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IN HONG KONG



The Official Magazine of The British Chamber of Commerce in Hong Kong Issue 51 Nov - Dec 2017

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November - December 2017



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## BUSINESS UPDATE: CHAIRMAN'S MESSAGE



Dear Members,

It was good to see so many Chamber members at the Hong Kong business events in London in September, including the TDC dinner, and the "Think Asia Think Hong Kong" conference. The Hong Kong delegation was led by Chief Executive Carrie Lam and included a number of Policy Secretaries and senior business figures. Andrew Seaton and I represented the Chamber at these events and also met UK Government departments and business organisations, to help maintain the Chamber's connectivity and profile with these bodies.

The Hong Kong events seem to have been very successful. Carrie Lam gave a number of well-received speeches, and the events provided a positive, forward-looking view of Hong Kong as a business centre. There was a focus on new areas of opportunity, including ASEAN initiatives, the Greater Bay area, innovation and technology, and the creative industries. I, and other members of the Chamber, took part in the business conference, at which the Chamber enjoyed a good profile.

Since my last message, Hong Kong's Chief Executive has delivered her first Policy Address. It was encouraging that this contained a number of touch points with policy proposals put forward by the Chamber. This reflects the collective effort we have put into the quality of our policy and advocacy work, and I am very grateful to the great contribution of the Chamber Committees to this. We are now embarking on a series of meetings with relevant Policy Secretaries to carry forward this dialogue.

We have also seen the Party Congress, with its shift in economic focus towards better-balanced growth and quality of life. This is reflected in the China business theme of this edition of the magazine.

The Chamber continues to offer a packed and diverse event programme. The Scottish Business Group Annual Economic Debate saw its usual no-holds-barred discussion. We have had a cluster of well-attended construction-related events, reflecting the importance of the industry in Hong Kong. Before the end of the year, there will be a collection of diversity events – a sign of the greater priority we are giving to these issues.

To round off what has been a very busy year, I hope to see as many of you as possible, with spouses and partners, at the Chamber Christmas Drinks on 14 December. This is always an excellent event and a great way of celebrating the friendships and community, which are at the heart of the Chamber.

Thank you for all your terrific support of the Chamber over this year. I offer you and your families every best wish for Christmas and for a happy and healthy 2018!

A handwritten signature in black ink, appearing to read "Mark Greenberg".

**Mark Greenberg**

Chairman,  
The British Chamber of  
Commerce in Hong Kong

## Think Asia Think Hong Kong Conference



In September, the Chamber Chairman Mark Greenberg, Executive Director Andrew Seaton, and a number of other Chamber members took part in a series of high profile Hong Kong business events in London for the Think Asia Think Hong Kong conference.

HKSAR Chief Executive Carrie Lam hosted the Trade Development Council dinner, where she positioned Hong Kong as the best platform and partner for UK companies looking to do business in Asia, with a

particular focus on opportunities in Southeast Asia following the signature of the Hong Kong/ASEAN Free Trade Agreement.

Andrew Seaton, Executive Director of the Chamber commented: "This was the biggest Hong Kong business promotion in the UK for years. It was excellent to see Hong Kong projecting itself so strongly and positively to UK business. The Chamber was very pleased to be part of this initiative."

## British Airways powers its future by turning household rubbish into jet fuel

British Airways has entered a partnership with Velocys, a renewable fuels company, to design a series of waste plants that convert household waste into renewable jet fuel to power its fleet.

The first plant will take hundreds of thousands of tonnes of household waste per year, destined for landfill or incineration, including nappies, plastic food containers and chocolate bar wrappers, and convert it into clean-burning, sustainable fuels. This will contribute to the airline's commitment to reduce net emissions by 50% by 2050. As well as helping the airline industry reduce its carbon emissions, this initiative will also significantly reduce the amount of waste going to landfill, and in turn decrease the amount of greenhouse gas emissions affecting climate change.



# Hongkong and Shanghai Hotels announces ground-breaking ceremony for The Peninsula London



The Hongkong and Shanghai Hotels, Limited (HSH) celebrated the ground-breaking ceremony for The Peninsula London in Belgravia, London on 2 November. The Duke of Westminster attended as Guest of Honour at the ceremony, which was hosted by HSH Chairman, The Honourable Sir Michael Kadoorie.

The project site for The Peninsula London overlooks Hyde Park Corner and the Wellington Arch and will comprise a 190-room hotel and 24-28 luxury residential apartments, with opening currently scheduled for 2021.

As part of the project, the owners will also provide affordable housing located at Buckingham Palace Road in Westminster. The project is expected to support over 2,000 jobs and deliver additional expenditure of £60 million to the London economy annually, offering a significant boost to London's tourism industry.

## Giles Publications rebrands on its 10-year anniversary



Giles has come a long way since the

company's inception 10 years ago. The team has grown from a one-man band to a 20-plus pride of professional talent and services have expanded from English language copywriting to full-service communications support. Giles now works with many of the region's biggest names and has earned a reputation for high quality, reliable services and customer care.

"We've spent 10 years learning and growing and it's time for a name that reflects that," says Director, Freya Giles. "We've bid a very fond farewell to Giles Publications and are welcoming in a new era as The Giles Agency. We'll be doing our very best to live up to our new, bigger, bolder moniker."

## Barclays – Inspirational Women Series and panel debate



Led by the Women in Business committee, the Inspirational Women Series is a bi-monthly

lunchtime seminar celebrating the achievements, and learning from, inspiring female business leaders. The last series has seen some spectacular speakers, including Lady Barbara Judge CBE, the first woman chairman of the Institute of Directors; Kathy Chen, the former MD of Twitter in China; and Naomi Climer, President of the Institution of Engineering and Technology.

We are delighted that Barclays have decided to continue their sponsorship of this event for another series, and also for their additional support of the annual Women in Business Panel held on 21 November. The panel this year asks the question: *Are Today's Leaders Adopting More Female Qualities to Drive Transformation?* We hope to see you in 2018 as we will welcome more inspiring women to speak as part of this series.

## Berkeley Group – Shaken Not Stirred Networking series



Last year, the Shaken Not Stirred networking drinks series took us to some

of the finest bars in Hong Kong, including British favourite The Pawn by Tom Aikens, the scenic rooftop bar Alto, and Lily & Bloom. Every month members and non-members came together to make connections and exchange business cards over wine and delectable canapés. We're delighted and grateful to have Berkeley Group come back on board to sponsor the series for another year, without which this series would not be possible. On 22 November we held a maritime themed Shaken Not Stirred at the Royal Hong Kong Yacht Club as the final Shaken Not Stirred event of the year.

## PwC – Retail and Consumer Series



The British Chamber are delighted to announce that the popular Retail and Consumer series will be back for another set of

events in 2018! Developments in the retail industry continue apace, with a cashless payment revolution hitting Hong Kong, and other technology changing user experiences everywhere from big shopping malls to convenience stores. The profile of the Chinese consumer market, and the continuously evolving retail landscape provides plenty of fascinating topics for this upcoming series of events. We would like to say a big "thank you" to our Sterling members PwC for their continued sponsorship of this series.

The British Chamber of Commerce in Hong Kong 香港英商會

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THE BRITISH CHAMBER

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# Technology and Disruption: How Mastercard is Staying Ahead of the Curve

14 September 2017 – CBRE, Three Exchange Square, Central

In September, the Women in Business Committee was pleased to invite Julienne Loh, Executive Vice President of Core Products at Mastercard, Asia Pacific, to join us for our Inspirational Women Series, sponsored by Barclays.

Julienne shared her impressive career path at Mastercard, explained how she arrived at her current position, and what Mastercard is doing to retain and develop women in the workforce.

Having joined Mastercard in 2005, Julienne was encouraged to apply for the open position of Country Manager, Singapore, just four years after she had entered the company. This push had come from her male boss, who saw her potential and gave her the support and confidence she needed to excel in the role. From this, Julienne experienced the importance of top-down male support in empowering women.

Julienne went on to explain the business case for gender equality in the workplace, mentioning that

advancing women's equality could increase global growth by US\$12 trillion by 2025, and Asia's economy could see a 30% growth in GDP in one generation if female participation in the workforce rose from 58% to 66%.

One of Mastercard's global goals is to achieve inclusion and equality in its industry, and to drive innovation and progress for the company, explained Julienne. By supporting programmes that focus on STEM (science, technology, engineering and mathematics), such as Girls in STEM and Mastercard's own Girls4Tech initiative, Mastercard is able to foster the right talent and bring more women into these industries.

Julienne delivered a very inspirational talk on what can and should be done to drive equality and empower women, and we'd like to thank her for speaking to us during her visit to Hong Kong. We would also like to offer a "thank you" to Barclays for their continued support in sponsoring the series and being host to these events.



# Innovation in Insurance & Financial Planning with Sian Fisher

12 October 2017 – Barclays, Cheung Kong Centre,  
2 Queen's Road Central, Central



In October, the Women in Business Committee were delighted to welcome Sian Fisher, the CEO of the Chartered Insurance Institute (CII), to speak to members as part of the Inspirational Women Series, sponsored by Barclays.

With her distinguished career in the insurance industry, and now her unique position as the head of the world's largest professional body dedicated to the insurance and financial planning professions, Sian had a wealth of knowledge and experience to draw upon of interest to those in the sector.

The CII is currently working to better understand the risks that women face in their lives, and through initiatives led by Sian, the Institute aims to understand how the insurance profession as a whole can better support women by reducing the impact of risk, and increasing resilience. Sian spoke in depth about the Insuring Women's Futures (IWF) programme, which aims at promoting and enhancing the insurance industry's role in relation to women and risk.

Reams of research has been conducted in this area, showing time and time again that focusing on

diversity is not just "the right thing to do", but that there are real returns for the industry in targeting female customers. Statistics show that 46% of women don't have a pension, and yet on average need three years of full-time care at the end of their life. This untapped potential is a huge business opportunity that Sian is trying to communicate through her role as the CEO of CII.

The initiative is part of the wider HeForShe campaign led by the United Nations where people are asked to make simple, achievable personal commitments to improving gender parity. Members of the insurance industry can sign up their personal commitment to this cause at [insuringwomensfutures.co.uk/heforshe](http://insuringwomensfutures.co.uk/heforshe). While there is a sense that the dialogue has become more open in this area, it is clear that there is still a long way to go.

We'd like to thank Sian for giving us her time during her visit to Hong Kong, and a big thank you also to our series sponsors and venue hosts Barclays for their continued support.

# Captains of Industry with Duncan Pescod, GBS, JP, CEO of West Kowloon Cultural District Authority

14 September 2017 – The Hong Kong Bankers Club,  
Gloucester Tower, 15 Queen's Road Central, Central



In September, Duncan Pescod, CEO of the West Kowloon Cultural District Authority briefed the Chamber on the latest developments and plans for the multi-billion dollar West Kowloon Cultural District project.

Pescod explained that the project is one of the biggest arts and culture projects in the world, and is vital to development of Hong Kong's arts scene. He explained that to allow Hong Kong's arts and performance arts to develop, it needs more performance arts spaces, and that these venues should engage with the local community and younger people to develop future artists.

Connectivity, Pescod said, must go beyond Hong Kong for the District. To ensure that the Cultural District gains visitors and talent from the region and the World, the Authority is working with the Hong Kong Tourism Board for overseas promotional activity. It is also arranging joint productions between local Hong Kong and overseas companies, and signing cooperation agreements with overseas organisations, including in China and the UK.

# Evolution of Business: Disruption in Hong Kong

25 October 2017 – INFINITI LAB, Hopewell Centre,  
183 Queen's Road East, Wan Chai



At the third event of the Business Class for Entrepreneurs Series, sponsored by DBS, the Chamber's SME & Startup Committee invited a panel of successful business pioneers to share their experiences on breaking traditional industry barriers here in Hong Kong. The breakfast event was held at INFINITI LAB, which has proven a great supporter of the regional start-up community.

Since beginning her administration, and particularly in her policy address, the Chief Executive of the HKSAR, Carrie Lam, has stressed that the Government will play an integral role in shaping Hong Kong to become an international innovation centre. At this event, Napoleon Biggs, Founder of Web Wednesday and moderator to the panel, asked the speakers to give their views on the innovative vision of the Government and what should be done to facilitate that goal.

Steve Monaghan, the Chairman of GenLife, expressed his concerns on the unsolved difficulties that start-ups are currently experiencing, including talent recruitment and opening bank accounts. He suggested that Hong Kong should take advantage of the liquid funds available and slim down the administration processes. On the other hand, Duncan Wong, Founder & CEO of CryptoBLK, was more optimistic, especially on development in trade finance and fintech. Adding to the discussion, Blake Larson, MD of Lalamove, pointed out that the mind-set towards change, growth and innovation is evolving – slowly, but surely – and Hong Kong remains a decent place to live and set up businesses.

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# Entrepreneurship 101: How to Build the Best Foundation for Your New Business

**18 October 2017 – Hutchison House, 10 Harcourt Rd, Central**

At this month's informative "Smart Tips for Small Businesses" workshop, William Probert, Senior Consultant at Sovereign Trust, provided some solid advice for new businesses to lay a concrete foundation when they first start up. He ran through the most efficient ownership structures for setting up a business in Hong Kong and suitable ways for raising capital. He also explained basic employment requirements and talent recruitment.

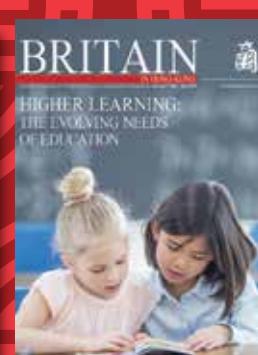
William specialises in providing holistic advice to corporate groups and entrepreneurs on all aspects of setting up a business – from ownership, corporate structure, immigration, and employment to financial and operational issues.

The Chamber would like to thank CBRE once again for sponsoring the Smart Tips for Small Business Series.



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# The Cost of Green

**In recent months, the Ministry of Environmental Protection has closed more than 30,000 Chinese manufacturing businesses over pollution regulations. Supply chains have fractured and customers left out in the cold. Welcome to the new normal: China's green future doesn't intend to take any dirty prisoners.** – By Gina Miller

Environmental protection has long been a key concern for Hong Kong residents. Mind, most residents are less concerned about the ecological impact pollution has on the endangered Romer's Tree frog (discovered in 1952 and native to Hong Kong only) than they are about developing asthma as a result of poor air quality; nevertheless improved environmental quality has long been on the wish list of Hong Kongers who desire a more liveable city. And China's countless factories, particularly in the south, were the devil that stood between HKSAR citizens and a breath of fresh air.

For those in the know, this perception of China as the (dirty) manufacturing centre of the world has been turned on its head. For several years, China has pushed for impressive environmental regulations that have outstripped North America in terms of regulatory aspirations. Environmental groups praise Xi's handling of China's new climate agenda, though many remain critical of industrial pollution.





While air quality targets may be dear to Hong Kong's heart, they are causing significant upsets for companies that rely on factories in China that have been recently hit (and closed) by the Ministry of Environmental Protection (MEP). In the past year, the MEP has closed thousands of factories, primarily in the provinces of Jilin, Shandong, and Zhejiang, as it enforces pollution regulations.

For multinational companies that have subsequently had their supply chains interrupted, this has been disastrous – particularly in the peak autumn season before Christmas. Given that China's environmental objectives were amended in the Environmental Protection Law in January 2015, Chinese authorities have been unsympathetic to their plight.

