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Dear British Chamber members,

That was the year that was! The last two months of 2018 seemed particularly busy. Conventionally the focus is on closing off business, preparing for the year ahead and thanking our stakeholders. Nothing could be more truly said of the Chamber's activities in the last two months of 2018. It is a supremely difficult for me to pick out highlights since all of our events are worthy of commentary. Space, however, allows me to showcase just a few.

At the start of November the British and French Chambers combined to recognise the 100th anniversary of the Armistice. The British Consulate generously made its facilities available and our Consul General and the French Deputy Consul General gave personal accounts of the importance of this commemoration. The event was also supported by the Rt Hon Mark Field MP, Minister of State at the Foreign & Commonwealth Office with particular responsibility for Asia. We also heard from the author, Mark O'Neill, who gave a fascinating account of the Chinese Labour Corps, a little known contribution to both the British and French war efforts by Chinese labourers. I was fortunate to be invited to place a wreath on behalf of the Chamber at the cenotaph on 11 November, at the very hour and the very day, 100 years on, that the Armistice was declared.

Earlier that week I hosted a Head of The Table dinner with the Emerging Leaders Committee. This is the first such dinner I have hosted and I promised myself I will do it again in 2019. Apart from being able to walk down memory lane with stories from my own career I was able to hear from a cross section of our emerging talent in Hong Kong and understand their motivations and ambitions. I left thinking I probably got more from the dinner than I gave.

Our Distinguished Speaker programme continues to go from strength to strength. In December Irene Lee, Executive Chairman of Hysan Development presented at a Chamber breakfast. Hysan pioneered the business

benefits of supporting local community activity and Irene explained the early philosophy of her grandfather, who founded Hysan, and the link to today's community engagement. Irene is also Chairman of the 30% Club which campaigns for greater female representation on the boards of listed companies, a worthy cause and one that the Chamber also supports.

We have also held events on some of the key business themes of the moment: on the Greater Bay Area, on Innovation & Technology, on Infrastructure, and on BREXIT. These are themes that will continue to dominate the agenda in 2019, alongside the Environment, Belt & Road, and increasingly the state of the economy, I fear.

We held a number of networking events, including the always popular Christmas drinks which were, as usual, lively and well attended. As the Christmas events piled up in December I was reminded of Ken Morrison, the erstwhile Chairman of Morrisons Supermarket. He is supposed to have commented that the major difference between a non-executive director and a supermarket trolley is that a non-executive director can hold more alcohol.

Looking forward to 2019 I think we must expect an even more complex world for business: trade tensions, economic challenges, the environment, the short-term uncertainty of BREXIT, and so on. But complexity also creates opportunity and at the Chamber, I know, we will rise to these challenges and continue to analyse the consequences through our advocacy work, events programme and networking.

I am writing this statement as we transition from 2018 into 2019 and so let me conclude by thanking the General Committee for their support in my first six months as Chairman, the Committee Chairs for their focus on the business issues that affect our members, the Executive Team which works so tirelessly to make the British Chamber the premier chamber in Hong Kong, and to all our members for your support and contribution.

Have at you, 2019!

A handwritten signature in black ink that reads "Peter Burnett". The script is fluid and cursive.

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



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Don't Miss February's Asia Trade Summit

Trade is at the heart of the geopolitical tensions between America and China, an issue that is dominating international headlines. In the meantime, technology is disrupting trade like never before, making processes more efficient and inclusive. And many regional and bilateral trade agreements are advancing.

The Asia Trade Summit will address these topics, and more, and give the audience a complete assessment of trade-related developments in the region.

Join us at Asia Trade Summit on 28 February in Hong Kong to discuss the most important issues around trade in Asia. Learn more: <https://bit.ly/2LdWsHu>



British Airways Partners with Bremont to Launch Concorde 50th Anniversary Timepiece

To celebrate the 50th anniversary of the world's first supersonic passenger jet, British Airways is proud to partner with luxury British watchmaker Bremont on the launch of a new limited-edition timepiece, the Bremont Supersonic. The watch features metal, from a Concorde, one of the world's most famous and iconic planes, which was capable of flying at twice the speed of sound.

With British Airways preparing to celebrate its centenary next year, the special edition watch was unveiled at an event in Hong Kong, 15 years after Concorde's official farewell at London Heathrow airport on October 24, 2003.

Alex Cruz, British Airways' Chairman and CEO, said: "Concorde was such a magnificent

piece of engineering and will always be an important part of our heritage. We are hugely excited to have partnered with Bremont, another British brand with a history of exceptional design, as we celebrate Concorde's 50th year and look ahead to our centenary in 2019."



