samui's quiet Southeast coast. **B**

Nikki Pang

Regional Marketing Manager
Lightfoot Travel

Karina Stewart

Co-founder
Kamalaya Koh Samui

Lightfoot Travel

Bespoke travel company Lightfoot Travel (www.lightfoottravel.com) is an Asia-based tour operator specialising in tailor-made holidays, honeymoons, short breaks, boutique accommodations and private villas in Asia and beyond. For more information please email info@lightfoottravel.com or call (852) 2815 0068.



Safari Sublime

Whether it is a search for the perfect honeymoon destination, thrill seekers on game drives, or extended luxury adventures, Aardvark Safaris has opened the doors of Africa to the East, welcoming Hong Kong and China to enjoy the sights, sounds and tastes of the continents treasures.

— By Gina Miller



Luxury holidays and “glamping” (glamorous camping) have become such a staple feature of travel and society magazines, one must surely fear that anything that is actually “natural” about visiting the natural world, is stripped away by operators. Fortunately, there are still tourism companies dedicated to providing travellers with real, albeit safe and luxurious experiences of a world they could otherwise only imagine with the help of David Attenborough.

Aardvark Safaris, the UK’s top Safari operator, has expanded east, recently opening offices in Hong Kong. This remarkable team of African travel experts has decades of experience under their collective belts, creating hundreds of tailor-made safari experiences for couples, families and single travellers. Their extensive experience both living and working in Southern and East Africa, allows them to showcase the best the continent has to offer.

And what it has to offer is amazing: Multi-generational family holidays, exotic honeymoon safaris, adrenaline packed riding safaris, relaxing beach breaks, canoe safaris, Kilimanjaro climbs, wildebeest migration – the list seems endless. The geographic range is equally impressive: Reaching from Kenya and Uganda down to South Africa and west to Namibia, Aardvark also offers tours on the islands of Madagascar, Mauritius, the Seychelles and Zanzibar. All of Southeast Africa is in its range.

Hong Kong goes to Africa

“More and more people from Hong Kong wish to explore all that Africa has to offer. Africa has a treasure trove of exciting experiences to unveil. Aardvark Safaris can make this dream a hassle-free reality for those who wish to visit Africa and we will accompany you every step of the way,” said Alice Gully, Sales Director and co-Founder of Aardvark Safaris.



Access to Chinese and Mandarin speaking guides is available in almost every country Aardvark Safaris' work in, as well as reliable 24 hour assistance for all guests. With a 100% safety record and with 75% of their business coming from repeat clients, it's safe to say that the team behind the once-in-a-lifetime holidays know what their clients want and do their very best to deliver it.

Africa is more and more the honeymoon destination of choice for Hong Kongers due to its spectacular offering of luxury camps and remote beach properties for intimate and hassle-free, affordable getaways. Following game drives, boating and fishing at the secluded Sand Rivers Selous, Tanzania's finest safari lodge, couples can move on to enjoy additional nights at the romantic Matemwe Beach Village, on the east coast of Zanzibar, snorkelling and diving at the colourful Mnemba reef where whales, dolphins and sea turtles can be spotted at close range.

Aardvark Safaris also caters to more adventurous traveller: A 17-day trip from Botswana to Cape Town includes the finest viewing of game in the Selina Reserve, and enjoy elephant-back safaris in the Abu Camp of the Okavango Delta. Safari-goers board in the most luxurious 5-star custom designed tents with pools, gyms and spas and feast upon artisanal cuisine along the way.

Aardvark is more than a holiday operator; the company is dedicated to Africa and believes in maximising the benefits that its clients' travels can bring to an area; aiming to be responsible in all our dealings with the environmental, and social and economic impact.



Eco tourism

Aardvark Safaris takes the Eco-tourism side of its programme as a serious obligation to Africa, said Ms Gully. "I think it's something that the whole team feels strongly about."


"In Kenya we are involved in a number of projects that boost local development and individuals into a job they have always dreamed of. The Koiyaki Guiding School is one of these projects. Education in Kenya is very expensive, so each year we sponsor a guide from high school through the guiding process and into a job. Often the circle is complete when they get jobs in camps and lodges that we use and host Aardvark Safaris' clients," she said.

David Njapit, who recently visited Hong Kong during the press launch of the opening of Aardvark's Hong Kong office, was one of our star pupils and is a favourite with our guests, he now works with locals to reduce waste in Masai villages (especially the removal of plastic bottles in the Masai Mara), and he works hard promoting what Kenya has to offer to keep the money from guests coming in to protect the wildlife conservation areas that he works in.