"This environmental crackdown must be understood as part of the new normal," says Neal Beatty, Partner and General Manager of global risk consultancy, Control Risks. "And just as the anti-corruption campaign significantly affected how multinationals operate compliantly in the market, environmental enforcement is set to shake up supply chain management, compliance and reporting as the next big operational hurdle."

For international companies, it can be impossible to predict whether or not their suppliers will be affected. *The Journal of Commerce* noted that the MEP isn't just targeting tier-1 suppliers: it is pursuing component suppliers as well. Many importers, especially smaller businesses, are unaware of who supplies their suppliers, or whether that component supplier has been following China's strict environmental regulations.

### The new green state

The net for suppliers and manufacturers is about to get tighter. In December 2016, China announced its first Environmental Protection Tax Law in order to strengthen the enforcement of environmental regulations. This law imposes taxes on entities that emit solid waste, air and water pollutants, and noise pollution, and will come to effect on 1 January 2018.

All of this heralds greater scrutiny of corporate environmental performance.

The new law will replace China's Pollution Discharge Fee, which has been in place since 1979. Among other objectives, the law aims to address the issues of ineffective enforcement in levying pollution discharge fees and to increase enterprises' responsibility in pollution reduction, reports *Global Legal Monitor*.

***China's senior leadership is merging environmental goals with wider industry goals, particularly with regards to cutting overcapacity and upgrading industries. Smaller, inefficient operators will not be allowed to reopen. The government views this as an essential part of upgrading China's economy.***

***– Neal Beatty and Julia Coym, Control Risk***

"China's senior leadership is merging environmental goals with wider industry goals, particularly with regards to cutting overcapacity and upgrading industries. Smaller, inefficient operators will not be allowed to reopen. The government views this as an essential part of upgrading China's economy. This can also be seen in the intensifying relocations for manufacturing companies in recent years," said Julia Coym, Senior Analyst at Control Risks.

Authorities' responsibilities are shifting, said Coym. "Environmental authorities are being freed from potential conflicts of interest, by introducing vertical reporting structures (where each environmental agency reports to a more senior environmental agency, rather than their local government heads). Local mayors in those jurisdictions, and the rest of the country, have seen their influence on environmental issues erode. They can no longer overrule environmental restrictions or penalties" she explained.

In other words, China's seriousness in managing its environment is likely to result in additional production disruptions and the closure or production suspension of factories throughout the country in a wide range of sectors.

### How to protect the supply chain?

Finding environmentally compliant sources is no longer a "nice to have" option for businesses; going forward, it could spell the difference between corporate sustainability and closure. Subsequently, businesses can no longer approach costs as though product manufacture were a "cash on the barrelhead" proposition.



Clearly, factories have been able to charge low prices in part because they didn't comply with environmental regulations. Some may have fallen under the umbrella of a local rule that allowed them to keep manufacturing; others may have local regulatory connections that looked the other way. Today, those factories are time bombs and their customers will be collateral – if not wholly innocent – damages.

### Get ahead of the problem

Companies need to study, understand and engage with their suppliers, as well as stay abreast of policies and sector specific trends, says Coym. Asking suppliers about their inspection history: their last inspection or audit is a simple first step. Discovering what certifications or licences suppliers hold (and seeing copies), conducting a site visit where possible, and looking for hazards in person is useful.

"Inspections serve as a good reminder that companies need to know their entire supply chain, and ensure they are environmentally compliant. This is about conducting thorough due diligence on business partners and identifying any compliance red flags that indicate there are current or likely future environmental or business issues", explains Beatty.

Companies need to understand the drivers and the timing of wider enforcement in order to stay ahead of local government and sector-specific trends as well as one-off investigation and shutdown triggers such as industrial accidents or seasonal pollution, said Beatty.

Ultimately, foreign companies must focus on due diligence at a company-to-company level if they are going to weather China's onslaught of factory shutdowns, and to do that, they will need to engage.

"Companies will have to renew and intensify their communication on environmental issues with all regulators. Going forward, companies' narratives around their environmental performance and their environmental contribution will become much more essential, not just when dealing with environmental inspections, but for all regulatory approvals" explained Coym.

### It's never too late

For companies with suppliers in the Pearl River Delta, or anywhere in Guangzhou, it is well past the time for a serious risk assessment. If there are concerns about investigations or possible shutdowns, it may be time to look for alternatives before supply chain losses are real. Shifting cargo from sea to air to meet deadlines will only drive up demand for airfreight services and prices, which – around the holidays – are already astronomical.

It's not easy being green, but it is worth remembering, that for this short-term pain there is a promise long-term gain. China's move can only improve air, water and soil quality. Ultimately, this means there will be a future that makes business worth sustaining. **B**

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# China OFDI: Going Global Responsibly

**When China announced a reduction in outward FDI, there were fears the well of Chinese money would dry up. But China's refinement of its overseas investment should spell greater prosperity for enterprises savvy to the new deals available.**

– By Gina Miller

In its fifth annual outbound investment report, called "China Go Abroad – Sound risk management builds a solid foundation for Chinese enterprises to navigate the global landscape", EY's China Overseas Investment Network (COIN) reported that "China's outward foreign direct investment (FDI) in 2016 rose 30% year-on-year to a record high of US\$188.8 billion." Much of that was outbound M&A into Europe and North America.

The massive purchasing power came at a cost: downward pressure on the renminbi (RMB) and China's foreign exchange reserves, which spurred even more capital flight. In response, China moved definitively to crack down on capital flight, signalling in late 2016 a regulators' crackdown on "irrational" outbound foreign direct investment (OFDI).

Following banner years of multi-billion dollar real estate transactions and multi-million dollar sports franchise sales, China's halt on this relatively unrestricted OFDI, aimed to reverse the course.

Subsequently, new deal activity dropped swiftly, with the number of newly announced outbound M&A transactions (by Chinese companies) falling by 20% in the first six months of 2017, compared to the same period in 2016.

By the end of the first half of 2017, China's changes slowed the pace of Chinese outbound M&A activity and re-shaped the composition of deal flow in terms of investors, industries and other characteristics.

## Quality over quantity

China's global reach wasn't about to stop in its tracks; rather, it was about to shift rails.

In February 2017, China's Ministry of Commerce (MOFCOM) said that "China's outbound direct investment (ODI) will steadily slow, but be of better quality in 2017." From the off, China signalled that it would demand stricter regulatory approval, with outbound deals valued above US\$10 billion likely to be rejected, while any deal valued above US\$1 billion to be rejected if it was outside or unrelated to the acquirer's core business, or acquisitions made by newly established entities with no business operations.

Tighter capital outflow control was also established, with the State Administration of Foreign Exchange (SAFE) vetting cross-border money transfers worth over US\$5 million (down from US\$50 million previously). Finally, longer processing times would be applied; existing rules would be strictly followed, doubling the outbound filing and approval process times from two to three months (as in 2015 and 2016) to three to four months or longer in 2017.

In August, China's State Council published a set of investment guidelines prepared by four key regulators – the National Development and Reform Commission, Ministry of Commerce, People's Bank of China and Ministry of Foreign Affairs (collectively, PRC Regulators). These guidelines offered the most important clarification on Chinese outbound investments since late 2016, when Chinese authorities first clamped down on so-called "irrational" or "non-genuine" investments.

Specifically, the guidelines classified overseas investments into three main categories of:

- Encouraged investments;



*“China signalled that it would demand stricter regulatory approval, with outbound deals valued above US\$10 billion likely to be rejected, while any deal valued above US\$1 billion to be rejected if it was outside or unrelated to the acquirer’s core business.”*

- Restricted investments; and
- Prohibited investments.

“Prohibited investments” (and industries) include those in the military, gambling and sex industries. “Restricted investments” include real estate and hotel deals, film and entertainment, sports, and investments that do not comply with environmental standards.

Finally, “Encouraged investments” include deals that promote the Belt and Road initiatives, improve China’s technology or R&D, and expand oil, mining, agriculture and fishing industries.

Such clarifications were urgently needed, particularly when previous investments were publically tagged as spurious, such as Chinese appliance retailer Suning Holding Group’s purchase of Italian soccer club Inter Milan, a company that had lost money in the five years prior to purchase.

"I think many overseas acquisition deals have a low chance of generating cash flow, and I cannot exclude the possibility of money laundering", said Yin Zhongli, a researcher with the Chinese Academy of Social Sciences, to the host of a TV show on state-owned China Central Television in July 2017. Sports deals were increasingly perceived as a means for Chinese companies to move assets out of the country, but they now shared "restricted" space with the real estate sector.

According to the Ministry of Commerce, overseas direct investment in the property sector fell by 82% in the first half of 2017, and should decline further as the new measures specifically restrict firms' acquisitions of real estate in foreign markets. According to CBRE, state-owned enterprises especially reduced their activity in overseas real estate.

### Against the tide

Sector-related restrictions were intended to improve China's economic health, and as of September, it appears they might be working. China's capital outflow stopped in September after a 22-month flight, and the People's Bank of China bought a net RMB850 million (US\$128 million) of foreign exchange in September, marking the first net increase since October 2015.

The prevention of overseas investment in the gambling and sex industries, restrictions on investments in the real estate and entertainment, are designed to reduce overseas holdings in sectors that are not central to China's government directives and its long-term objectives.

During the People's Congress in October, Pan Gongsheng, the head of the State Administration for Foreign Exchange, said that China's foreign exchange market had suffered risks and shocks in early 2017, but overall, the market situation was stable.

### After the squeeze, where is the opportunity?

Weighing the risks and challenges ahead, PRC Regulators outlined the concerns informing the categorisation of overseas investments and the policy measures. These include a "be more careful"

approach – demanding careful and systematic planning, analysis and decision-making; "benefits to China" – specifically investments that contribute to China's economic development and increase capital outflows; and "benefits to the host nation" – including environmental protection, energy consumption, safety and other standards.

Following these basic principles, Chinese companies are encouraged to engage in:

- Infrastructure investments that will further the Belt and Road Initiative and related infrastructure and connectivity;
- Investments that promote the export of Chinese quality production capacity, high-quality equipment and technical standards;
- Investments that strengthen cooperation with foreign high-technology and advanced manufacturing enterprises, including the establishment of research and development centres overseas;
- Prudent participation in the exploration and development of overseas oil and gas, minerals and other energy resources;
- Agriculture cooperation with other countries; and
- Investments in business and trade, culture, logistics and other services, and establishment of branches by qualified financial institutions.

### Where do we fit in?

Hong Kong is the natural conduit for such investments. According to the Hong Kong Trade and Development Council, some 60% of Chinese outbound investments (thus far) have been directed to or channelled through Hong Kong. Hong Kong's position as a world-class professional services and global investment hub, its legal regime and diversified funds-raising platform, and its international connectivity means that Hong Kong is the natural bridgehead to OFDI, particularly for those companies seeking to invest in Belt and Road initiatives and high-tech enterprises.

According to an EY COIN survey of Chinese enterprises involved in or intending to get involved in outbound investments, 71% of Chinese enterprises said the stability of legal systems, tax policies and industry-entry barriers are considered critical political and economic risks. Some 86% of respondents said a lack of professional consultants with extensive experience in outbound investments posed the greatest market risk, with 82% citing a lack of understanding or misunderstanding by foreign markets towards Chinese enterprises as the second-greatest risk.

Hong Kong is uniquely placed in that it offers the legal, professional and cultural erudition to manage risks such as these, with a transparent, coherent system of law, a sophisticated professional services profile and a familial sensitivity to China's market place. Moreover, Hong Kong's international vision and fluency in global markets provide a bulwark for risk management.

### In our own hands

"Our risk management and dispute resolution capabilities are especially crucial to the success of Belt and Road investments. If Hong Kong is to be the financial and risk management hub for the Belt and Road, our financial policies, regulators and the sectors need to support with relevant policies" said Vincent HS Lo, Chairman of Hong Kong Trade Development Council in October.

"If Hong Kong does not seize the opportunities offered to us here and now, and approach it with an open mind, we may miss this golden opportunity to reinvent ourselves", he said.

Ultimately, because of China's reduction in quantity of outbound investments, in favour of quality, any short-term pain suffered by Hong Kong companies should be parlayed rapidly into opportunities for future deals. Ultimately, it's up to Hong Kong companies to position themselves accordingly. ■

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**Malvern** College was founded in 1865 in the UK and together with its associated preparatory school, The Downs Malvern, it provides high quality education for boys and girls aged 3-18 years. Renowned for its innovative approach to education, the school pioneered the adoption of the Nuffield Science teaching approach, and was one of the first UK schools to adopt the IB Diploma programme and the Duke of Edinburgh award scheme.

Thanks to its academic rigour, scientific heritage and its emphasis on holistic education, the College, together with The Downs Malvern, has produced four Nobel Prize Winners: Francis William Aston, Chemist; James Meade, Economist; Alan Hodgkin, Neuroscientist; and Frederick Sanger, Biochemist and a double Nobel Laureate. Other famous alumni ("Old Malvernians") include novelist C. S. Lewis, author of The Chronicles of Narnia; Lord MacLaurin, former Chairman of Tesco and Vodafone; and Baron Weatherill, former Speaker of the British House of Commons. TV personalities like Monty Don and Jeremy Paxman are also well known "OMs".

Malvern College fosters a vibrant, nurturing environment and places the children at the centre of everything they do. Drawing upon 150+ years of British boarding school heritage, the school strives to instil a strong sense of both community and responsibility amongst all members of the Malvern College family.

## What drives the International success of Malvern College?

There is a great deal of communication between Malvern UK and the small but growing number of other Malvern Schools; this includes regular "Quality inspections" (a team from Malvern UK), inter-departmental liaison across schools, formal and informal face-to-face meetings between Heads, regular phone call and emails and an annual Heads conference. This regular communication is one of the key to Malvern's success.

To recruit and retain the best teaching staff, Malvern offers excellent Continuous Professional Development opportunities as well as instilling a real sense of community both in and between the Malvern Schools.

## What are the plans for Malvern College Hong Kong?

Malvern College Hong Kong (MCHK) will be a seven-storey state-of-the-art campus designed specifically with Malvern College's culture, ethos and philosophy in mind.

Pupils will benefit from stunning facilities such as a concert-hall quality auditorium, an indoor swimming pool, a multipurpose sports hall, and a roof Skypitch designed for football, hockey and other sporting activities.

The school will offer a broad and balanced academic curriculum through the International Baccalaureate (IB) programme to meet the needs of pupils from different cultural backgrounds.





The IB programme is respected worldwide for its genuine breadth and focus on the holistic development of internationally-minded young people and it is a highly effective preparation for university and the world of employment.

There will be a strong emphasis on Science, Technology, Engineering and Maths, and all pupils will learn Mandarin Chinese.

MCHK will provide the ethos of a traditional British boarding school within a contemporary day school setting. This approach will involve the provision of small class sizes, personal tutors, strong pastoral care within a house system, and an individual educational plan to suit each pupil.

The school will ensure that each pupil maintains a keen academic focus and benefits from a rounded education where co-curricular activities such as art, drama, sports, music, and service in the community are not seen as “add ons” but are an integral part of a Malvern education.