New Appointments at St. James's Place Partnership

St. James's Place Wealth Management Asia (SJP Asia), the international business of the leading FTSE100 wealth manager, is pleased to announce that Justin Davies and Sheila Dickinson have accepted an invitation to join the St. James's Place Partnership.

Justin and Sheila have over 50 years of combined experience and are prominent figures in international financial planning and wealth management. In joining the St. James's Place Partnership, they will focus on providing wealth management services to affluent and high-net-worth expatriates in Hong Kong.



Book Now for South China Morning Post's China Conference

The South China Morning Post's China Conference returns to Hong Kong to examine China's ascent over the past 40 years and chart its future path. Through a series of thorough evaluations of the global economic, social, cultural, and geopolitical realms, speakers from China and the world will gather to debate what can be deduced from past behaviours and identify what the future holds. Critics of China's impressive, unmatched growth and pace of reform claim there's much work yet to do; proponents expect much more to come. Join us to hear key debates, and make up your own mind as we predict the next 40 years in China's evolution:

- What is Hong Kong's place in China's long-term future?
- How can companies make the most of the Greater Bay Area initiative?
- How should Hong Kong and Chinese corporates collaborate for mutual benefit?
- Can China truly lead the global tech revolution?

The conference will also offer delegates opportunities to network and participate in a range of activities structured throughout the conference. For more information about the conference, please visit www.chinaconference.hk

Don't miss the 30% discount offered to Chamber members by reserving your seat now. We look forward to welcoming you at the China Conference in February.



Chamber Partners with Eversheds Sutherland on Brexit Initiative

Eversheds Sutherland Hong Kong office is partnering with the British Chamber of Commerce to support members in the lead up to Brexit in March 2019.

includes regular video commentary and webinars by Ros and Adam. Together they will cover all the latest developments as the UK leaves the European Union.

Stephen Kitts (Managing Partner, Asia), Ros Kellaway (Head of Competition, EU and Trade), and Adam Ferguson (Head of Competition, Asia) are working with the Chamber to create a programme of bespoke e-briefings, webinars, breakfast briefings, and other events specifically designed for Chamber members. The programme, which runs over the next four months,



Collinson Appoint New President

Global customer benefits and loyalty leader, Collinson, has appointed Todd Handcock as President, Asia Pacific. Todd is responsible for delivering the company's strategy and identifying and pursuing opportunities to grow its footprint across the region.

Todd has over 25 years of experience in Asia Pacific, with leadership roles across sales, marketing and operations. He has supported clients in diverse industries including banking, insurance, consumer, retail, travel and hospitality. Most recently, Todd was President Europe, Middle East and Asia Pacific for Kognitiv Corporation.

Todd is currently Chairman of the Canadian Chamber of Commerce in Hong Kong.

For more information, please visit collinsongroup.com



Mark Millar Named Most Inspiring Supply Chain Professional

Industry leader Mark Millar was honoured as “Most Inspiring Supply Chain Professional” at the Supply Chain Asia 2018 Awards Dinner in Singapore on 22 November 2018.

The Supply Chain Asia (SCA) annual awards dinner gathered 450 senior executives and supply chain professionals from across Asia to celebrate the industry’s big achievements. Held at Resorts World Sentosa in Singapore, the awards recognise Asia’s leading supply chain practitioners and organisations.

The SCA award for the Most Inspiring Supply Chain Professional honours senior executives who have inspired others to excel, have adopted forward thinking initiatives, and have voluntarily contributed to the supply chain sector for at least a decade.



Mark Millar was commended for motivating others to think differently and initiate positive change in their organisations.

Berkeley Group Renews Shaken Not Stirred Sponsorship

In 2018 the Chamber’s monthly drinks event series Shaken not Stirred took us to two new hotels, a couple of old British favourites, and three gorgeous outdoor terraces. None of this would be possible without the support of Berkeley Group, and we are delighted to announce that the group has renewed its sponsorship of the series for another year. We kick



off 2019 at Berkeley Group offices, and look forward to seeing you there.

PwC Renews Retail and Consumer Series Sponsorship

We are delighted to announce that PwC has renewed its sponsorship of the Chamber’s Retail and Consumer series for another year. The series invites top speakers to give their insights and predictions for the retail industry. With technology continuing to change the face of the retail market in Hong Kong, and changing consumer habits favouring sustainable supply chains, 2019 looks set to be another interesting year for retail, and we look forward to creating a compelling programme of events.



Political Climate is Hot Topic at Annual Economic Debate

25 October 2018

The Scottish Business Group's Annual Economic Debate is always a lively event and a highlight of the Chamber calendar. This year did not disappoint, with our returning economists Dr. Jim Walker and Dr. Simon Ogus trying to make sense of the state of today's global economy, and giving us their forecasts into 2019 and beyond.