“
Education in Kenya is very expensive, so each year we sponsor a guide from high school through the guiding process and into a job. Often the circle is complete when they get jobs in camps and lodges that we use and host Aardvark Safaris' clients.

Auction prize

Aardvark Safaris has generously donated a seven-day safari holiday to Kenya for the auction at the British Chamber's Annual Ball on the 6th of June. The lucky bidder will enjoy a holiday that includes a three-night stay in Sosian, set amid stunning scenery and overlooked by snow-capped Mount Kenya, in a ranch house that sits within a 24,000-acre working ranch on the Laikipia plateau. From there, they will depart for the Offbeat Mara Camp in the Mara North Conservancy which borders Kenya's game rich Masai Mara. Nestled on the shady banks of the Olare Orok

River, the camp impinges little on the natural habitat, so animals wander through the area unperturbed. Guests can enjoy game drives with experienced guides in customised 4x4 vehicles to view the incredible Masai Mara wildlife. Funds raised through the auction will be donated to a local Hong Kong charity called The Hub. To find out more about the Annual Ball please contact stephanie@britcham.com. 

About Aardvark Safaris

The Aardvark team combines their expertise with clients' wishes to create individual trips for multi-generation families, singles, honeymooners and friends. All employees have lived and worked in Africa and return every few months to see new properties and revisit old favourites to ensure that we consistently offer the finest camps and lodges, top guides and most exciting holidays to our clients. For more information, visit www.aardvarksafaris.com.



Sterling Member Dinner

25 February 2014 - Hong Kong Club, Central

We were honoured to host HRH Prince Michael of Kent at our 2014 Sterling Members Dinner. Every year we hold a dinner to thank our Sterling Members for their generous support and contribution to the Chamber throughout the year. This year our members enjoyed a four-course meal at the Hong Kong Club where they met HRH Prince Michael and heard him speak about the work that he does with the non-profit organisation Care For Children.

For more information on Care for Children please visit www.careforchildren.com.



(left) HRH Prince Michael of Kent; (above) Simon Donowho (KPMG), Mark Devadason (Standard Chartered), and Malini Thadani (HSBC)



Nick Sallnow-Smith (Chairman of The British Chamber of Commerce) and Nick Loup (Grosvenor)



Christopher Hammerbeck CB, CBE (Executive Director of the British Chamber of Commerce), Andy Perrin (Hemisphere Freight Services), and Jeremy Sheldon (JLL)



Edward Weeks (Barclays), James Barrington (Cathay Pacific), and David Haigh (Ernst & Young)



Nick Sallnow-Smith (Chairman of The British Chamber of Commerce) and HRH Prince Michael of Kent

Head of the Table

Elaine Young – Co-Founder and CEO of Shama – proves to be an inspiring, gracious and vivacious hostess to a small group of young business people. – By Sally McNamara

Despite our best efforts to get lost meeting each other, when my travelling companion and I finally made our way to a lovely home in Pokfulam, we were welcomed by our delightfully vivacious host Elaine Young, trailed by her charming puppy Argo, who quickly stole our hearts.

Elaine is the CEO and co-founder of the serviced apartment brand, Shama, established in 2001. From her UK homeland, Elaine came to Hong Kong in 1986, and in true entrepreneur spirit, she was flexible enough to extend the six-month trip to a 28-year reign.

Elaine was presented with the prestigious Entrepreneur of the Year Award by RBS Coutts and the *Financial Times* at the Women in Asia Awards in 2009. For the last few years she has been passionately involved in the Fight Against Human Trafficking and sits on the Boards of Friends of Thai Daughters, an organisation committed to protecting young Thai girls from human trafficking, and the Mekong Club, an organisation dedicated to fighting the business of slavery.

Over a delicious dinner and lovely wine, Elaine encouraged the group to discuss what it was about Hong Kong that we loved, and the value we thought we could bring to this marketplace as expats. Elaine assured the group that our fresh thinking and wide perspectives were in hot demand and this was what we should use to our advantage.

Elaine shared her views of the property market and relayed her fascinating story of how she went about building Shama, and encouraged us to look for the next niche in our respective professions and markets. She urged us to get on the ladder, no matter how

“hot” it all seemed. She walked us through some of the risks she herself had taken, including buying property just before the 1997 handover. We all left the evening motivated to capitalise on even the most unseemly of prospects.