Pupils in lower primary years at MCHK and Malvern College Pre-School Hong Kong will enjoy the first Forest School Programme in the city conducted by Level 3 Forest School practitioners. Pupils will spend time exploring the natural environment and in so doing they will build confidence, self-awareness and social skills.

MCHK pupils will also have the opportunity to study at The Downs Malvern from Year 7 or Malvern College UK from Year 9 (subject to fulfilling relevant entry requirements).

### **How does Malvern College Hong Kong collaborate with the UK school?**

There is a close partnership between MCHK and Malvern UK.

Governance will be ensured by a management board well represented by Malvern UK, which will meet every quarter. Malvern UK is involved in the planning and operation of the school, covering areas ranging from campus design to staff appointment.

There will also be sharing of teaching experience and knowledge.

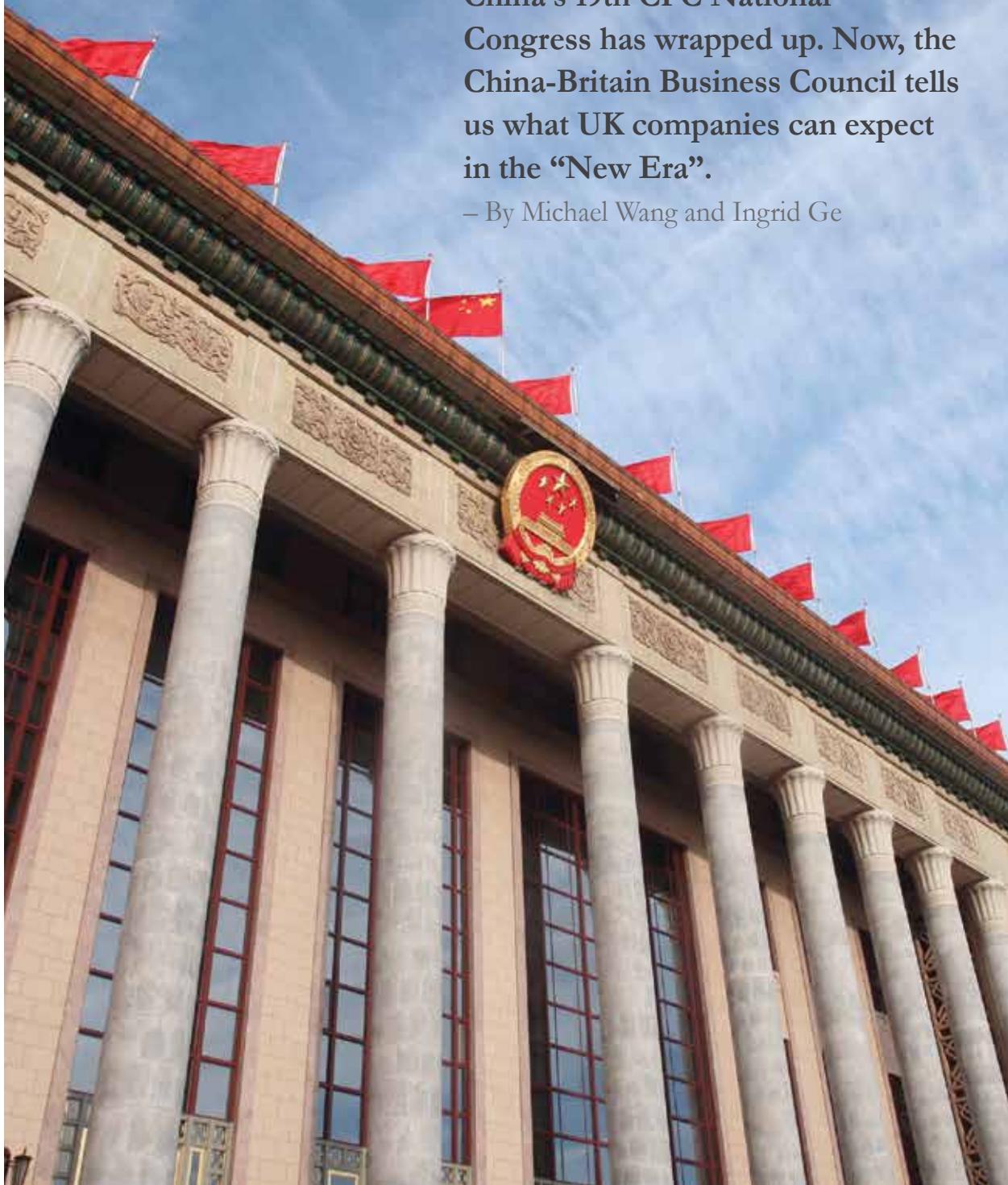
### **What does the future hold for Malvern College (Hong Kong and beyond)**

Malvern College is looking at various development opportunities in Asia, as well as opening another Pre-School in Hong Kong. However, the school will only expand at a pace that they are comfortable with the quality.

# Inside at the Plenum

China's 19th CPC National Congress has wrapped up. Now, the China-Britain Business Council tells us what UK companies can expect in the "New Era".

– By Michael Wang and Ingrid Ge



The First Plenum of 19th Party Congress closed in Beijing at the end of October. It opened Xi Jinping's second term as president and marks the formal transition of China into a "New Era". The National Congress has also lined-up China's new leaders for the next five years. The newly elected Standing Committee is unlikely to change President Xi's business agenda or opportunities for UK companies.

We heard many of the usual, positive-sounding messages about deepening reform and opening up.

### Who is at the Congress?

The Communist Party of China (CPC) has about 90 million members; roughly 6.8% of the population of whom 2,300 sit on the National Congress. According to the Constitution of the CPC, the supreme leadership of the Party is this Congress, and the 204-member Central Committee elected by it. From the Central Committee, a 25-member Politburo is selected and at the very top sits the (currently) seven-member Standing Committee of the Politburo.

Throughout its five-year cycle, the National Congress normally meets seven times, called plenums. As this is the start of a new cycle, succession and leadership dominate the issues.

President Xi's report summarised the achievements of the last five years and set out the direction of travel for the next five years.

### Principal contradiction of Chinese society

The contradiction in Chinese society is currently considered to be the chasm that exists between unbalanced and inadequate development and the people's ever-growing needs for a better life. While China has made enormous progress over the last 40 years, and the standard of living has dramatically increased, there is more to do to ensure this progress is balanced across society, and that future development meets the changing needs of China's citizens.

The outcome of this is that we expect more considered resource allocation across the country to address disparity, including policy and financial support. We also expect more resources to be

allocated to inland and rural areas to address the regional disparities. One good example is that five of the seven newly announced free trade zones (FTZs) in late 2016 are located in mid (Henan, Hubei) or west China (Chongqing, Sichuan, Shanxi).

### Quality and efficiency come first

In short – it is time to stop chasing GDP growth figures and move towards growth that focuses on the quality of development and its impact on society.



*All businesses registered in China will be treated equally.*  
– Xi Jinping

Supply-side structural reform, a buzzword of recent years which largely means improving the efficiency of SOEs and reducing reliance on debt, will continue to encourage the upgrading of China's manufacturing alongside the "Made in China 2025" initiative.

We expect cities, regions, trade fairs, zones and businesses to focus more on quality and innovation in specific sectors rather than broader manufacturing. More effort will be made to adjust the structure of economy and ensure sustainable growth rather than sticking to fixed targets as before.

### Ease of market access for foreign investors

In the words of President Xi, "China will only become more and more open". Both inward and outward investment, and the Belt and Road Initiative are key to further linking the China market with the world. "All businesses registered in China will be treated equally", he said.

China will "implement the system of pre-establishment national treatment plus a negative list across the board". More autonomy will be given to FTZs, and more effort will be made to explore the establishment of Free Trade Ports.

### Debt issues

It is likely that after this plenum the Chinese government will have the opportunity to focus more specifically on its larger economic issues. After a stimulus package in 2009, a surge of bank loans in 2016 and cheap credit over the last number of years, China's debt to GDP amounts to 258% of the economy. This figure is not extraordinary compared to some other nations but the rate of increase is not considered healthy.

Following this splurge, we expect China will tighten up on cheap credit over the next few years, as SOEs, private businesses and local governments are forced to become more efficient and productive with their resources. We also anticipate that the murkier issues of "shadow banking" will be addressed.

### What this means for UK business

President Xi repeatedly emphasised that China's foreign policy will not change and the protection of the interests of foreign investors will continue to be important.

For British business, opportunities in the following areas may be worth attention:

- **Trade in goods** – Mid and high-end consumption was raised as one of the growth points at the 19th Party Congress. Chinese consumers are becoming more sophisticated and more selective in what they purchase and favour imported products more than ever. Sales of imported consumer goods hit GBP 150 billion in 2016.
- **Trade in services** – President Xi called for the further opening up of services as the proportion of China's trade in services accounts for about 18% of total foreign trade, lower than the global average. It is hoped that this will bring opportunities for British businesses in finance, insurance, design, marketing, legal services, accounting and auditing etc.
- **Advanced manufacturing** - China's manufacturing will continue to move up the value chain under the "Made in China 2025" initiative. This should bring more partnership and investment opportunities for UK expertise in manufacturing and related sectors.
- **Belt and Road Initiative and outbound investment** – The Belt and Road Initiative will



*China's manufacturing will continue to move up the value chain under the "Made in China 2025" initiative. This should bring more partnership and investment opportunities for UK expertise in manufacturing and related sectors.*



remain a central pillar of China's strategy. The UK can be China's best commercial partner in exploring third markets by sharing its specialist expertise in financial services for example, and its regional experience, knowledge as well as connections.

### The years to come

President Xi has mapped out a prosperous future for China over next 30 years, with the goal to build China into a "strong and powerful" nation standing firmly on the world stage by promising that "the nation's economic and technological strength will have increased significantly, ranking among leading countries in innovation" by 2035, and "becoming a global leader in terms of composite national strength and international influence".

CBBC's message to UK companies does not change. This is the time when UK businesses have their greatest competitive advantage in China – as the services and products in which the UK excels fit well into China's "new era". ■



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# Tuned Out or Plugged In?

**The role of the CFO in China needs to change.**

– By Winston Yung

A poor nation with an economy based largely on heavy manufacturing and agriculture just a few decades ago, today, China is one of the most digitised countries in the world. Recent research conducted by the McKinsey Global Institute highlights just how far China has come in such a short span of time.

China is the world's largest e-commerce market, accounting for more than 40% of the value of worldwide e-commerce transactions, up from less than 1% about a decade ago. China has also become a major global force in mobile payments with eleven times the transaction value of the United States.

And China is in the top three in the world for venture-capital investment in key types of digital technology, including virtual reality, autonomous vehicles, 3-D printing, robotics, drones, and artificial intelligence (AI).

Yet, if you were to go into most Chinese companies you would find that they are still running on the same inefficient, labour-intensive, and largely undigitised processes they've been relying on for years. This is particularly true in the finance and accounting departments, which can employ thousands of people at some companies.

## Time ill spent

CFOs end up spending a disproportionate amount of time on managing essential but nonetheless low value-added activities such as basic bookkeeping functions. As a result, they spend less time on higher value adding activities such as budgeting, pricing, and

performance management, tasks that enable them to serve as a counsellor to the CEO on critical strategic business issues.

If Chinese companies hope to heed the government's call to innovate and move up the value chain, they will need to have a finance function that enables the CFO and the CEO to make better decisions and more swiftly. Modernising the finance function at Chinese companies will require making substantial changes, some of which will require the deployment of new technology, while others will require a radical redesign of core business processes.

Here are four areas CFOs in China should focus on as they kick-off their transformation:

#### Manage for value

In the finance departments of many Chinese companies, we often find that too many resources have been allocated to transactional and standardised activities such as accounting and expense reimbursement, while too little attention is paid to providing "consultation activities" that allow the CFO and his team to manage for value. These include activities like business analytics, planning and budgeting, investment analytics, and M&A support.

#### Instil process excellence

Shifting resources to focus on higher value-added activities requires the finance function to develop the processes needed to support them. In our work with clients in China, we have identified a number of end-to-end processes, which offer high potential for automation and digital enablement.

#### Attract & retain great people

Focusing on higher value-added activities and developing more efficient processes can only go

so far. To attract, retain, and motivate the people needed to take on new roles that require new skills and mind-sets, companies in China will need to cultivate an organisational structure and culture that welcomes new ideas and new styles of working.

Designing a collaborative workplace and work culture; offering the chance to work on initiatives that can have a social or environmental impact; and providing more autonomy are some of the ways companies can accomplish this goal.

**Chinese companies  
need to have a  
finance function that  
enables the CFO and  
the CEO to make  
better decisions and  
more swiftly.**

#### The right tools and tech

Finally, finance organisations must be adept at using innovative technology to drive automation, collaboration, and decision-making. Three types of technologies – robotic process automation, machine learning, and natural language generation – as well as a range of SaaS solutions, are particularly useful in automating back-office functions like finance and accounting.

These technologies enable not only the automation of repeatable tasks, but also the identification of patterns in data through supervised and unsupervised learning, and the creation of natural language text. And they have the potential to transform all but the most judgement-driven tasks – tasks that require deep domain understanding and analytical skills.