Both economists agreed that although there were overall signs that the economy was doing



we can expect a more positive outlook.

A big thank you to our event sponsors Cashmaster for their continued support of this flagship event, to our two economists for taking part, and to our Scottish Business Group, led by Chair John Bruce, for their support in making this event happen.

better, the worsening political environment continues to create uncertainty which may knock this growth at any point. In a wide-ranging conversation covering the US-China trade war, Brexit, the Malaysian economy, and the continued impact of the 2008 financial crisis, the economists gave a somewhat sobering account of what they thought 2019 and beyond would hold in store. Hopefully, at next year's debate,



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Impact of Virtual Banking

16 October 2018

In October, a panel including the WeLab, Standard Chartered, Accenture, and the regulator the Hong Kong Monetary Authority (HKMA) discussed the development of Virtual Banking in Hong Kong. How will it impact the incumbents, what it means for customers, and what this means for Hong Kong's FinTech ecosystem.



For the HKMA virtual banking is another step toward better financial inclusion for all residents. Especially for those living in rural areas without bank branches, opening an account with virtual banks will be more convenient. Moreover providing these licences encourages more competition in the market.

Jessica Lam, Head of Strategy at WeLab explained that they too view inclusion as a priority. WeLab is looking to provide a solution to those who do not meet criteria of the current banking system. To deliver a better customer experience be it speed, efficacy, and quality of service. She said WeLab views itself as more than just competition to incumbent banks, rather that they provide a service to a group of customers which have different needs.

As an incumbent, Deniz Güven, CEO of the Virtual Bank by Standard Chartered noted for their organisation the technology for the sake of the technology must not be the focus. The results

and value to the customer are key. For Deniz and the new team within Standard Chartered the focus has been on developing a product based on the daily life of customers – identifying pain points around current products and processes and addressing them. To do this the Virtual Bank is a new entity with a new operating model to ensure new corporate governance and procedures can be implemented and amended quickly.

On discussing what success looks like, Shu-pui Li, Executive Director, Financial Infrastructure Department, HKMA FinTech Facilitation Office explained balanced regulation is key for the HKMA. Recognising virtual banks do not operate like traditional banks is key, and thus should be regulated appropriately. Deniz Güven noted that a true FinTech ecosystem must be present for all players to succeed. From appropriate regulation to talent, funding to having the technology companies and incumbents collaborating, the sum will make up more than the parts.

Impact of Greater Bay Area on Trade and Logistics

11 December 2018

In December an expert panel discussed the impact of the Greater Bay Area (GBA) on the trade and logistics sector and the real business opportunities to those working in that field.

Julian Vella, of KPMG, explained just as Hong Kong is leveraging its relationship with China by tapping into the innovation environment via the Lok Ma Chau loop, Hong Kong should also capitalise on opportunities in logistics. Without doing so, Hong Kong would risk sitting on the sidelines of the GBA looking in.

Vivien Lau, of Hong Kong Air Cargo Terminals Limited, explained the GBA provides an opportunity to tap into a larger connected network and thus customer-pool. The GBA, she explained, accounts for a passenger throughput of over 200 million passengers compared to Hong Kong's 72 million. John Liu at HSBC echoed this, stating that the GBA already accounts for 37% of China's exports. Meanwhile, retail sales in Guangdong have quadrupled in the past 10 years.

Hong Kong's world-class advantage in this sector includes efficient customs clearance and airport operations, explained Vivien Lau. In contrast, there have been some issues with cargo flows with the new Hong Kong-Zhuhai-Macau Bridge. Hong Kong can assist in exporting its expertise into the GBA.

Julian also explained how for businesses, addressing regulatory uncertainty is key to success in this sector. Vivian agreed and emphasised the need to simplify



cross-border procedures for goods, given that currently China, Hong Kong, and Macau have three different sets of customs procedures. John noted the GBA has a reasonably well-established logistics and financial supply chain for goods, so the quicker the integration and alignment between the 11 cities the better the result for all.

Looking to the future, Vivian noted that there would have to be a balance within the GBA of collaboration and competition. There are some areas where Hong Kong will lead and others where it will be led. If the GBA is a success and grows as a whole, each participant will benefit from the sum being greater than its parts.