It was uplifting to meet such an energetic and inspiring woman, who is still, after several businesses, three children and countless pets, pushing the boundaries for the next big thing. **B**

“*Elaine encouraged the group to discuss what it was about Hong Kong that we loved, and the value we thought we could bring to this marketplace as expats.*”



Sally McNamara

Senior Business Development Manager
DLA Piper Hong Kong

The Head of the Table dinner series, arranged by the YNetwork committee, provides opportunities for a select number of young business people to meet with prolific business leaders to discuss and share career experiences, and gain advice and tips for the business world.

For further information on how to get involved with the British Chamber YNetwork please contact Lucy Jenkins: lucy@britcham.com.

Whisky Tasting

18 March 2014 - Timothy Oulton, Wan Chai

This month, the Scottish Business Group and YNetwork joined up to sample and learn about some delicious Whiskies. The event was held at the stunning new Timothy Oulton store on St. Francis Street and was sponsored by Highland Park. Thank you to our sponsors and all who attended on the night!



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Start-Up Networking Drinks

20 February 2014 – 6°, Central

On Thursday 20 February, we held our annual Start-Up Networking Drinks, which were kindly sponsored by Hong Kong Science and Technology Parks, the newly developed waterfront site for growing businesses. The evening was a great opportunity for entrepreneurs to network with other SMEs and start-ups and to meet and mingle with the Chamber's SME committee and learn more about HKSTPC's impressive new SME office space.

At the networking drinks we announced that we're taking our support for start-ups one step further with the launch of a new SME Marketplace, a go-to resource centre for SMEs in need of professional support. For more details about the SME Marketplace please contact emily@britcham.com.

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Members will receive 10% discount on top of the lowest rates that Accor's Asian hotels are offering on the day. This applies to more than 1,600 Sofitel, Pullman, MGallery, Novotel, Mercure, Thalassa & Orbis hotels worldwide. You will also receive a 5% discount on top of the best unrestricted rates for hotels including ibis (in specific countries), All Seasons & Hôtel Barrière. For more information please contact Regina Yip on 2868 1171 or email: regina.yip@accor.com



Members of the British Chamber of Commerce can benefit from a 10% discount at this chic restaurant in Central. To make a reservation please call 2530 4422 or email booking@alfies@keclub.com



Members will receive a 20% discount on food only in MoMo Café. To make a reservation please call 3717 8888



Members will receive a 15% discount off the bill. For more information please call 2810 6988 or email dotcod@hkcc.org

GRAND | HYATT

15% discount on food and beverage at The Grill and 10% discount on treatments upon spending HK\$1,000 at the Plateau Spa. To make a reservation please contact The Grill on 2584 7722 or the Plateau Spa on 2584 7688

There are many great benefits of being a member of The British Chamber of Commerce.

One of those is the Member Discounts programme, an exclusive package of discounts that range from discounted car rentals, reduced hotel accommodation, airfares and even relocation costs.

Every six months we invite members to prepare a tailor-made offer to all the members of the British Chamber. You can find these benefits listed below and for more details please visit our website www.britcham.com.



Members will receive a 10% discount off the total bill at Man Ho Chinese Restaurant, SkyCity Bistro, Velocity Bar & Grill, and The Lounge (promotion does not apply to alcoholic beverages). To make a reservation please call 3969 1888



Members can book a Smart Room at the special rate of HK\$1,600 including a daily eye-opening buffet breakfast (subject to availability). You will also receive a 20% discount at five of the hip restaurants and bars that the hotel has to offer. Furthermore, when you book the 21 day-long room package at HK\$23,100 you will receive a Round Trip Limousine Service. For more details please call 2980 7785



Members will receive a 10% discount off the total bill at Cafe Renaissance and the Lobby Lounge. To make a reservation please call 2802 8888



HONG KONG

Members will receive 15% off the lunch buffet in Kitchen and dinner in Sing Yin, Monday to Friday, and 10% off in all venues at all other times. For more information or to make a reservation please call 3717 2222



Lifestyle & Travel



As a member of the British Chamber of Commerce you can enjoy exclusive offers from British Airways. For more information please visit: www.britcham.com/memberdiscount/british-airways

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As a member of the British Chamber of Commerce, you can enjoy a 10% discount on all normal price merchandise when shopping at Colourliving in Wanchai. Please call 2510 2666 or visit www.colourliving.com



Embark on a luxurious adventure through breathtaking parts of South-East Asia on the Eastern & Oriental Express luxury train. Members of the British Chamber will receive 15% off when you book to travel before the end of June 2014. For more information, please email Reservations.singapore@belmond.com



Book and stay at the Song Saa Private Island, nestled discreetly in the warm waters of Cambodia's Koh Rong Archipelago, between 1 May and 31 October 2014, and take advantage of the "Stay 4, Pay 2 Offer."