One message is clear: the nature of work is changing. Technologies such as advanced robotics and knowledge work automation tools will move companies to a future of leaner, more productive, but also far more technologically advanced operations. CFOs in China who are conscious of these trends and start reorienting their organisations today will have a much higher chance of winning. **B**

  
**Winston Yung**  
Managing  
Partner of  
the Hong  
Kong office of  
McKinsey &  
Company

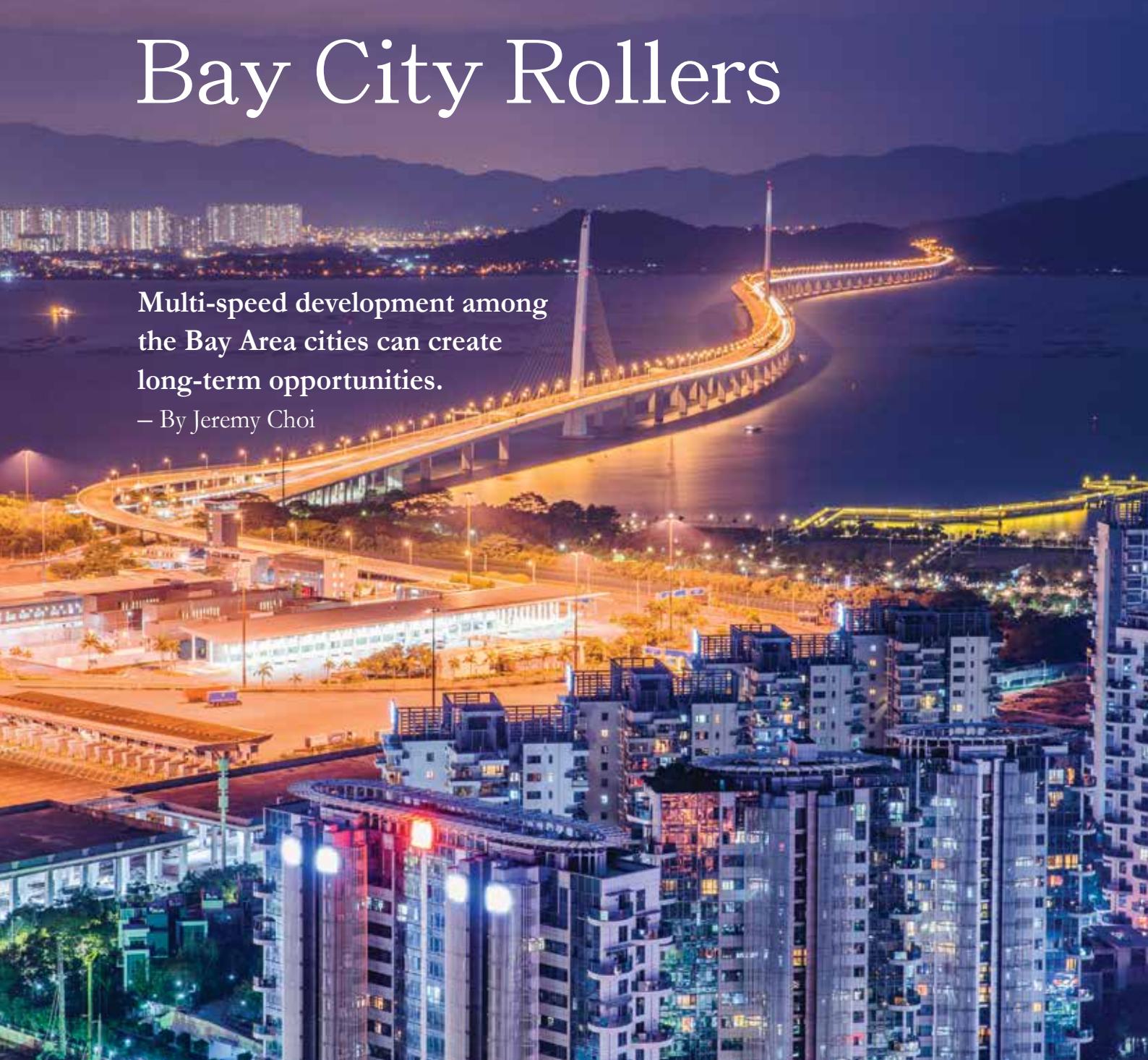
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**McKinsey&Company**

# Bay City Rollers

**Multi-speed development among the Bay Area cities can create long-term opportunities.**

– By Jeremy Choi



As readers of *Britain in Hong Kong* will know, China's government has attached the greatest importance to the Guangdong-Hong Kong-Macau Bay Area project, as part of its long-term national development plan. Corporates and individuals are seeking opportunities from this momentous regional economic collaboration. At PwC we believe that substantive support from local government will be an essential element for the success of the Bay Area development.

During President Xi Jinping's recent visit to Hong Kong, the National Development and Reform Commission (NDRC), along with the governments of Guangdong Province, the Hong Kong SAR and the Macau SAR, jointly signed a framework agreement to deepen cooperation in the Development of the Greater Bay Area.

The 11 cities in the Bay Area are at different stages in their economic growth. After several decades of

development, there are significant variances in GDP per capita among the cities. The figure for Hong Kong in 2016 was RMB303,889 per person, which is almost six times higher than that of the city with the lowest GDP per capital in the Bay Area (RMB51,178).

Hong Kong is also a well-established financial hub in Asia. This means that the level of foreign direct investment is much higher than in other Bay Area cities. Coupled with a different economic structure, there is a significant resulting imbalance of development across the Bay Area. However, looking at the issue another way, these differences create all sorts of opportunities for economic and cultural collaboration.

If we can promote a reform agenda and if governments provide the right incentives, it should be feasible to attract finance and talent from Hong Kong, Macau and foreign countries to the other cities in the Bay Area. This will propel the whole area's economic development. At PwC we believe this could make it the largest of the world's "bay area" economies by 2030.

Earlier this year, we proposed a set of strategic guidelines for Hong Kong businesses looking to prosper in the Bay Area. We have also recently submitted a paper to the Hong Kong SAR government, which includes recommendations on improving tax policies that could benefit Hong Kong corporates and individuals running businesses in the Bay Area.

One of our key recommendations is to improve cross-border tax policies through bilateral agreements in order to facilitate the flow of capital, people, goods and services. PwC suggests allowing Hong Kong companies to set up branches in the Mainland Bay Area to reduce their financing and tax burden on the Mainland.



**Jeremy Choi**  
Partner, Tax  
Services, PwC  
Hong Kong

Addressing the needs of individuals is at least as important as helping companies. One of the options that we have suggested is that the income of Hong Kong residents who work and are stationed in the Bay Area could be subject to a reduced individual income tax (ITT) capped at 15% in the Mainland. For those Hong Kong residents who mainly live here and work for a Hong Kong employer, but need to frequently travel for work in the Bay Area, we would again suggest could be subject to reduced IIT of not more than 15% or they could be subject to Hong Kong salaries tax only.



**One of our key recommendations is to improve cross-border tax policies through bilateral agreements in order to facilitate the flow of capital, people, goods and services in the Bay Area.**



Apart from income tax, the Mainland and HKSAR governments will need to agree on social security payments. We would suggest that Hong Kong residents making contributions to the MPF scheme should be exempt from social contributions in the Mainland.

Hong Kong profits tax will also need to be modified in order to promote innovation and technology. Exemptions or cuts could be offered to businesses in priority industries such as software, pharmaceuticals, R&D and information services.

Other forms of financial subsidy could also be considered that would attract foreign and Mainland corporations to set up their regional headquarters in Hong Kong, so that they could then nurture talent for future business development in the Bay Area.

If a combination of these measures could be introduced to lower the tax burden of Hong Kong residents and corporates running businesses in the Bay Area, it would mean that they would have more resources on hand for research, development and marketing. We believe these suggestions can create greater opportunities and benefit the whole Bay Area. **B**

**At PwC, our purpose is to build trust in society and solve important problems. We are a network of firms in 158 countries with more than 236,000 people who are committed to delivering quality in assurance, advisory and tax services.**



# Powerful Tools

**China is a frontrunner in social and financial tech adoption, but it also needs to grasp the tools available in the construction to stay in the front of the pack.**

– By Joe Chan

**C**hina is infamously linked with technology. The rapid growth of mobile technology and its easy-to-adopt autopay service via platforms such as WeChat is a prime example of this rapid digital transformation. The convenient interface is changing the way millions of ordinary Chinese consumers carry out transactions. But does China's embrace of social and financial technology mean that the rest of the country is equally ready to make the leap? Is the construction industry, for example, willing to follow suit?

Success in China has largely come from a plan. And with the Chinese government outlining its ambition to manage its growth in population by developing into urban areas, all eyes will be on China to see how well they will adopt, manage and grow with technology, and more importantly overcome digital disruption.

## Urban development

The plan to extend urban areas was outlined in the 13th Five-Year Plan (FYP), which heavily focuses on green infrastructure technology and sustainable construction policies. This plan should serve as a call to action for the Chinese construction industry to consider bold and creative solutions to the issues affecting our sector in a new era of technological disruption.



And we need to move fast: the 2015 McKinsey Global Institute Industry Digitisation Index suggested the construction industry is a laggard compared with other sectors embracing digitalisation, noting that China's construction spending on IT accounts for less than 1% of revenues.

It's not as though the technology isn't here. In areas ranging from computer-aided design, to the development of new construction materials and the use of augmented reality: innovations at our disposal have the potential to change the industry as we know it – and for the better, with real business benefits.

The outlook for China's construction industry is positive. It is the world's largest construction market and has undergone continuous growth since 2015, with 2016 experiencing up to 17% growth in industry value. However, the focus is changing as the government encourages a shift from heavy industry to higher-value sectors and the adoption of more information intensive infrastructures to help move up the value chain. Meanwhile, the One Belt One Road initiative should accelerate the development of transport and infrastructure projects in China's overseas markets.

China isn't the most expensive country in Asia for construction, but if digital transformation is to take place, it will be faced with the challenge of upskilling, recruiting and training an ageing workforce.

### Beyond legacy business

The potential of design software technology to manage construction workflows has gained the most traction in the industry, with many feeling that Building Information Modelling (BIM), which replaces traditional hardcopy blueprints with 3D computer modelling and real-time data collection, will change

the way we work forever. The effect of having an integrated platform that spans project planning, design, construction, operations and maintenance will reduce a project's lifecycle costs by almost 20% and substantially improve completion times, quality and, importantly, safety.

Additionally, the Chinese government has made significant efforts to drive down the total number of work place injuries. In 2016 there was a recorded drop of 18.2% in fatalities in 2,174 recorded occupational safety accidents, but still significantly high. The adoption of technology can also address how we hold ourselves to account, and this is no different with China.

*If adopted widely, digitising could potentially save the global construction industry US\$1.2 trillion every year.*

If adopted widely, digitising could potentially save the global construction industry US\$1.2 trillion every year. Nonetheless, some companies still argue that the upfront investment required to implement new digital processes is not justified by the potential benefits.

However, if the businesses of China need persuading of the benefits, they don't need to look much further than the Shanghai Tower where the adoption of BIM enabled productivity enhancement and cost-savings through a reduction in the amount of onsite reworking.

Technology is not just a common understanding. It requires a standardisation and changing of working culture, processes and procedures not just within the contracting entity, but also throughout the whole supply chain.

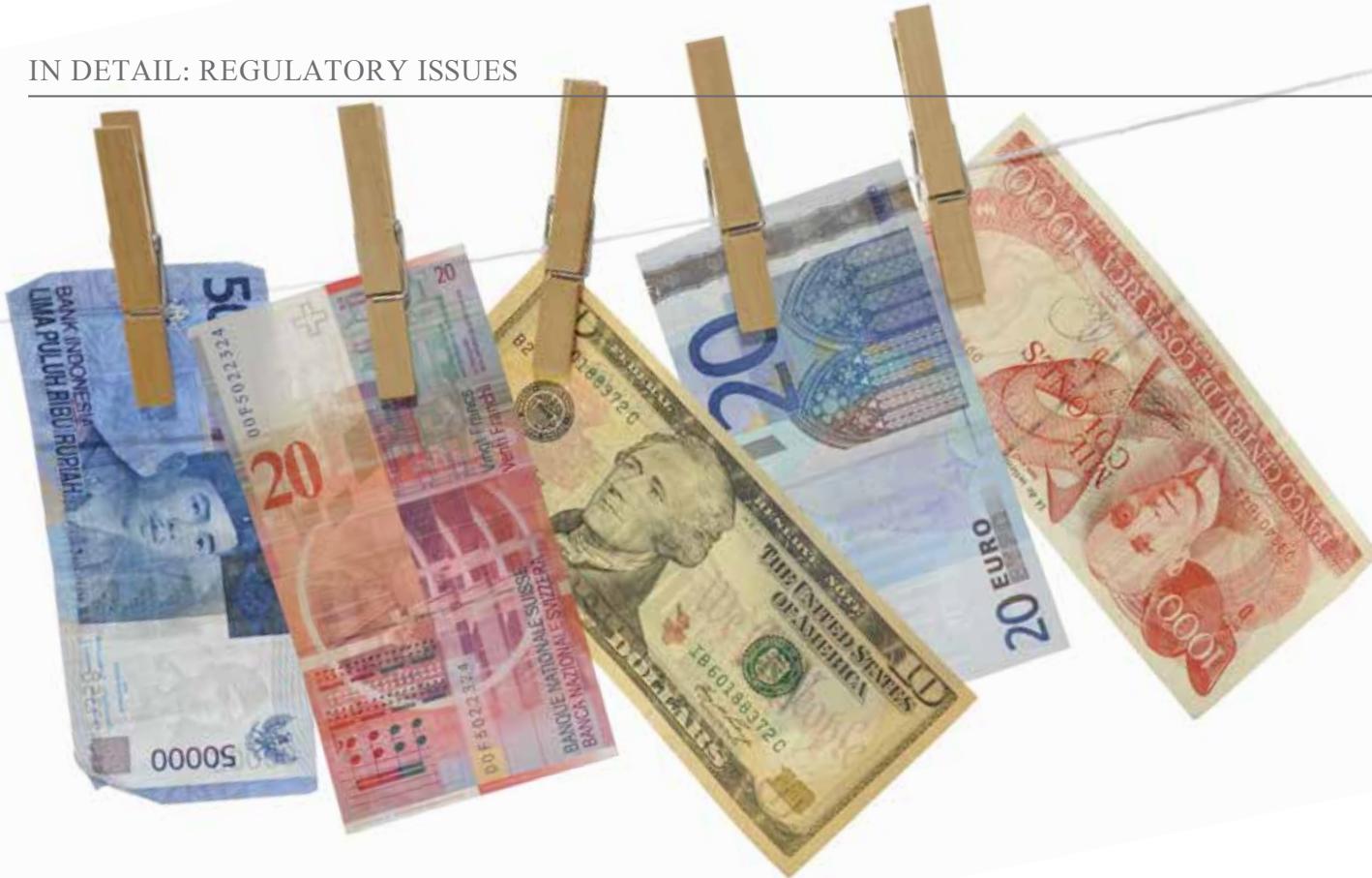
The benefits are clear, but will come at a price: companies that embrace digitalisation can enjoy more streamlined, profitable and safer ways of working. The given is that it's no longer a matter of being ahead of the game, or simply the smart thing to do. It's now essential. **B**



**Joe Chan,**  
Arcadis Country  
Head for China  
East

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# Know Your Customer's Customer

**Hong Kong ranks fourth globally as an international finance centre, but to remain at the top of the rankings, it needs to demonstrate its regulatory strength.**

– By Lapman Lee

Today, our “Fragrant Harbour” ranks as the fourth international financial centre (IFC) globally, behind London, New York, and Southeast Asian city-state Singapore, but ahead of Australia, China, Japan, and South Korea.

To maintain or even enhance its treasured ranking, Hong Kong is required to demonstrate the effectiveness of its Anti-Money Laundering (AML) /

Combating the Financing of Terrorism (CFT) systems against international standards set by the Financial Action Task Force (FATF).

In a year's time, Hong Kong will undergo its FATF evaluation with the Hong Kong SAR Government taking steps to close any gaps against the 40 FATF recommendations. China's FATF evaluation is expected to run in parallel, albeit with an earlier start.

## FATF evaluation timetable

No doubt, Hong Kong has carefully studied the 2016 evaluation report that came out for Singapore, where a “less mature understanding” of risks by designated non-financial businesses and professions (DNFBP) such as Trust and Corporate Services Providers (TCSPs) was observed.

TCSPs include companies and individuals that, on a professional basis, participate in the creation, administration and management of trusts and corporate vehicles (not including financial institutions, solicitors, accountants, and real estate agents). Today, TCSPs, which are estimated to number between 10,000 and 20,000 in Hong Kong, are not required to be licensed and are not regulated.

## Extending the AML/CFT regime to DNFBPs

Early last year, the Financial Services & Treasury Bureau (FSTB) published a consultation document “Enhancing Anti-Money Laundering Regulation of Designated

Non-Financial Businesses and Professions", after which the Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) (Amendment) Bill 2017 was submitted to the Legislative Council. It is expected to come into effect on 1 March 2018.

At its core, the Bill will effectively adopt the FATF recommendations to apply customer due diligence and record-keeping requirements (#22) to solicitors and foreign lawyers, accountants, real estate agents, and trust and company services providers.

### Preparing for the deadline

While there exist regulatory regimes for solicitors, accountants and estate agents who can take on the statutory oversight for ensuring compliance with CDD and record-keeping requirements, there are none for TCSPs.