The Chamber will be holding its next Greater Bay Area event in late January 2019 looking at the free movement of people within in the region; how companies are preparing and also assessing the views of younger generations of the GBA. Please visit the Chamber's website to register and find out more: britcham.com/events/upcoming-events

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guardtime

Use of Blockchain in Logistics and Healthcare Discussed

12 October 2018

Much of the focus of blockchain applications to date has been with cryptocurrencies. This has spread wider into financial services but has been somewhat slower to enter in other industries. At our panel event in October, we welcomed Shaun Crawford, the Global Vice Chair of Industry at EY; and David Piesse, the Chief Risk Officer and Evangelist at blockchain company Guardtime; to talk about the readiness, willingness, and attempts of incumbent non-financial industry players to deploy blockchain solutions.

To start, Shaun gave us an overview of the type of projects and scenarios that would be most suited to disruption by blockchain. He highlighted the importance of doing due diligence at the start of a project, and to make sure not to be blinded by the hype around blockchain, as it was clear that in many cases this technology was not the most appropriate solution to the problem. Shaun then went on to give an overview of Insurwave, the first marine commercial blockchain solution in history, which EY and Guardtime launched along with Maersk, Microsoft, and the insurance industry. By enabling complete transparency over the whole shipping journey, Insurwave addresses the expense ratio issue facing the shipping industry and provides the ability to do real-time pricing for vessels at sea.

David followed with specific examples of how blockchain technology can be used in the healthcare industry, using the Estonian healthcare system as a case study. In Estonia, blockchain is implemented as an integrity layer throughout government networks. It allows for fully electronic medical records and e-prescription services but crucially means there is complete transparency and accountability between citizens, healthcare providers, and the government. Guardtime also worked with the UK's NHS to launch the world's first blockchain-supported Personal Care Record Platform for 30 million patients.

The audience Q&A brought up many questions and comments that further highlighted the curiosity around this technology, and also the clear potential



that it has to impact a wide range of industries. A big thank you to EY and Guardtime for sponsoring this event, and also to Dr. Hanif Kanji, Chair of the Chamber's Healthcare committee, for moderating the discussion.

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Creative Industries Need More Respect, Says Entrepreneur

22 October 2018

The Chamber's Women in Business committee was privileged to host Joanna Hotung, Founder of Kids' Gallery, in our Inspirational Women Series, sponsored by Barclays.

Joanna founded Kids' Gallery 22 years ago, providing arts education for children in Hong Kong. She gave the audience an insight into her journey as an entrepreneur in Hong Kong, including on how to grow a company sustainably, and how to deal with the crises that come along – in her case when SARS, and then swine flu, hit the city.

Joanna also talked at length about the need for more respect for the creative industries in Hong Kong. She argued that there was still too much of a focus by parents on careers in banking, medicine or law and that it was more important to get children to enjoy learning and to reward those who show innovation and ideas.

Our thanks go to Joanna for donating her time for the event and giving us her insights, to our moderator Diana Wu David, Founder and CEO, Sarana Labs; and also our series sponsor, Barclays.

YOUR CHAMBER: DISTINGUISHED SPEAKER BREAKFAST

Sponsored by



Hysan Chair Irene Lee Argues for More Women on Boards

6 December 2018

On 6 December, the Chamber had the pleasure of welcoming one of Hong Kong's most prominent businesswomen, Irene Lee, the Executive Chairman of Hysan Development. In an engaging and enthusiastic talk, Irene gave members an overview of the history of Hysan Development and some of the company's plans for the future.

Hysan Development's place in Hong Kong goes all the way back to 1923 when Lee Hysan (Irene's grandfather) bought the plot of land nicknamed Jardine's Hill from the Keswick family. From those beginnings, the company has grown to manage numerous premium developments in the Causeway Bay area such as Hysan Place, Lee Gardens and Lee Theatre. Irene said the focus of the group was to first and foremost create a neighbourhood environment for the local community. This philosophy is evident with the Lee Gardens Association used as a way to pull together local businesses, and the new Lee Gardens Three building,

including many environmentally-friendly features designed to bring together its tenants and the wider community.

Irene is also a leading member of the 30% Club, the group that aims to get more women on boards in Hong Kong. She argued that senior management should be actively encouraging female executives to think about the opportunity of sitting on a board, making the very valid point that independent non-executive directors do not need to be at retirement age to bring value and effectiveness.

Our thanks go to Irene Lee for giving us such an enlightening speech, and a special thank you to our sponsors PwC, whose continued support of the Chamber's events on topics around the Retail and Consumer space is much appreciated.



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March of the Robots Not As Fast As We Think

21 November 2018

Disruption is needed in many industries, but is it achievable in all? This complex question was tackled by Leading Edge Forum's David Moschella at our latest Innovation and Technology series event, sponsored by BT.

Several industries that handle large volumes of information with a high-security risk such as healthcare, banking, and defence, have all had specific functions digitised, but David argued that none of them had been wholly transformed in the way that industries such as advertising or music had.