British Chamber members can enjoy any 90-minute massage for the cost of a 60-minute massage at The Song Saa Sanctuaries spa. For more information please visit www.songsaa.com or to make a booking please contact Lightfoot Travel on 2815 0068 or email info@lightfoottravel.com. For more information please visit www.lightfoottravel.com



Special offers are available exclusively for members of the British Chamber of Commerce. Please call 2532 6060 for more details or to make a reservation



British Chamber members can get a 5% discount on all purchases from VisitBritain's online shop at the checkout. Please visit www.visitbritaindirect.com/world for further details



Business Services



Members can enjoy 20% off British Standards Online (BSOL) subscription and all types of training courses run by the BSI Training Academy. For more details, please visit www.bsigroup.hk



Compass Offices are offering all Britcham members a free, no obligation, one month Virtual Office Address Package to help you get set up in Hong Kong as well as 50% off meeting room rentals. Please email hksales@compassoffice.com or call 3796 7188 to find out more



THE EXECUTIVE CENTRE

Members can enjoy a complimentary serviced office for one month, 50% off a Virtual Office subscription and up to 20% off meeting room and video conference bookings. Please contact 2293 2299 or email hongkong@executivecentre.com



Britcham members will receive a complimentary six-month Businessworld Gold card that gets you access to 1,200 business lounges in prime central city business locations in Asia and around the world. For more information or to accept this offer please visit www.regus.hk/localpartnership

the Hive.

The Hive is offering one additional month's membership at no extra charge for any member who signs up for six months. For further details, please visit www.thehive.com.hk



Wynd is offering a 10% discount off the membership price for members of the British Chamber of Commerce who sign up for three months or more

Member Get Member

The British Chamber's Member Get Member Campaign 2013 has now come to a close after a thoroughly successful year of referrals! We are delighted to announce that Neil Orvay (CEO of Asia Spa and Wellness Ltd) referred the largest number of new members and has won the complimentary Sunday brunch for four at Cafe Deco Bar & Grill, courtesy of Cafe Deco Group.

You'll be pleased to hear that similar prizes will be up for grabs this year as we are now launching our Member Get Member Campaign 2014.

The British Chamber of Commerce is a dynamic force which represents the business interests of members in Hong Kong and overseas, but we are only as strong as our membership. With your help we can increase our membership and with it the power of our voice in the business community.

So what are you waiting for? Spread the word throughout your network to enjoy complimentary meal for two at one of our fantastic member restaurants.

If you happen to refer the most amount of members to the Chamber, you will win a lunch for four at Cafe Deco Bar & Grill, courtesy of Cafe Deco Group.



Cafe Deco Bar & Grill – Sunday Brunch

For the most amazing views of Hong Kong, Cafe Deco Bar & Grill is a great brunch option. Indulge in a wide variety of delicious specials whilst overlooking the Peak's spectacular view every Sunday and public holiday from 11am to 3pm at Cafe Deco Bar & Grill.



Cellarmaster Wines

As part of our 'Member get Member Campaign we are pleased to announce that any new member who signs up through this referral programme will receive a complimentary bottle of Champagne, courtesy of Cellarmaster Wines.

For more information on Cellarmaster Wines, Hong Kong's leading online retailer of wines, beers, cider & spirits, please visit www.cellarmasterwines.com.

Make a successful referral to the British Chamber of Commerce and enjoy a fantastic meal for two. If you successfully introduce a company to us that results in them joining the Chamber, you will receive a fantastic dinner for two, courtesy of a top restaurant in Hong Kong.



Cafe TOO, Island Shangri-La, Hong Kong

The innovative cafe TOO brings casual dining to a higher level of creativity. Their ten cooking theatres, each featuring a different culinary style, are showcases for the best of international cuisine as well as stages for their chefs' engaging performances.



Café Renaissance, Renaissance Harbour View Hotel, Hong Kong

Café Renaissance is the perfect place for all day dining. Located on the Mezzanine floor, the 210-seat all-day dining café serves a wide variety of dishes from all over the world. Café Renaissance serves wholesome breakfasts, chef-crafted lunches and dinner buffets plus à la carte menu daily and brunch on weekends, in a warm and welcoming atmosphere.