As such, the Bill includes a requirement to apply for a license from the Companies Registry before TCSPs can continue providing services. To allow for additional time to meet the licensing requirements, a transitional period of 120 days from the effective date of the Bill has been introduced. This transition period applies only to persons that were already carrying out a TCSP business and in possession of a valid business registration certificate, immediately before the 1 March deadline.

As the regulator for TCSPs, The Companies Registry will need to invest in governance, process, and technology capabilities to implement the licensing regime, build a database of TCSPs, carry out compliance checks on licensed TCSPs and undertake disciplinary and enforcement actions.

Some market participants expect the number of small to medium-sized TCSPs to fall since investment is required to put in place governance, process, and technology capabilities to meet the minimum customer due diligence and record-keeping requirements.

*At its core, the Bill will effectively adopt the FATF recommendations to apply customer due diligence and record-keeping requirements to solicitors and foreign lawyers, accountants, real estate agents, and trust and company services providers.*

However, other jurisdictions already require regulated capabilities, so the transition for the large and international TCSPs is expected to be relatively smooth.

The Companies Registry, however, has the right to issue additional and more stringent regulatory requirements down the road through flexibility built in in the Bill (Section 53ZM).

For small to medium-sized TCSPs, a gap analysis or readiness assessment is recommended to ensure it meets the minimum licensing and regulatory requirements in Hong Kong,

whereas large and international TCSP may benefit from a health check of its Hong Kong AML/CTF capabilities and control framework to ensure global industry leading practices such as the Standard on the regulation of TCSPs.

Philip Nicola-Gent reiterated the point that "Research undertaken by the FATF in conjunction with the Caribbean Financial Action Task Force ("CFATF") has shown higher standards exist for anti-money laundering and combating the financing of terrorism in jurisdictions where Trust and Corporate Service Providers are regulated." Philip chaired the Group of International Finance Centre Supervisors working group that created the Standard on the regulation of TCSPs. 



**Lapman Lee**  
Managing  
Director at Duff & Phelps

**Duff & Phelps** is a premier independent advisor with expertise in the areas of valuation, corporate finance, disputes and investigations, compliance and regulatory matters, and other governance-related issues. Our clients include publicly traded and privately held companies, law firms, government entities and investment organizations such as private equity firms and hedge funds. We also advise the world's leading standard setting bodies on valuation issues and best practices.



# The Laggards

**Is Hong Kong's digital landscape falling behind to the rest of the world?**

—By Jerome Tam

You live in Hong Kong, so you've inevitably had the conversation: Why is it such a pain to bank, shop or book anything online here? Known in the 1990s as a city at the forefront of the global tech scene, Hong Kong is now lagging in the digital revolution. There is even currently talk that Singapore will overtake Hong Kong as the start-up hub of Asia.

The government is trying to push things forward. In the recent budget, Chief Executive Carrie Lam announced a further HK\$2 billion for the Innovation and Technology Venture Fund (ITVF), to match up to 50% of investments made in the private sector. There is also the HK\$500 million Technology Voucher Programme (TVP), through which businesses can

get up to HK\$200,000 from the government to pay for internal technology projects. Meanwhile, the newly announced Smart Hong Kong initiative aims to make life "happier, healthier, smarter and more prosperous," by turning Hong Kong into a smart city. These initiatives make great headlines, but are things actually changing?

## Today's marketplace

In the private sector, the answer is yes. There is some amazing news coming out of the Hong Kong tech world. GogoVan just became the first Hong Kong-bred unicorn, following its merger with 58 Suyun. Weeks later, its main competitor, LaLaMove, raised US\$100 million at a valuation just shy of the billion

dollar mark to expand into South East Asia. The company is now preparing to IPO, and already has been approached by the New York Stock Exchange. LaLaMove's Chief Executive Chow Shing Yuk, however, has hinted that he wants to list in Hong Kong, to show people that a Hong Kong start-up can hit the big time, too.

Still, these companies are the exception. A Google white paper, titled "Hong Kong's Think 2020: Smarter Digital City", released in September, found that more than 20% of companies interviewed were not actively engaged in digital transformation projects, such as the use of big data, digital marketing, and cloud computing initiatives.

To us, this is not surprising. We have pitched to a huge range of companies that have the mentality of "if it isn't broken, why fix it?" Why use PayPal or Stripe to process payments for an event, when you can skip the 2-3.5% fee on the payment gateway and ask clients to post cheques, make deposits at ATMs and email pay-in slips?

What these businesses fail to see is that an improved user experience would increase sales, save a huge amount of administrative work, and make the whole client journey smoother. Sticking with the status quo is fine, until a competitor arrives with a better service and disrupts the market.

### Empathise with the users

I think it's important to point out here that when I refer to user experience, it doesn't have to be an online interaction. For a ticket company, say, the user experience starts from the moment a user finds out about an event and continues to their arrival at the venue or even promotions that occur after the event

itself, with ticket purchase and delivery being touch points along the way.

It is important to align each touch point so that the entire journey leaves them wowed. We shouldn't forget the user experience of the internal team either: the easier the job is for them, the fewer problems will arise, and so they will have more time to make clients happy. This approach requires trusting vendors from various fields to work on an aligned strategy that should be clearly defined with the business itself.

**What these businesses fail to see is that an improved user experience would increase sales, save a huge amount of administrative work, and make the whole client journey smoother.**

According to that same Google report, 81% of those surveyed perceived themselves to be digitally savvy, but in reality only 42% were truly digital – that is, they used services such as mobile banking or online collaboration apps. Though this may not be the best indicator: I would argue that while there are more apps and online services than ever available to Hong Kong consumers, a lot of these products are far from perfect. Even mobile banking apps produced by leading retail banks and insurance companies here have a lot of user experience issues, not to mention technical problems, that can lead to hours spent on customer service hotlines. You can't help but think: "I should have just gone to the branch."

Having said that, while Hong Kong was late to the starting line, now there is a lot of media focus, money and government support, it seems to be kicking things up a notch. Let's make things even better: Online shopping experiences that offer delivery within hours rather than days. Banking apps that do what they say on the tin. And finally, the ability to buy cinema tickets online for a big group of people, without having to sit in the same row. Call me crazy, but I prefer sitting in 2 rows of 4 people. It's the little things that count. **B**



**Jerome Tam**  
Co-Founder &  
Director, Rush  
Hour Media

**Rush Hour Media** is a Creative Web & Branding Agency. We fuse our expertise in visual and digital communication to deliver unique, engaging digital solutions. We have completed over 120 branding, website and digital consultancy projects. Our clients range from small start-ups to international corporations. Find out more about us and our services on [www.rhm.hk](http://www.rhm.hk) or give us a call at 3571 9881.



# A Co-Working Space of One's Own



**Today's entrepreneurs need more than a quiet room to get down to work and focus; they need a workspace that provides a vital connection to the work they do, and a community to support that connection.**

Nowadays, the tradition of having a fixed office space for businesses is slowly disappearing, especially for start-ups and SMEs with a limited number of employees. Instead, more and more work clubs and co-working spaces are appearing.

The reason for joining an entrepreneurial community instead of being boxed inside a conventional office is more than just having a desk to work at. People are joining work clubs and entrepreneur communities because it enables them to share knowledge

with their peers and make valuable contacts with entrepreneurs from various industries.

If you are looking to join a work club or a co-work space, here are some guidelines and tips to keep in mind when kick-starting your journey.

## **Join a community with a common goal**

Entrepreneurial communities are environments made of various start-ups and SMEs who are looking to establish their business. Some communities may

focus on tech or finance, and others may be in arts and design. Many people choose to join these communities for networking and to broaden their knowledge of the current business atmosphere; therefore, it is important to find a community that speaks the same language as your business.

### Find an entrepreneur community

Entrepreneur communities are commonly found at work clubs or co-working spaces where small businesses and start-ups set up office. Work clubs like these often hold various events and seminars to help their residents build their business network.

### Join a community that is flexible

Another benefit to co-working spaces is the high level of flexibility they provide to members. Whether as a freelancer or employee, members have the freedom to choose when, where, and how they work.

Many co-working spaces provide office access 24 hours a day, seven days a week. This means you can choose to work whenever suits your schedule or whenever you feel the most productive. Not a morning person? No problem! Enjoy taking off Wednesdays to volunteer at a local animal shelter? Go for it! Having flexible hours means you can live life on your own schedule, not your offices.

Co-working also offers flexibility in choosing your workspace. On days where you're feeling social, you can work in a communal area. If you're in need of focus, you can switch to a quiet spot. Choosing where you work gives you control over your environment, which is a large contributor to productivity.

### Entrepreneur community and life

Of all the reasons to choose a co-working space, more than 70% of members we polled chose "community" as the most important. Humans are social creatures, and our need for community and interaction doesn't just begin when we clock out for the day. With a co-working space rental, you're in an environment that provides community and social support, elements that are critical for happiness in the workplace.



*An entrepreneur community is more than just a location for individuals to set up an office; it's an environment established to help individuals overcome their business hurdles and to provide assistance to start-ups and SMEs.*



that the people there become an influential part of your life and business.

And workplace happiness isn't just about feeling good, it also helps you get more done. Happy employees are at least 12% more productive. Co-working spaces provide the sense of community that makes happy efficiency easy to achieve.

An entrepreneur community is more than just a location for individuals to set up an office; it's an environment established to help individuals overcome their business hurdles and to provide assistance to start-ups and SMEs. Being a part of an entrepreneur community is more of lifestyle integration than anything else. Once you join a work club or co-working space, you begin to realise

Eaton House in Hong Kong is a great place for those looking to get more involved in these entrepreneur communities. When you become a member of a well-established work club, your network broadens and your knowledge also enhances. Eaton House provides seminars for members to attend to ensure that each individual is up to date with relevant market information in order to maintain competitive edge at all times. B

**Eaton House** is a Social Work Club – a hybrid between a private member's lounge and a workplace. In the heart of Hong Kong's financial district, offering an exclusive and refined workspace, great F&B offering and unique events programming. Eaton House is the new fintech hub and work platform where sophisticated individuals meet. For more information visit [www.eatonhouse.com.hk](http://www.eatonhouse.com.hk) or call 3971 8999.





# Anatomy of a Start-Up

**Cashmaster's decision to launch in Asia was based on intelligent market analysis, risk assessment and belief in the product.**

– By Gordon McKie

**C**ashmaster International is an SME of long-standing in the UK, USA, Europe, and Australia where our count-by-weight cash counting devices are a staple part of many clients' cash management systems. Some 250,000 Cashmaster devices are currently and actively used by long term, global clients including fast-food restaurants and coffee shops, convenience stores and supermarkets, retailers and banks.

Our decision to launch an Asian regional headquarters in Hong Kong was predicated on two facts: we would be pioneering the introduction of our latest touch screen technology to the region, and

many Southeast Asian markets are still solid cash-based environments. Simply put: these were ideal conditions during which to establish the company in the HKSAR.

## Launching in Hong Kong

I was already familiar with Hong Kong and still had valued contacts within the community, making it the ideal launch platform. Hong Kong responds well to new products, and our touchscreen "Cashmaster One" range is the most sophisticated of its type on the market. Cash is still king in many of Asia's markets, so it was fertile ground to seek expansion of our business.

We were lucky to have good advisers on regulatory, legal and audit procedures, which smoothed our entry substantially, as well as having invaluable support and guidance from a local corporate affairs adviser.

We were also fortunate in being introduced early on to the British Chamber as part of our launch activities, participating in a Breakfast Briefing on Cashmaster that allowed my chairman, Malcolm Offord, and

me to explain a bit about Malcolm's investment philosophy, the Badenoch Investment Fund, and about Cashmaster: Other marketing activities raised our profile further.

We touched base with any and all organisations that could provide perspective; advice or more practical help such as introductions to potential customers at the right management level, including UK and HK government units, trade bodies and the Chamber itself.

### Keys to success for SMEs

You have to be prepared to do the homework in researching the market beforehand. Individuals and organisations are prepared to help you but you have to help yourself too. It's essential that you have sufficient resources and that you use them wisely. Hong Kong is an expensive city – I'd say that it's crucial for new entrants not to underestimate the level of investment required.

We had confidence in the potential of the Hong Kong market but we did not over-commit on resources until there was some surety of success. Ours is a business that takes time to come to fruition – typically six to nine months from initial approach to signed contract. We factored that into the equation when assessing our initial needs.

As we gained traction, we engaged a stable and talented, Cantonese-speaking sales support and product training team that has been critical to the success we have achieved thus far. It's still a small team, but we envisage growing that organically.



“

**We had confidence in the potential of the Hong Kong market but we did not over-commit on resources until there was some surety of success.**

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### Building the customer base

It was axiomatic that we would approach well-known brands here in Hong Kong that were already using our count-by-weight technology in other territories. But we also have encountered much interest from Hong Kong companies that have been very quick to catch on to the likely benefits of using the Cashmaster One range of products. We now have significant contracts with household names in convenience stores and supermarkets, retailing, and fast food, among others, and our reach has extended from Hong Kong to Japan, Macau and Singapore. Other Southeast Asian territories will follow.

There is much debate on cash-based versus cashless societies, but environments develop in response to their circumstances. China, for example, was an early adopter of e-wallets and QR codes given the speed of its development and far-flung provinces, but currently 33% of all payments there are by cash and growing. Hong Kong is no less tech-oriented but geographically compact. It has a respect for a system that already works and suits its population, with many uses for cash that are not just transactional but incorporate an element of social interaction that is valued.

### Last minute advice for SMEs

Take advantage of every opportunity that comes your way, even if at first

it doesn't seem too direct a path. Persistence is key, you can't crumble at the first hurdle, and you need to have some patience. But having said that, if all else fails, cut the losses before the bleeding leads to total exsanguination. B



**Gordon McKie**  
Cashmaster  
International  
CEO

**Cashmaster** is a global company that specialises in the design and manufacture of count-by-weight "cash counting" devices using the most advanced touch-screen technology. The company has more than 30 years' experience in creating innovative and reliable cash handling solutions for a wide range of international clients including supermarkets, convenience stores, retail, banking, fast-food restaurants and coffee shops.

 **Cashmaster®**  
Counting your success

# Boutique C'est Chic

**There remains much value in the UK property market and alternative ownership structures.**

– By Murray Holdgate

Throughout all the political and economic turmoil of 2017, the UK has been the talk of the town among investment communities as folks try and make sense of what Brexit will ultimately mean and seek clarity around investment decisions.

An immediate benefit of the uncertainty following the Brexit referendum is the UK government's accommodative stance to counter economic pressure. The government announced a massive investment pipeline, generous tax reductions and will tolerate higher inflation. This means lower interest rates, increased asset prices and support for jobs. Another side effect has been Sterling's weakness, which has been a boon to investors; though it has clawed back almost 50% of the loss, averaging 1.32 now versus 1.22 at its lowest, to the dollar. Meanwhile lower oil prices have kept inflation in check.

Recent nationalistic sentiment and fragmentation in Europe – the Spanish/Catalan and Belgian/Flemish concerns, and on-going efforts to keep Greek, Italian and Spanish economies afloat – should also help improve the UK's attractions. And a reconsideration of the revision of the EU's financial asset-management rules is afoot, lest those rules end up de-stabilising the global economy. Overall, the UK still has chips on the table and is ready to play.