Despite headlines saying lots of jobs will be lost to machine intelligence, David argued that we've not yet reached the tipping point. Working patterns change over time, he said, citing the fact that 150 years ago 80% of US workers were farmers, compared to only 2%

now. Reskilling the working population is the norm, and so the rise of machine intelligence should not be treated so differently. In addition, many countries are now facing declining populations, which arguably means that this technology is needed to increase efficiency and supplement the shrinking workforce.

Ultimately, David believes you can only really predict what might happen in two to five years, and we aren't as close to that point as some reports would suggest. Thanks to our sponsor BT for their continued support of the Innovation and Technology series.



YOUR CHAMBER: BUSINESS CLASS FOR ENTREPRENEURS SERIES

To IPO or Not To IPO

28 November 2018

On 28 November, the Chamber hosted its fifth event in the Business Class for Entrepreneurs series, sponsored by DBS Bank, on the topic of 'To IPO or Not To IPO: Strategies and Trade-offs When Selecting the Right Funding Option'.

A joint event with TiE Hong Kong and led by the Chamber's SME & Start-up Committee, a panel of industry experts were brought together to discuss the positives and negatives of going through an IPO, potential exit strategies, and important factors to consider.

The panel commented that there are many positives for IPO, including the ability to use company shares as currency, opening up other avenues for financing, easier access to raising cash, and of course, a

stronger brand name and therefore higher talent retention and acquisition.

With these positives, there are also some negatives; the stock market can be volatile and can become distracting to the core goals of the business, and the quarterly reporting and administrative work involved is extremely onerous for the company.

A big thank you to our panelists for sharing their insights and experiences, DBS Bank for sponsoring, INFINITI LAB for hosting us in its new LAB space, and TiE Hong Kong for partnering with us on this series.

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A Tale of Two Cities

When it comes to innovation, Hong Kong is losing its competitive edge to neighbouring Shenzhen if recent surveys are to be believed. With the introduction of the Greater Bay Area, how can the city find its place? – By Sarah Graham

From humble fishing enclave to global financial and logistics powerhouse, Hong Kong's transformation over the last century has been nothing short of remarkable.

But in recent years the carefully curated reputation of the Special Administrative Region (SAR) as Asia's World City – a dynamic, creative place according to the brand's core values – has started to take a few knocks.

As well as losing traction against its traditional rival Singapore, which is increasingly edging out its Chinese competitor in a number of global rankings including best cities for expatriates (Expatriate Insider 2018 survey), and global talent rankings (Switzerland-based International Institute for Management Development), there's a new kid on the block: Shenzhen. A hotbed of innovation and a magnet for tech start-ups, the Southern Chinese city's GDP is now growing at a faster rate than Hong Kong. In just 40 years Shenzhen has transformed itself from a market town to one of the giants of the so-called Greater Bay Area, a geographical sprawl of nine

cities and the two SAR regions of Hong Kong and Macau.

Whereas once Hong Kong was judged against the Lion City, as Singapore is affectionately known, it's now measured against its Chinese neighbour. And it's not easy to keep up. In an annual competitiveness survey of 300 Chinese cities by the Chinese Academy of Social Sciences, Shenzhen has taken the top spot for the last four years, snatching the crown Hong Kong proudly wore for the 12 previous years.

That's not to say Hong Kong hasn't tried to become a hotbed for innovation, with the government ploughing funds into its Innovation & Technology (I&T) Fund, FinTech, and start-ups. This year alone the government's Innovation and Technology Bureau set aside HK\$78 billion to support innovation. Since Hong Kong Science and Technology Park opened in 2001, it has become home to an increasing number of tech companies, including Hanson Robotics, whose AI-powered Sophia the Robot has grabbed global headlines and even performed a duet with



U.S. Tonight Show star Jimmy Fallon. Similarly, Cyberport, which opened in 2007, was pitched as a FinTech hub for Asia, “with the vision to become a main force in developing the digital tech industry as a key economic driver of Hong Kong”, according to its website.

But is it too little, too late?
Has the opportunity passed?
Can Hong Kong ever really compete with Shenzhen when it comes to technical innovation? Or should it re-evaluate its place in the world and play to its real strengths as a finance and logistics hub?

Success in Hong Kong’s universities

One area to be proud of, and one that is crucial to instilling the concept of home-grown innovation in future generations, is Hong Kong’s universities.

Five of the city’s universities are in the top 100 in the QS World University Rankings, which look at key indicators including academic reputation and research collaboration. Among the city’s success stories in academia is Fano Labs, backed by the University of Hong Kong, which became the first Hong Kong start-up backed by Horizons Ventures, the private investment arm of Li Ka-shing.