The Pawn

The Pawn, renowned for its good food and heritage value, has become a favourite destination for locals and a "must-see" for tourists. The restaurant complex is spread over three storeys and incorporates a relaxed living room offering handcrafted cocktails, wines and whiskies, and a dining room serving modern British fare. The relaxed roof garden on the top floor overlooks bustling Wan Chai as do the spacious balconies on each floor which are a perfect place to unwind and watch the trams roll by. The Pawn occupies four former tenement houses dating back to 1888, which included the famous Woo Cheong Pawnshop. It is one of the few remaining Chinese heritage buildings in Hong Kong.

To enter:

- Consider who among your contacts might be interested in joining the Chamber
- Email phillippa@britcham.com with the name and contact details of your suggested company
- If appropriate, contact your suggested company and let them know that the Chamber will be in touch
- The Chamber will follow up with each suggestion directly
- If your referral is successful, the Chamber will contact you with details of how to book your dinner

Terms & Conditions:

- You must be a member of the British Chamber to be eligible for this offer. The dining vouchers will only be provided if your referral results in a new member for the Chamber
- This offer is valid for all members whose referral results in a new Corporate, Overseas or Startup member of the Chamber. It does not apply to Additional members or additional YNetwork members
- The Chamber will allocate the restaurant vouchers. Members will not be able to choose which restaurant they visit and must adhere to the terms and conditions



Shaken not Stirred

26 February 2014 – The Reserve at Alfie's

(left) Simon Donowho (KPMG) and Philippa Cook (The British Chamber of Commerce in Hong Kong); (right) Tim Bilfinger (Le Meridien Cyberport) and Katherine Gatherer (Joint Dynamics)



David Rose (Virgin Atlantic), Ilkka Patama (Asia Plantation Hong Kong Ltd) and Damien Reid (Zurich Insurance)



Lucky Draw Prize: Christopher Hammerbeck CB, CBE (The British Chamber of Commerce in Hong Kong) presents the prize to Haley Meng (Hamilton Advisors) and Ross Pun (Aon Risk Solutions)



Stuart Roseman (Roseman Partners) and Amie Chang (FTI Consulting)



Derek Barton (Barr + Wray (HK) Ltd) and Stuart H Leckie (Sterling Finance Ltd)



Victoria Sheridan and Ceri Silk (Glow Spa), and Stephanie Wright and Jonathan Whitaker (Michael Page)

20 March 2014 – WYND



(left) Lawson Chu (Kroll), Ilkka Patama (Asia Plantation Hong Kong Ltd), Vivek Agarwal (London Business School), Lisa Huang (Kroll) and David Pope (All Voice Talent); (above) Stephanie Rose (The British Chamber of Commerce in Hong Kong) and Mark Lamb (Fragrance Du Bois)



Lucky Prize Draw: Laura Canamasas (Wynd), presents the lucky draw for the evening to Vivek Agarwal (London Business School), Rachel Cheng (Pinsent Masons), and Annabella Zhuang (Hong Kong Innovation Services Ltd)

Steffen Borring (The Boss Life), Laura Canamasas and Michael Ma (Wynd)



Gregor A Miller (Visions Learning HK Ltd) and Yvette Yin (UBS)



Ashlea M Read (Hill International (HK) Ltd), Jenny An (The Executive Centre) and Nikki Green (City and Urban International)



Neil Logan (Henley Business School) and Melissa Fung (Deloitte Touche Tohmatsu)

Perspective

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



Andy Perrin

Managing Director
Hemisphere Freight Services Limited

What are your plans for Hemisphere in 2014?

China has often been referred to as the land of the sleeping giant, although of course she has been fully awake now for many years. In many respects there is a synergy in the use of this expression with Hemisphere Freight Services Limited, a privately owned UK based multi-modal International logistics provider.

At Hemisphere, we are celebrating our 25th anniversary in June 2014, and while we are more of a David than a Goliath, in this milestone year, we have decided to shake things up and ascend from the shadows of our multinational competitors and peers to promote our own unique strengths, and the strengths of our strategic global partners in the UK marketplace.

Headquartered in Colchester, Essex, UK, with strategic positioning of facilities and branch offices in the mainland UK and Northern Ireland, Hemisphere is well placed to service the requirements of clients with both import, export and cross-trade requirements.