## Does this mean higher UK property prices?

A ripple effect of commuter belt first-time buyers is creating pockets of double-digit growth outside Central London. According to official figures, the number of people in their 30s who are moving out to the commuter towns due to affordability rose by 27% in the last five years.



Commuter towns mean just that: commuting. Close to £500 billion worth of projects have been announced, such as The Cross Rail (Elizabeth line), the High Speed Link (HS1 & HS2), the Northern Regeneration corridor, Birmingham city-centre regeneration, the Bakerloo Line extension and the Bristol airport to name a few. Job creation at these projects should see that unemployment remains at a 40-year low.

An increase in property prices since the financial crisis means many non-retired domestic households have been priced out of the property market, despite higher net national disposable income. This has created solid demand for rental property. While the situation of first time buyers unable to access home-ownership has been well documented, now more mature renters, particularly families, join them. Estimates suggest these "trapped" renters now account for more than half of the UK rental sector, thereby increasing yields on investments in these areas.

Apart from industrial trends and financial considerations, the UK's stable legal system and government policies form a backdrop to property investment. Some investors focus on capital growth; others focus on yield. Some buy for future generations; others buy for speculative reasons. Whatever the rationale, location remains the most important factor for all investors. London, especially Zone 1, is still the most popular though it offers low yields. London's Mayor has said that the £1.13 trillion investment contracts that will be carried out over the next 35 years means London will remain one of the top global cities in which to live. Manchester continues to grow, while Liverpool, early in its cycle, still offers affordable price points.

First-time buyers, considered a barometer of the market's health, have been the focus of



government. "Help-to-buy schemes" are aiding first-time buyers and facilitating the up-selling of property in those areas.

Peckham, setting of the popular sitcom *Only Fools and Horses*, is now considered to be the first time buyer capital of London. Upmarket eateries, bookshops and clothing tailors are now visible on the high street. The Catcher building is a great example of value in this area. With a catchy name, derived from the famous 1951 literary novel *Catcher in the Rye*, there are more than 30 one-, two- and three-bed apartments available at an attractive price point.

Other suburbs with off-market opportunities now offer the best value for investors. Examples include Greater London areas that have benefitted from the Elizabeth line (Cross Rail), Brentwood in Essex, and Slough in Berkshire to name a few. Here, smaller boutique projects that don't suffer from the suppression of yield and prices when many units come to market at once are proving most popular. Dalston is now a hot spot

***An Increase in property prices since the financial crisis means many non-retired domestic households have been priced out of the property market, despite higher net national disposable income. This has created solid demand for rental property.***

after Islington and Hackney shot up in price (up 700% in the last 20 years), Brixton gained from Clapham and Hounslow from nearby Heathrow expansion as well as Cross-Rail.

#### **Additional considerations**

Another topic is Student Accommodation schemes. We urge caution when considering this sector, yields are attractive but exit can be difficult.

Development finance and alternative ownership structures are now increasingly attractive. The tightening of bank lending has given rise to these alternatives to traditional equity investment. One can lend money secured on the asset and participate through

a profit-share or option-to-own structure. We offer these secure, value-add structures to investors in Asia. They come with full suite of security features to ensure control piece of mind, within tax-efficient structures. This method is recommended for property investment if ticket size is larger than usual and creates a natural hedge against a shift in growth. B



**Murray Holdgate**  
Managing Partner

**Platinum Rise** is a Hong Kong-based investment real estate business focussed on achieving value for our client base through investments into leading and secondary international property markets. We have a fund through which we lend capital to international developers. This gives our clients first access to a global portfolio of projects across the residential, commercial, student accommodation, health care and trophy asset sectors. For more information, contact [Info@platinum-rise.com](mailto:Info@platinum-rise.com)

**PLATINUM-RISE**  
百德林国际 Real Estate



British Consul-General to Hong Kong and Macau Andrew Heyn giving a welcome speech at the GREAT Festival of Innovation launch event on 20 November.

# The Future is GREAT

**From 21-24 March 2018, The GREAT Festival of Innovation will be held at the Asia Society of Hong Kong.**

– By Charlie Toller

If you want a window into what the future holds, look no further than the upcoming GREAT Festival of Innovation. From 21-24 March 2018, the UK's Department for International Trade (and private sector partners) will deliver the GREAT Festival of Innovation at the Asia Society Hong Kong. This will be the third GREAT Festival, following the successes of the GREAT Festival of Creativity in Istanbul in 2014, and Shanghai in 2015.

The Festival will take place at a historic moment for the UK, Hong Kong and Asian economies. Our lives – the way we work, learn and play is changing exponentially and at frenetic pace. Innovation has

made our lives longer, our countries borderless, our cities smarter, our work automated, our economies cashless and has put play into our pockets. These advances are grounds for challenges to our perceptions as our lives change irrevocably, and a celebration of our intellectual creativity. The GREAT Festival is about fostering innovation, building long-lasting partnerships between UK businesses and Asian markets, and championing free trade with nations, sectors and individuals to deliver mutual prosperity.

## A showcase of future trends

Across four days, the Festival will offer a series of



We asked children, what will the future look like?



Children set the bar for innovators. Can we make payment in high-fives a reality?

thought-provoking and lively keynotes, master classes, showcases, installations and performances involving industry leaders, entrepreneurs, artists, educationalists, futurologists to an audience from the UK, Hong Kong, China, Japan, South Korea and wider region.

The Festival will explore a wide range of topics, from smart cities, cybersecurity, fintech and machine intelligence, to the future of free trade, alternative energy sources, new models of learning and innovation by design in fashion, art and retail.

During the launch of the Festival at the Think Asia Think Hong Kong conference in London, UK Minister of State Greg Hands said, "I passionately believe that innovation is the key driver of future prosperity, and it is a privilege that my department will play a part in supporting these firms as they take their first steps towards the future."

Chief Executive Carrie Lam was equally enthusiastic about the event. "I am glad to note that our

“

***The Festival is a loud and clear statement of the UK's commitment to Hong Kong and to Asia. It will showcase the next generation's bilateral cooperation to sit alongside our long-standing bilateral trade and cultural links, and our shared commitment to free trade and open markets.***

– Andrew Heyn

”

markets and opportunities.

For details about the GREAT Festival of Innovation, contact Charlie Toller, GREAT Festival Manager at [charlie.toller@fco.gov.uk](mailto:charlie.toller@fco.gov.uk) or 2901 3457. B

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

**GREAT FESTIVAL OF INNOVATION**



*Hong Kong  
21-24 March 2018*

# City of Light

Hong Kong's winter wonderland offers a glittering sky-scape of light and colour.

– By Hong Kong Tourism Board





### Hong Kong WinterFest

Soak in Hong Kong's festive ambience and celebrate winter like nowhere else! Prepare for glorious snapshots of Victoria Harbour, surrounded by glittering skyscrapers wrapped in festive lightings.

It's impossible not to feel Christmassy while appreciating the iconic Statue Square Christmas Tree or while marvelling at the wonder of the Hong Kong Pulse Light Show. Carry in to ring in the New Year with the Hong Kong New Year Countdown Celebrations when spectacular fireworks light up the sky.

Don't miss the season's events at top attractions well as those special shopping offers and festive menus that add to the joyous atmosphere! The festive season

will be unforgettable with Hong Kong WinterFest, so enjoy a sparkling holiday here and be merry!

1 December 2017 to 1 January 2018

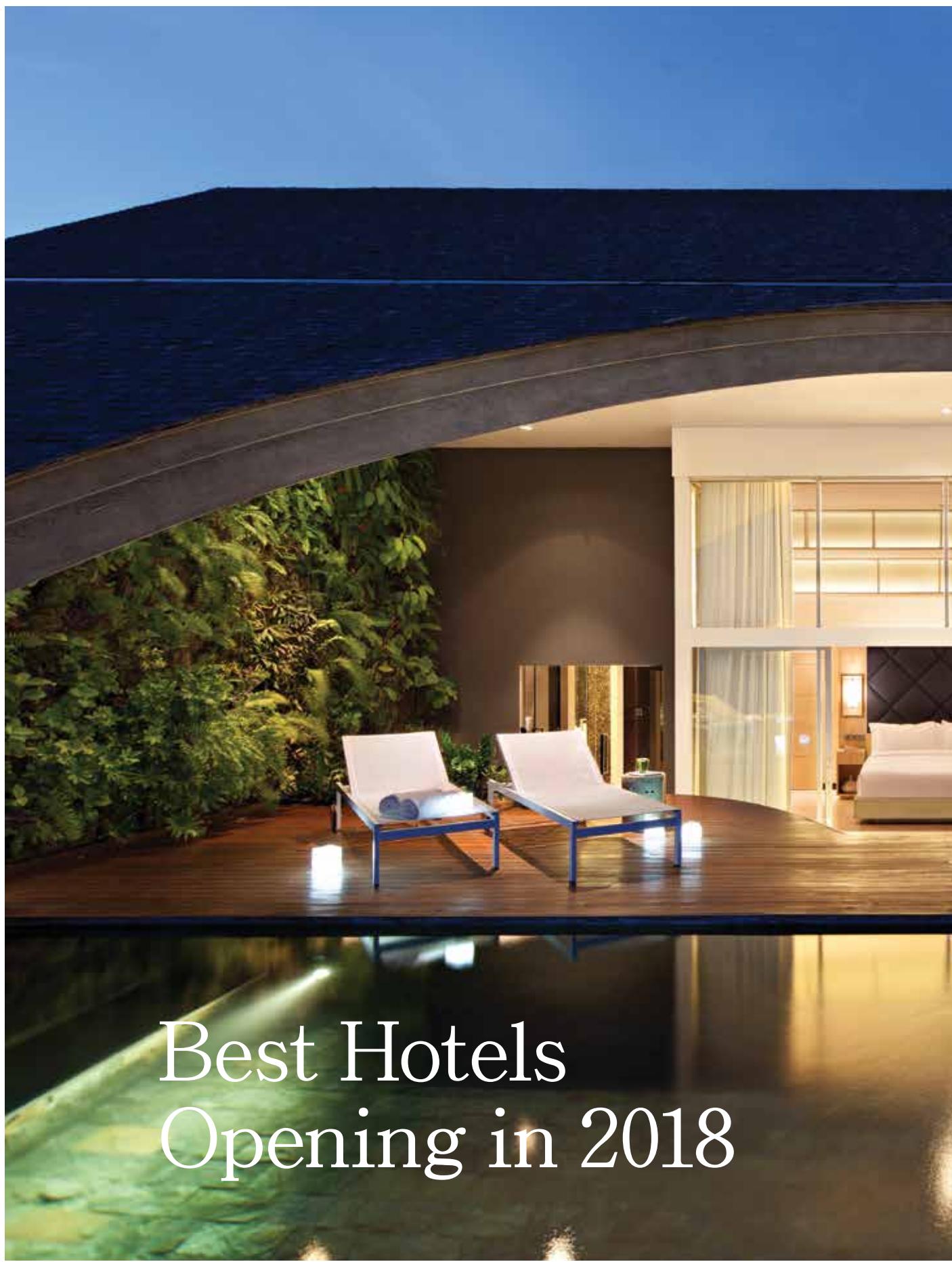
### Hong Kong Pulse Light Show

Enjoy an exhilarating multimedia performance with spectacular lighting, 3D projection mapping, music and sound effects at the Hong Kong Cultural Centre Open Piazza. Coinciding with Hong Kong WinterFest, this mesmerising display will add a splash of colour to your holidays. Visit [DiscoverHongKong.com](http://DiscoverHongKong.com) for more details.

1–28 December 2017, throughout the Hong Kong WinterFest event period. **B**

**The Hong Kong Tourism Board (HKTB)** is a government-subvented body that markets and promotes Hong Kong as a travel destination worldwide and to enhance visitors' experience once they arrive.





# Best Hotels Opening in 2018

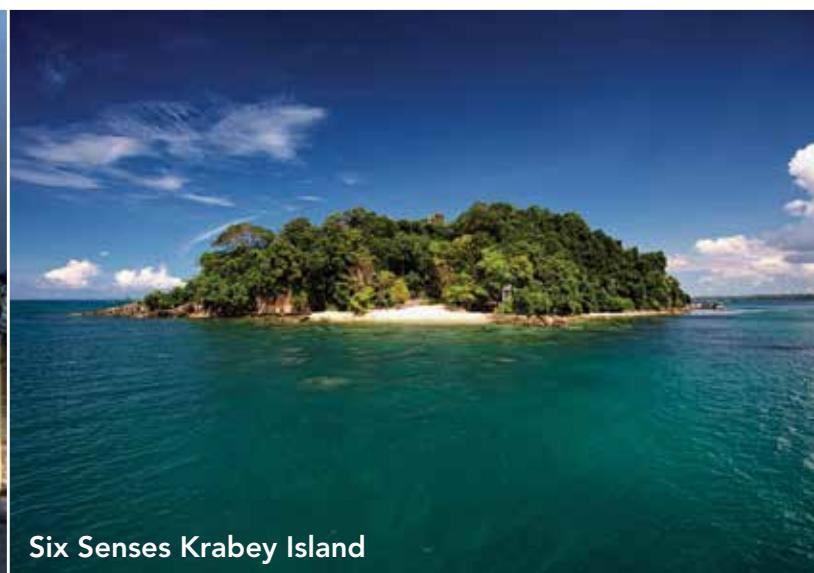


They're fresh, they're exciting, and they're launching throughout 2018. Lightfoot Travel reveals the exclusive hotels that will provide a holiday to remember. – By Jo Upcraft

COMO Echo Beach



**Mandarin Oriental Qianmen**



**Six Senses Krabey Island**



**Viceroy Cartagena Colombia**

### **Mandarin Oriental Qianmen, Beijing**

Mandarin Oriental will open its first hotel in Beijing next year, and it's slated to be one of the city's most intriguing luxury properties. Pitched as a low-lying resort, this sophisticated new stay is set to occupy the Qianmen East Hutong Quarter, minutes away from Tiananmen Square, the Forbidden City and the Temple of Heaven. Oozing an air of mystery, guests will reside in charming antique courtyard houses connected by narrow alleyways, labyrinths and corridors. Dining venues will dot the courtyards and there will also be a spa, an indoor swimming pool, and a fitness centre.