Perhaps most notable is Chinese University of Hong Kong’s (CUHK) partnership with tech firm SenseTime, which resulted in the latter’s ground-breaking facial recognition technology which is now used by some of China’s biggest tech firms. The development

propelled SenseTime to tech unicorn status – a start-up valued at US\$1 billion or more. It subsequently set up in Hong Kong Science Park and opened an office in Shenzhen.

And this has become a trend in recent years: do the research in Hong Kong’s esteemed universities before heading to Shenzhen – dubbed China’s Silicon Valley and home to Huawei, Tencent and drone maker DJI – to establish a company and benefit from cheap manufacturing and labour costs, and a larger IT talent pool.

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If someone has strengths and weaknesses, and who wants to do better, the standard advice is to focus on their strengths. I think Hong Kong has strengths in finance, logistics, hard currency, legal systems, rule of law.

– Les Hales, managing partner of
CIO Connect, Hong Kong

”

Shenzhen’s benefits

Another draw to the sprawling metropolis is the economic and tax incentives introduced by the Chinese government in 1980 when it made Shenzhen the country’s first Special Economic Zone (SEZ) in a bid to attract foreign companies and new businesses. Companies can take advantage of lower corporate taxes, unrestricted movement of people and goods, and cheaper rents.

With all eyes—and budgets—turned towards Shenzhen, perhaps the question is, why is Hong Kong losing its competitive grip? And, crucially, how can Asia's World City fit into this new innovation zone?

"Hong Kong has fallen into the trap of being really, really successful in the bricks and mortar world but is now losing its leading position as the world shifts to a digital economy," says Les Hales, managing partner of CIO Connect, Hong Kong, which provides advisory and leadership development services to Chief Information Officers. "I think Hong Kong is in danger of becoming a walled garden based on past success. If you look at the 1970s, and 80s people were really optimistic, competitive and energetic. When I first arrived, some people were living in corrugated tin shelters on the mountainsides. But we had a can-do population, it was a growth-orientated place. I think the mood has changed."

Hales, also chairman of the Chamber's Innovation & Technology Committee, believes the perception that Hong Kong should compete with Shenzhen is wide of the mark. He says the city needs to play to its strengths and collaborate rather than try to move into areas with already-established players.

"I don't believe Hong Kong can compete head-on with Shenzhen. It's too late in the game. The culture of the place is very different. Shenzhen like the rest of mainland China has prioritised technology leadership and now has a lot of expertise in digital technology development. Hong Kong has been a trading centre," he says, adding: "If someone has strengths and weaknesses, and who wants

to do better, the standard advice is to focus on their strengths. I think Hong Kong has strengths in finance, logistics, hard currency, legal systems, rule of law. I think those professional services and the knowledge of people in those professional services are a strength in Hong Kong."



Ricky Tsui,
Arup

“

We need to compete but in a good way.

– Ricky Tsui, R&D Director at Arup

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Losing Its competitive edge

This sentiment is echoed by Ricky Tsui, R&D Director at Arup, which provides engineering, design, planning, project management and consulting services for architectural projects. In 2016, as the Hong Kong government announced the development of land in Lok Ma Chau Loop for the Hong Kong Shenzhen Innovation and Technology Park, Arup helped produce a report on Hong Kong's standing as a centre of innovation.

Its findings were a warning shot to the city's leaders: Hong Kong was not only rapidly losing its competitive edge to cities in the Greater Bay Area,

but time was running out for it to catch-up. But the report, compiled by the Hong Kong Academy of Engineering Sciences; Chinese Academy of Engineering; The Hong Kong University of Science and Technology (HKUST); and the Institute for Public Policy, was also an attempt to encourage Hong Kong to establish a way in which it could fit into the wider picture.

"We wanted to see what sort of technology and institutions to start up over there, identify the areas where we can leverage Hong Kong's strengths and build on that," he says. "We need to compete but in a good way. In my company we have an innovation ecosystem – we never carry out one project by

ourselves these days. We have a strong network of the stakeholders or partners around us that allow us to utilise the strengths of other companies. This is not in competition, it's synergy. I think the same thinking applies to companies in Shenzhen and Hong Kong," Tsui adds.

Kevin Moore, CEO of Agile8 Consulting Ltd., agrees Hong Kong's strengths lie in its "international-facing business expertise" but adds that the city's appetite for risk is lower than in other places, which holds it back. He also believes the city is a victim of a wider problem: the ability for different stakeholders to communicate effectively to deliver projects quickly and efficiently. "I think people are still searching for the magic bullet...of creating a good relationship between the people who can deliver," he says.