In addition to our ocean and domestic capabilities, as an IATA airfreight agent with a strong operation close to T5 Heathrow, we have invested heavily in equipment to facilitate "in house" primary and secondary security screening. And Hemisphere has customer service representatives with strategic partner offices throughout Asia, which allows us to offer seamless supply chain solutions to and from this region.

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

In addition to its traditional Freight Forwarding abilities in brokering space with both ocean and air carriers, Hemisphere has built up an incredible infrastructure in close proximity to Felixstowe port, where it provides in excess of 120,000 square feet of Customs-bonded warehousing with the ability to offer general cargo handling and fulfilment services. Via our sister company Hawk Express Limited, Hemisphere provides a full domestic-distribution service throughout the UK, using our own fleet of GPS-tracked vehicles.

We consider ourselves jacks-of-all-trades; Hemisphere has mastered and does boast certain specialist niche services. We are one of only a few companies in the UK to hold a Section 5 license, for both ocean and air, which allows us to handle consignments of a sensitive nature, including DG (dangerous goods) Class 1. We were also one of the first independent forwarders in the UK to be accredited with AEO status, taking our internal processes and procedures with respect to the security and integrity of shipments extremely seriously.

Hemisphere also has a strong team dealing with projects and oversized cargo and our most recent success was in the handling a large and prestigious, environmental project from the UK to Turkey.

What's the biggest news recently for your industry?

Whilst Hemisphere has enjoyed modest and sustained year-on-year growth since 1989, in the past five years and in the wake of what has been a global crisis of unparalleled scale, it has been pro-active in seizing opportunities. Consequently, in 2013 alone Hemisphere enjoyed a 20% increase in top-line sales.

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

We are proud to have been accepted as a

Sterling member of the British Chamber and while we hope to draw from the benefits of our membership and the support provided, we also will be as pro-active as possible in adding value to assist the Chamber team and our fellow members.

How far back does your career at Hemisphere go?

Back to the beginning: Having founded the company in 1989 when I was 21 years old and at a time where we did not enjoy the benefits of modern technology or communication - though that is now fully harnessed, of course!

Did you have a toolkit of goals or guiding principles?

I have always adopted certain basic and, some would say, old-fashioned principles. While we are a commercial business, I don't always measure our success in financial terms. My ethos is not to overcomplicate what is a reasonably easy process.

I have always prided myself on my ability to listen but I also think that it is important to ask questions and put forward alternatives, to

offer flexibility and to uphold the highest levels of honor and integrity.

How has your business and outlook changed over the past 25 years?

Now, at 46, I liken my role to that of a conductor of a wonderful orchestra. I am continually encouraged by the diversity of our various sections and our ability to excel with what we consider to be easy and fairly standard type movements and to really up the tempo to overcome the challenges of larger scale movements.

What's your favourite spot in Hong Kong?

My favorite spot is probably the Peak as it enables you to take in the city from a more tranquil position looking down. Even at home, while I enjoy the hustle and bustle of my working day, I love nothing more than to escape back home to the peace and quiet of our English country village, which is strange from a boy who grew up in New Cross, South East London!

“
I have always adopted certain basic and, some would say, old-fashioned principles. While we are a commercial business, I don't always measure our success in financial terms. My ethos is not to overcomplicate what is a reasonably easy process.
”



Which words or phrases do you find most overused?

At Hemisphere we've been offering clients "Port-Centric" solutions long before catch phrases like this were even thought up. It often makes me smile at just how many catch phrases and buzzwords have been introduced into the logistics industry over the years.

What is most interesting about doing business in Hong Kong?

To sum it up in one word: Tradition! Hong Kong is a historic and strategic gateway and despite its modern façade and while competitiveness, strong service platforms and quality assurances have always been demanded, doing business in Hong Kong is still built upon the development of relationships and the creation of trust.

“

We are one of only a few companies in the UK to hold a Section 5 license, for both ocean and air, which allows us to handle consignments of a sensitive nature, including DG Class 1.

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Is Hong Kong still a top competitive market?

Hong Kong continues to encourage trade, no less by being an open marketplace with low taxation and virtual "free port" conditions and as such it certainly created a positive environment in which to be competitive and successful.

What is your favourite (non-professional) occupation?

As a balance to professional life, I enjoy all adrenalin driven pursuits and in particular I love to ski and there is no better feeling than launching off the side of a mountain!

What is your most marked characteristic?

I am determined in everything I do.

If you had a motto, what would it be?

"Always make the best of every situation." 



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