### **Six Senses Krabey Island, Cambodia**

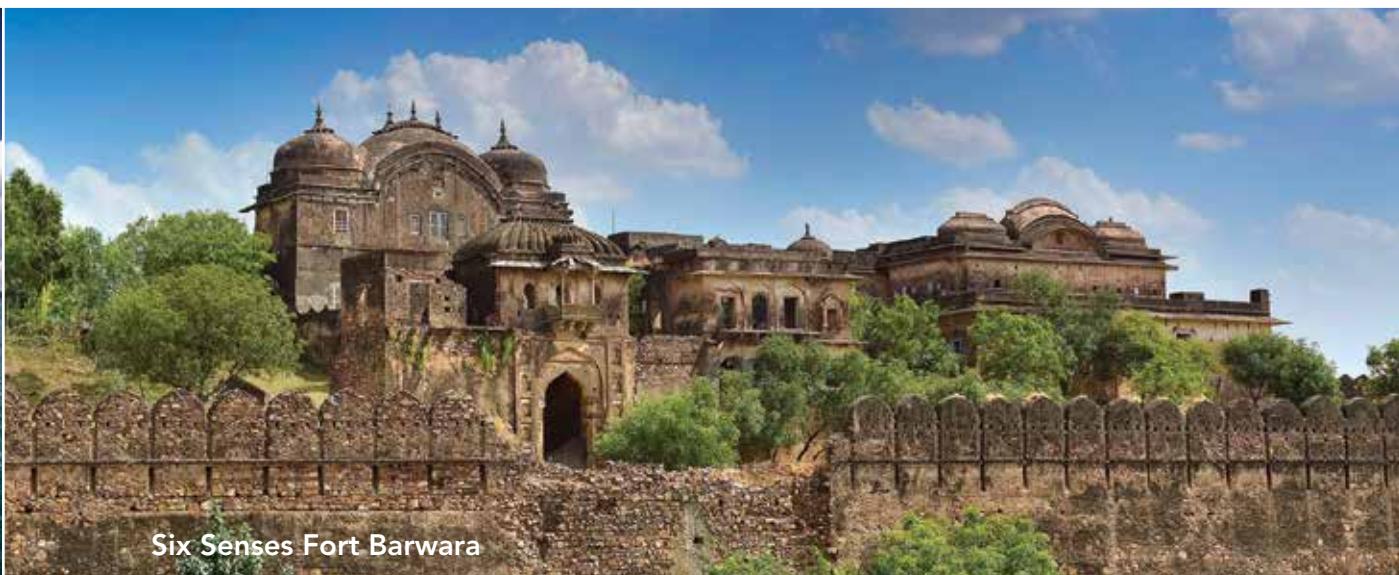
Just when you thought all potential paradise islands had been discovered, here comes Six Senses Krabey Island, a stunning resort of 40 pool villas, just a short boat ride from mainland Cambodia. Rooms will be sustainable and sophisticated, featuring comfy day beds, generous bathtubs, outdoor showers and private plunge pools. Of course, the property's signature spa will not disappoint thanks to ancient Cambodian healing therapies, courses and workshops. Additional amenities include a meditation cave, nail bar, gym, and outdoor yoga and treatment sala.

### **Viceroy Cartagena Colombia**

Nestled in a 16th century walled city is the majestic Viceroy Cartagena Colombia, just waiting to be uncovered! Promising an opulent feel, touches of drama and elegant surrounds, a sleek modern lobby with cascading waterfalls and Spanish-style arches awaits. The 102 airy and expansive rooms come with timber beamed ceilings and a myriad of tiles and textures. Other features include a courtyard pool, fitness centre, spa, signature restaurant, and a fabulous rooftop pool and bar with 360-degree views of Cartagena.

### **COMO Echo Beach, Bali**

Start packing your bags: COMO Echo Beach on the south coast of Bali should not be missed! With 53 rooms and suites, 66 one-, two-, and three-bedroom private apartments including 12 Penthouses with private pools, the resort will be sophisticated and secluded, and boast modern Asian architecture and floor-to-ceiling windows. COMO Beach Club will serve nutritious cuisine and provide a spot for dancing under the stars. COMO's legendary Shambhala Retreat will have a strong presence, as well as an in-house surfing school for those keen to catch the waves.



**Six Senses Fort Barwara**



**COMO Echo Beach**



**Fasano Miami**

### **Six Senses Fort Barwara, Rajasthan**

It's going to be a busy year for Six Senses who will also open Six Senses Fort Barwara towards the end of 2018. The majestic property will feature 48 suites within a restored 700-year old historical fort once owned by the Rajasthani Royal Family. As a bid to retain a gracious and regal ambience, the design will include the original fort structure and traditional gardens and water features. Amenities are slated to include two restaurants, a bar and lounge, a fitness centre, two swimming pools, a retail boutique, and a kids' club. The original site of the women's palace will be converted into Six Senses' legendary spa offering extensive ayurveda, meditation, and wellness programs.

### **Fasano Miami**

Fasano takes its first step into the US with its much-anticipated new development in Miami. The feel will be both relaxed and contemporary, with earthy-tones, woven fabric chairs and creamy hues adding to the atmosphere of sanctuary and seclusion. Guestrooms are thoughtfully designed with clean lines, white tones, and modern light wood furniture. The entire three-acre oceanfront complex will also include an iconic lagoon-style pool, a state-of-the-art spa, fitness centre, and multiple fine-dining options directed by acclaimed chefs. What are you waiting for? **B**

**Lightfoot Travel** is a luxury tour operator with offices in Singapore, Hong Kong and Dubai, specialising in designer holidays around the world.  
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# DESIRE MADE REAL

## Christmas Spirits

A fabulous **Classified** Hamper filled with Christmas goodies for family, friends and colleagues to indulge on. Share and exchange the holiday spirit filled with goodies such as homemade mulled wine mix, mixed nuts, decadent homemade gingerbread man, and homemade seasonal jam.

Available online at [www.classifiedfood.com](http://www.classifiedfood.com) from HK\$700



## Arts

Hong Kong's ultimate family holiday tradition, The Nutcracker, performed by the **HK Ballet**, returns to enthrall audiences once again with the splendour and magic of Clara and Fritz's grand adventure! The Nutcracker will capture your imagination and transport you to a wondrous world of courageous toy soldiers, captivating dolls, dramatic sword fights and enchanting snowflakes. Celebrate the festive season with family and friends at this beloved holiday event, and make memories to cherish for years to come!

Tickets can be purchased at [www.hkballet.com](http://www.hkballet.com), starting at HK\$180



In a beautiful two-toned red, the **Mulberry** Monochrome Pheasant Square will put you in the festive

spirit. This square scarf features a pheasant motif, referencing Mulberry's roots in the English countryside. It's a perfect gift for Christmas in Hong Kong's not-so-chilly winter.

Available at **Mulberry**,  
Ocean Centre, Harbour City,  
Tsim Sha Tsui or Podium Level 2,  
IFC mall, Central

## Her

## Him

Present your favourite whisky in this exquisite decanter from **Baccarat's** Harmonie collection. Crafted from glass crystal for a shining, dazzling finish, and topped off with a matching stopper, this is the perfect way to share a glass or two with family and friends this holiday season.

RRP HK\$5,300. Available at [www.lanecrawford.com.hk](http://www.lanecrawford.com.hk)



## Fe&B



Ease into the holiday season mood with a **Ritz Carlton** Vienna Afternoon Tea, served at the highest hotel in the world. The Ritz-Carlton Hong Kong is partnering with Vienna Tourist Board and Austrian Airlines to bring a Viennese Christmas spirit, in the form of an exquisite Vienna Afternoon Tea, to The Lounge & Bar. For a limited time, guests will be able to sample delectable creations from the famous Viennese coffee house Café Landtmann while being entertained by stunning performances from the Vienna Boys Choir Academy Concert Choir.

**For reservations, e-mail**  
**restaurantreservation.hk@ritzcarlton.com**  
**or call 2263 2270**

## Style



These Waka Artisans Sake Cups are individually handmade by Japanese ceramic artist, **Koichi linuma**. Each piece is created to be completely unique, an art piece as well as a functional piece of tableware. Experimenting with a variety of materials, including: glass, silver, and numerous other glazes to express his artistic creativity, Koichi linuma's sake cups are notable as collectors' items as he continues to gain an impressive reputation in the arts scene.

**RRP HK\$1,250. Available in store and online at**  
**www.wakaartisans.com**

The luxurious fragrance of this Juniper & Ginger Reed Diffuser combines the crisp scent of Juniper with the sweet spiciness of Ginger. Hints of Clove, Bergamot and Patchouli blend with the freshness of Eucalyptus to envelop you in sumptuous warmth. The **Cochine** Fragrance Collection is inspired by the perfumed settings of Vietnam. Juniper & Ginger draws on a lesser-known part of the country, the Central Highlands. Here the cooler climate, French chalets and evergreen forests transport you to a world of Alpine charm.

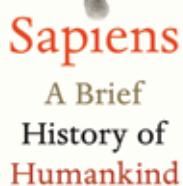
**RRP HK\$480. Available at** [\*\*www.cochine.com\*\*](http://www.cochine.com)



# Book Shelf

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

Yuval Noah  
Harari

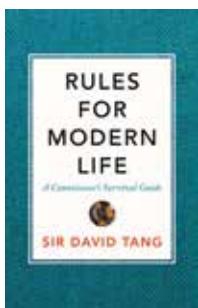


## Sapiens: A Brief History of Humankind

By Yuval Noah Harari

100,000 years ago, at least six human species inhabited the earth. Today there is just one: *Homo sapiens*. How did our species succeed in the battle for dominance? Why did our foraging ancestors come together to create cities and kingdoms? How did we come to believe in gods, nations and human rights; to trust money, books and laws; and to be enslaved by bureaucracy, timetables and consumerism? And what will our world be like in the millennia to come?

Bold, wide-ranging and provocative, *Sapiens* challenges everything we thought we knew about being human: our thoughts, our actions, our power ... and our future.

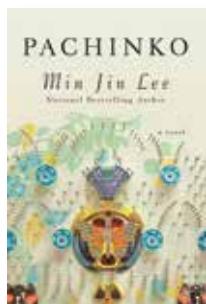


## Rules for Modern Life: A Connoisseur's Survival Guide

By Sir David Tang

The twenty-first century is an age of innumerable social conundrums. Around every corner lies a potential faux pas waiting to happen. But if you've ever struggled for the right response to an unwelcome gift or floundered for conversation at the dinner party from hell, fear not: help is at hand.

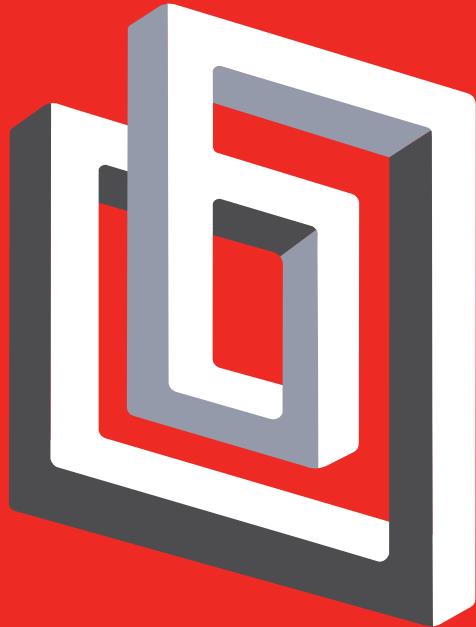
In *Rules for Modern Life*, Sir David Tang, resident agony uncle at the *Financial Times*, delivers a satirical master class in navigating the social niceties of modern life. Whether you're unsure of the etiquette of doggy bags or wondering whether a massage room in your second home would be *de trop*, Sir David has the answer to all your social anxieties – and much more besides.



## Pachinko

By Min Jin Lee

Thirty years in the making, Lee's sweeping, multi-generational novel is set in 1900s Asia and is informed by stories she heard about legal and social discrimination against Koreans in Japan; a history that has been largely denied and erased. This story kicks off with an unplanned pregnancy and the promise of a less-shameful life in Japan and evolves into an addictive family saga packed with forbidden love, the search for belonging, and triumph against the odds.



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# Member Offers

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

Please present your membership card to enjoy these special offers. Full offer details are available online at [www.britcham.com/membership/membersoffers](http://www.britcham.com/membership/membersoffers)



## Food & Beverage & Accommodation



Up to 10% room discount on "Best Available Rate" of the day



10% discount on dining bill in Central, Wan Chai and Stanley locations



10% discount on a-la-carte dining



10% discount on the dining bill



10% discount on the dining bill



Complimentary small plate with purchase of main



15% discount on dining between Monday to Saturday



15% discount on evening dining, and any Plateau A La Carte treatment over \$900



10% discount upon spending \$300 in one transaction



10% off dining bill for Korean BBQ



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



10% discount on the dining bill



Save \$90 Upon Spending \$900 Online at ParknShop.com



Receive a welcome drink at the Botanicals Bar, 20% off for dinner and 10% off for lunch



10% online discount on 'Best Available Rate' at Rhombus Group's Hotel Panorama, Hotel LKF, Hotel Bonaparte and Hotel Pennington



10% off the "Best Available Rate" of the month

## Lifestyle & Travel



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



15% discount on dry cleaning services only



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15% discount on published lettings & management fees



20% discount on treatments for first time clients, and 10% on subsequent visits

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Email [marketing@britcham.com](mailto:marketing@britcham.com) to suggest an offer to our members. Strictly limited to members companies only.

# Annual Economic Debate 2017 – Black Swans Redux: Feathers Could Fly

24 October 2017 – The Hong Kong Club, 1 Jackson Road, Central



On 24 October, the Chamber's Scottish Business Group hosted another one of their popular Annual Economic Debates. Welcoming back economists Dr Jim Walker and Dr Simon Ogas, and moderator and Scottish Business Group chairman John Bruce, this year's debate addressed what had been a tumultuous year, and gave some predictions as to what the next year would bring.

Events of the last 12 months have been nothing if not surprising, ranging from unexpected results in US and French elections; a roller-coaster ride for sterling; sabre-rattling in the Middle East and North Asia; and the human tragedy and economic chaos wrought by natural disasters. Our economists had a real task set out for them.

Simon suggested that Japan's expanding workforce means that it's becoming a promising entity again, but also that the risk of minor trade wars with the US in the Asian region generally is on the rise. Jim predicted that there will be another two to three years of good Chinese growth, and good performance, but also that the Philippines' currency is vulnerable. He stated that the US economy has done well in the past

year, with US recession indicators now largely gone, which should mean that the country is safe until the end of 2018.

So, the US is doing well, Europe is doing better than expected and Asia is doing well... volatility in the stock markets is low, but unfortunately the same cannot be said for politics! Our speakers suggested that socialism for working people is on the way, including the wider adoption of the basic universal income. Locally, Jim suggested that looking at the current state of the economy and the region, the prediction couldn't be anything but upbeat for Hong Kong. Simon added though that an increase in social unrest would be the main concern if one had assets here.

Overall, the outlook seemed more positive than in recent years, and both of our economists definitely gave plenty of food for thought. We will have to wait and see until next year's debate to see how many of their predictions hold true. A big thank you to our event sponsors Cashmaster whose support of this event year after year is truly appreciated, and also for their prize donation of fantastic Borders whisky freshly flown in from the UK!

# JLL 5-A-Side Corporate Football

16 October 2017 – Hong Kong Football Club &  
Jamie's Italian, Causeway Bay

Sponsored by



On Monday 16 October, Hong Kong's finest footballers and their supporters descended on the Hong Kong Football Club's pitches to take part in the Britcham annual 5-A-Side Corporate Football Tournament, sponsored by JLL.

A highlight of the sporting calendar year on year, the competition is fierce amongst the teams, with some of Hong Kong's biggest companies fighting it out for the cup. Sixteen teams took part in this year's event, including reigning champions Savills. Hosted in October for the first time, the cooler weather was

welcomed by players, fans and referees alike, with high quality football on the pitch and lots of fun had by all. The pitch-side beers helped the voices of the supporters to cheer on their teams, and in the end, the former champions Savills again reined supreme and won the Cup, after a brave fight in the final from the St Andrews Society. For the Plate final, we had Harneys and Currie & Brown going for the prize, with Currie & Brown ultimately proving victorious.