Another issue for Hong Kong is a shortage of talent in I&T. Both Hales and Tsui agree that Hong Kong is a victim of its own success, and that's having a knock-on effect in producing home-grown talent in the field of innovation. They say most families with children in higher education want them to go into more stable and lucrative professions like medicine, law, and real estate. A 2017 university graduates employment survey by Hong Kong University confirms this: commerce and industry – including business services and financial institutions



Kevin Moore,
Agile8 Consulting

– accounted for the lion's share of employers with a staggering 54.9% of jobs for graduates. Of that 54.9%, only 8.9% of graduates opted for jobs in engineering, architectural and technical services (see table below). SenseTime, however, credits some of its success to the city's talent, as well as its well-established reputation as a world-leading financial and business hub. "Hong Kong provides

Employment Industry of 2017 Full-time Undergraduates

Employment Industry	2017	2016	Difference
Civil Service	15.4%	15.2%	+0.2%
Education	10.7%	9.8%	+0.9%
Community, Social & Personal Services	18.9%	18.8%	+0.1%
Commerce & Industry	54.9%	56.2%	-1.3%
Business Services	13.9%	15.1%	-1.2%
Financial Institutions	10.6%	10.2%	+0.4%
Engineering, Architectural & Technical Services	8.9%	8.1%	+0.8%
Others	21.5%	22.8%	-1.3%



The Lok Ma Chau Loop, proposed site of the Hong Kong-Shenzhen I&T Park

us with an excellent talent pool, dynamic business atmosphere, sound legal framework, and world-class financial services. With all these supports, SenseTime has grown rapidly and become the world's most valuable AI unicorn and pure-play AI company," says a spokesperson.

Investing in the future

With the growing number of comparisons to Shenzhen, it seems the HKSAR government is feeling the pressure, prompting it to turn its attention to Research & Development. In her most recent Policy Address, Chief Executive Carrie Lam pledged to raise the city's R&D expenditure from 0.73% of Hong Kong's GDP to 1.5% in five years. (Shenzhen spends 4.3% of its GDP in this area).

She is also working to address the issue of ease of doing business in Hong Kong by taking a leaf out of Shenzhen's book by introducing tax breaks for start-ups to the tune of a 300% tax deduction for the first HK\$2 million of the qualifying R&D expenditure incurred by enterprises, and 200% for the remaining amount. "The bill for providing enhanced tax deductions for qualifying R&D expenditure incurred by local enterprises has entered the final stage of scrutiny in the LegCo, the passage of which will benefit

enterprises for their qualifying R&D expenditure in 2018 19," Lam said. The bill was passed in October.

Additionally, HK\$20 billion will be given to the University Grants Committee (UGC) to "increase the provision of more stable research funding to help attract and retain talents". These were just some of the areas in which the Hong Kong government is investing.

Then there's the Hong Kong-Shenzhen I&T Park at the Lok Ma Chau Loop, strategically placed near the border. It is hoped the hi-tech park will encourage cross-border collaboration and attract top-tier businesses, research institutions, and higher education institutions from the mainland and overseas to set up and carry out research.

"As the Loop is a sizeable piece of undeveloped land without any infrastructure, we expect the funding required for the Loop development as a whole will far exceed HK\$20 billion on full development," says a spokesperson for the Innovation & Technology Bureau, adding: "With the availability of top-notch tertiary institutions and outstanding scientific research achievements, a robust intellectual property regime, advanced financial infrastructure, free flow of

information and a vibrant business environment, Hong Kong is well placed to become an international I&T hub."


Cindy Ng, Executive Director at Hactl, air cargo operators at Hong Kong Airport, is hopeful that the government's push for innovation will place the city on a par with Shenzhen. Hactl is one of a growing number of companies collaborating with start-ups based in the Hong Kong Science and Technology Park. Ng hopes the partnerships will help the company automate its warehouses to handle the world's largest volume of air cargo.

"We've been working with large brands like Siemens, Oracle, and IBM in terms of our warehouses and systems. Recently we started to

approach smaller companies and start-ups because we want to get in touch with the ideas from the start-ups and young people," she says.

The collaboration has paid dividends. Hactl has now been able to develop a device that tracks cargo.

"I think the government is really doing something to try to arouse the innovation momentum in Hong Kong, but of course in a way, we're lagging behind a bit because we're more focused on finance and property in the past 10 years," she says.

Whether Hong Kong really is too late to the innovation game, only time will tell. But, says Tsui, one thing is for certain: "Both cities need to work together, both rely on each other." 