Once the football had concluded, all the teams and their supporters headed over to our dinner venue for the evening, the wonderful Jamie's Italian. Equally delicious ales and lagers, from our beer sponsors Brewdog, accompanied the delicious Italian feast. The night was not all about fun though, as guests were also raising funds for local charity Inspiring HK Sport Foundation, with their founder Gary Wong there on the night to explain more about the great work the charity does for young people in Hong Kong.

We would like to say a huge "thank you!" to the many people involved in this event, from the Emerging Leaders committee members helping with scoring and the Hong Kong Football Club, to Jamie's Italian and Brewdog, and of course to our sponsors JLL, without whom this event could not happen. Congratulations once again to our winners Savills and Currie & Brown, and to the rest of the teams – keep practising, and we hope to see you next year for some more football fun!



# Women in Business: Gin Tasting and Networking

19 October 2017 – Winsome House, 73 Wyndham St, Central



On Thursday 19 October, the Women in Business committee hosted another of their popular networking series sponsored by The Fry Group. Continuing on the theme of tastings from July's champagne event, this month members and non-members alike were invited to join the Secret Gin Club's resident expert Mr Gin to try a carefully curated selection of five outstanding gins.

Guests were treated to a range of gins, from the delectably smooth, to surprisingly spicy, coming from distilleries from Scotland, Cornwall and even Australia! On offer were Tarquins Dry Gin, Pickering's Gin, Audemus Pink Pepper Gin, Four Pillars Rare Dry Gin and Adnams Copper House Dry Gin. Everyone was invited to try a small tasting of each of the gins first, before deciding on their favourites to enjoy as three full-sized gin and tonics each served with its own signature gin and

garnishes. Mr Gin also gave the guests a brief history of gin making, as well as explanations about each of the gins on offer that evening.

Guests also enjoyed delicious canapes provided by Purple Beet. The event was hosted in a very special venue – Lot88's spacious art gallery located in the heart of Central. There was a range of contemporary art from both local and international artists, adding another fascinating dimension to the evening. As always we would like to extend our thanks to the Women in Business committee for their support of this event, and also of course to The Fry Group for its continued sponsorship of the series.

# SHAKEN NOT STIRRED

Sponsored by



26 October 2017 –  
Fumi, 6/F, California Tower,  
30-32 D'Aguilar Street, Central



Emily Weir (British Chamber of Commerce in Hong Kong) Aurelie Guignard Lehman (Lan Kwai Fong Properties) and Krystyna Kosciuszko (British Chamber of Commerce in Hong Kong)

Leah Paclibaar (Transperfect), Gerard Byrne (BT) and Silvia To (British Chamber of Commerce in Hong Kong)



Daryl Scott (Asia Plantation), Leanne Barbaro (Daydot Studio) and Marian Lau (British Chamber of Commerce in Hong Kong)

Sam Wolstenholme (Fourever Green) and Conway Lau (Firmus Production)



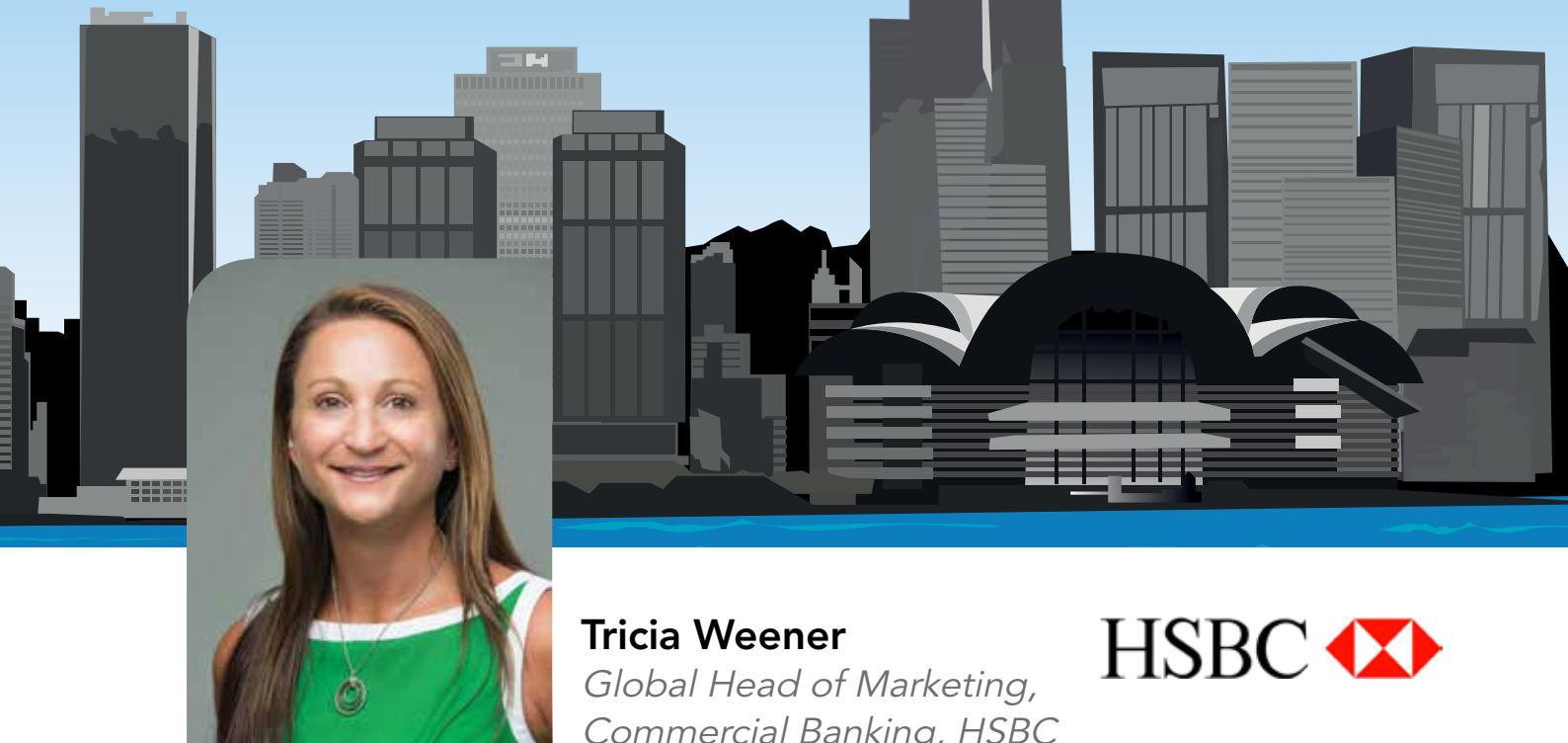
Marcel Corbeau (CUPPAZ) and Emma Harvey (Gammon Construction)

Daniel Glass and Craig Menzies (Benoy)

Ellen Leung (Kering Eyeware) and Anne Suaverdez (Transperfect)

# Perspectives

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



## Tricia Weener

*Global Head of Marketing,  
Commercial Banking, HSBC*

**HSBC** 

### How's business?

Business is good. Globally HSBC delivered strong results across our three largest businesses in the first three quarters of 2017. Reported profit before tax of US\$4.6 billion was US\$3.8 billion higher than the equivalent period in 2016.

The Asia Pacific region continues to be a key driver of growth for the Group with over 70% of the Group's profits coming from the region in the first nine months of 2017.

We have an award-winning global franchise, which has been recognised through numerous awards. We recently won the title of "World's Best Bank" and "Asia's Best Bank" in *Euromoney* Awards for Excellence 2017. At *Asiamoney*'s inaugural New Silk Road Finance Awards, we won various awards including the "Best Overall International Bank for Belt and Road".

### What are your plans for the firm in the region next year?

Our pivot to Asia and China growth continues to be a strategic priority for HSBC. There are huge opportunities in the region to support our customers' growth ambitions by helping them take advantage of Belt and Road opportunities, increasing access to China's markets for our domestic and international clients through HSBC Qianhai Securities Limited (the first joint-venture securities company in mainland China to be majority-owned by a foreign bank) and unlocking the potential of ASEAN. Helping our customers do business internationally is at the heart of HSBC's strategy and with our firm roots and rich heritage in Hong Kong and Shanghai, we are well positioned to take advantage of the growth opportunities in the region in 2018 and beyond.

From a marketing perspective our key priorities for Asia in 2018 are to support the business to achieve its

growth ambitions. This will include continued focus on innovation in Hong Kong and across the region, additional investment from a marketing perspective in China (with the Greater Bay – Hong Kong and Pearl River Delta a priority, as well as the Belt and Road Initiative and RMB Internationalisation), and capitalising on our ASEAN proposition. In addition, improving customer experience with new innovations and technology development across our business banking and HSBCnet platforms remain a priority.

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

HSBC was founded over 150 years ago to finance trade, and in line with our purpose we have always been where the growth is, connecting customers to opportunities. We are unique in both our geographic coverage and our universal banking model which means we can support the whole supply chain.

A key factor of success is how we have been there for our customers throughout our 150 year history often playing a pivotal role in key historic moments. I love spending time in the HSBC archives learning about HSBC leaders that have supported our customers in extremely difficult times. One great example of this is a story from here in Hong Kong when, during the war, the newly appointed Chairman Arthur Morse ceaselessly corresponded with essential local businesses and institutions to prepare for post-war business and infrastructure reconstruction. Under Morse, with the philosophy of "what's good for Hong Kong is good for the bank", HSBC offered liberal, often unsecured, credit to corporate clients looking to restart businesses. The bank's willingness to help and trust in clients won him respect, gratitude and loyalty.

**What does your work involve personally?**

I love what I do and think I'm very fortunate to be at the heart of Asia being based in Hong Kong currently. As Global Head of Marketing for HSBC's Commercial Banking, as well as Asia Head of Marketing for HSBC Commercial Banking and Global Banking & Markets, we define the marketing strategy globally and regionally, provide customer insights that help drive proposition development and user experience, identify customer pain-points

through effective customer experience programmes (supporting action plans that effect change to improve experience), support brand and sponsorship execution as well as all campaigns, digital marketing and events!

My teams are based across Asia, Europe, the Middle East, Latin America and North America so I spend a lot of time on a plane but it adds to the role getting the chance to ensure we take into account local customer needs and adapt culturally as well.



*I love spending time in the HSBC archives learning about HSBC leaders that have supported our customers in extremely difficult times.*



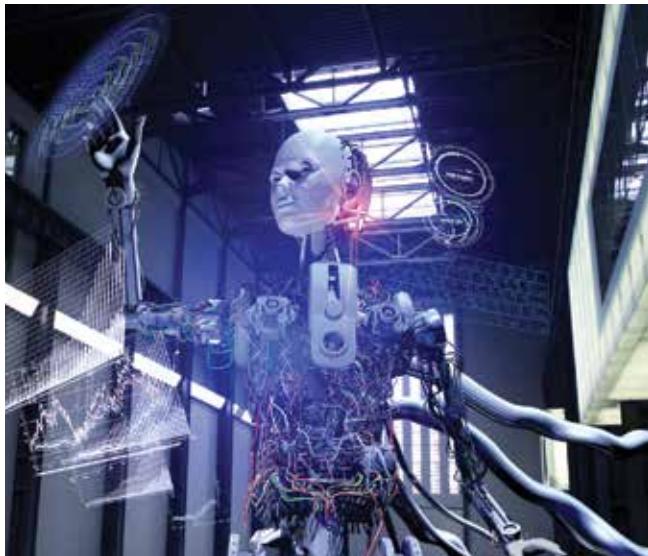
**What's the most exciting business-related news you've heard recently?**

I am really excited about the innovations happening in banking currently and how HSBC is embracing these and using technology to improve customer experience. In September we launched Trade Transaction Tracker in Hong Kong. It's an innovative mobile tool that allows businesses to better manage their global trade flows using their mobile phone. Customers can obtain a consolidated overview of import and export documentary credits and collections transactions across markets in just one click.

We are also embracing the opportunity digital is creating particularly in the business banking space. We were the first commercial bank to launch a WeChat notification service in Hong Kong, embracing Hong Kong's deepening connectivity with Mainland China and assisting customers. Again in Hong Kong embracing Artificial Intelligence we launched the "Ask Amy" service an online platform virtual assistant with over 38,000 enquiries already received.

We are also partnering with fintech to improve customer experience. For example, we recently announced a partnership with Tradeshift to develop an integrated proposition that allows buyers to automate and digitise paper-heavy supply-chain processes from their suppliers and organise supply-chain financing all in one place.

The other exciting news, also on an innovation theme, is that the GREAT Festival of Innovation is coming to Hong Kong in March 2018. As a lead sponsor HSBC is excited to be a part of this UK programme and is looking forward to welcoming a number of our UK customers as well as many other UK businesses to Hong Kong.



“

*Technology is going to revolutionise customer experience in financial services, in fact it already is! Fintech, as well as other tech firms, is redefining what good customer experience looks like and artificial intelligence will change the way that financial services are consumed forever.*

”

### **What is the biggest recent news for your industry?**

Following on the theme of innovation, technology is going to revolutionise customer experience in financial services, in fact it already is! Fintech, as well as other tech firms, are redefining what good customer experience looks like and artificial intelligence devices such as Amazon's Alexa and the "Internet of Things" will change the way that financial services are consumed forever.

It's a really exciting time to be in the financial services industry given the unprecedented level of change. Take global trade for example: it will be transformed by technologies such as blockchain, which will fundamentally change the way customers do business with us.

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

We have great connections with the Chamber across HSBC in Hong Kong. We have a number of our senior executives involved in the various committees, we make great use of the event programme particularly from a networking perspective, we host joint events for our clients and sponsor others and value the role the Chamber plays in policy in Hong Kong.

From a personal perspective, being Chair of the Marketing and Communications Committee gives me the opportunity to keep connected to the marketing community in Hong Kong, support the Chamber with its marketing needs, provide input on any policy issues that may affect the creative services industry, and discuss issues relevant to marketing.

### **How long have you been living in Hong Kong?**

Four years: I arrived at the end of August 2013.

### **What is your favourite place in Hong Kong?**

The trails! I love nothing more than trekking at a weekend with my husband, dogs and kids (if I can persuade them to join us).

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

Connectivity with the Pearl River Delta and how we can provide a more cohesive offering to our customers that do business across both geographies.

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

It is hard data on the science of marketing courtesy of the Ehrenberg-Bass Institute in Australia. If you're a marketer this is definitely worth looking up online!

### **Which words or phrases do you find most overused?**

Blue-sky thinking! Agile working.

### **What is your favourite (non-professional) occupation?**

Reading: I love crime fiction as well as books that inspire ideas and fresh thinking.

### **What is your most marked characteristic?**

Being high energy.

### **If you had a motto, what would it be?**

"Nothing is impossible; you just have to find the route to possible." **B**



Maybe it's the setting. Maybe it's the design, the build, the interior. Maybe it's the gourmet chef, or the attentive yet discreet staff who cater to your every need. Maybe it's the spa, the gym, the cinema room. Maybe it's your own private helipad, helicopter and pilot ready to take you up into the pristine snowy wilderness

to enjoy the kind of adventures most people can only dream of. Maybe it's a combination of all these things that has seen Bighorn, at the base of the Revelstoke Mountain Resort, voted World's Best Ski Chalet for the last four years running. Maybe it's because there's simply no place like it in the world.

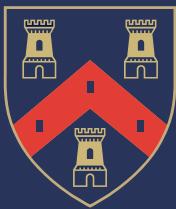


# Bighorn



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