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I think the government is really doing something to try to arouse the innovation momentum in Hong Kong, but of course in a way, we're lagging behind a bit because we're more focused on finance and property in the past 10 years.
– ***Cindy Ng, Executive Director at Hactl.***”



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Design the Future, Create Tomorrow

Creativity and design are increasingly influencing the way we live, work, and play. The Great British Design campaign is helping businesses evaluate how they can build a successful creative economy. – By Paul McComb

Inspired by the GREAT Festival of Innovation in March 2018, Great British Design is a year-long campaign that highlights the impact of design and design thinking on products and services in both a business and social context. Design is key to building a successful creative economy. Over the last two decades, the creative economy has been the fastest growing sector in the UK, delivering over £100 billion a year to the economy. The UK has much to offer and wants to work with other nations - the UK's "Partner Country" status at Hong Kong's Business of Design Week (BODW) in December 2019 provides the ideal platform for this collaboration.

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*Consumers are becoming curators,
choosing immersive experiences
and brands that connect on an
emotional level.*
”

The campaign is formally launched in January 2019 with the British Council's SPARK Festival and will include a series of design events, demonstrations, and opportunities to build growing anticipation of the UK's participation at BODW – trailing the ideas and work of the UK's top designers and budding newcomers.

With more than 120,000 participants from around 80 countries attending the event, BODW is Asia's premier annual event on design, innovation, and brands; where the world's most outstanding designers and influential business figures exchange ideas, network, and explore new business opportunities. BODW will consist of four

components: Summit, Exhibition, Education, and deTour. There will be 70-80 speakers throughout BODW, of which around 30% will be from the UK. As well as an education exchange programme, there will be a pop-up exhibition space at PMQ to promote young designers.

Sir John Sorrell, the Prime Minister's Business Ambassador for Creative Industries, will lead the biggest-ever design delegation from the UK to BODW 2019. The delegation will include industry experts: Thomas Heatherwick, who designed the UK pavilion at the 2010 Shanghai Expo; Anya Hindmarch, fashion accessories designer and Chief Creative Officer of Anya Hindmarch; Es Devlin, designer of the UK pavilion in the upcoming Dubai Expo 2020; Edward Barber & Jay Osgerby, founders of architecture studio Barber & Osgerby who have developed collections for Swarovski, Capellini and Magis; and Paul Priestman, designer and chairman of PriestmanGoode who leads a variety of transport projects.

For the Great British Design campaign, we will explore how design and design thinking will influence how we work, live, play and learn through events, discussion, demonstrations and experiences before, during, and after BODW 2019.

WORK

The Great British Design campaign will explore how work is being transformed by innovative

design, radical ideas, and technology. Audiences will discover how savvy businesses are evolving and collaborating to adapt to the changing creative climate.

LIVE

From smart cities to autonomous transport, sustainable farming to alternative energy sources, the campaign will show how innovative solutions will be the key to determining both our quality of life and the health of the planet.

PLAY

Consumers are becoming curators, choosing immersive experiences and brands that connect on an emotional level. Join us as cultural leaders explore how design, innovation, and creative thinking will alter the future of fashion, luxury, art, and sport.

LEARN

Through talks and hands-on events, audiences will

learn how leading sectors are collaborating with unique engines of creativity to gain a competitive edge, strategically linking higher education, research, and business to help create the future of design.

The Department of International Trade (DIT) is looking forward to all the collaboration opportunities the Great British Design Campaign and BODW will bring to Hong Kong and the UK. To find out more about partnership and sponsorship opportunities with DIT at BODW 2019, please contact us at DITHongKong@fco.gov.uk 

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For the Great British Design campaign, we will explore how design and design thinking will influence how we work, live, play and learn through events, discussion, demonstrations and experiences before, during, and after BODW 2019.
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Paul McComb
Director
General Trade
& Investment
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From Trade War to Cold War?

While the US-China trade war truce is good news for exporters, companies must act now to implement contingency plans should relations sour once again.

– By Kit Dawney, Country Head, Singapore Director of Research, SVA Group

Markets welcomed a truce in the trade war, brokered in December 2018 in Buenos Aires by Chinese Communist Party (CCP) General Secretary Xi Jinping and US President Donald Trump.

Yet, the reality is that this trade war is only a symptom of a parting of the ways between the US and China, a trend that diplomatic bonhomie may slow, but not alter.

Businesses must understand that this systemic divergence will reshape the commercial landscape of recent decades, meaning companies must adapt if they are to prosper.

Will the Trade War turn into a Cold War?

Sino-US tensions had intensified ahead of this truce, owing to the US government's imposition of tariffs on imports from China worth about US\$250 billion. These tariffs affected trade flows; Chinese purchases

of US soybeans plummeted, for instance, replaced by Brazilian cargos, to the chagrin of Midwestern farmers.

A range of other measures have followed. The US in August 2018 tightened rules on oversight of foreign investment, sanctioned Chinese entities for buying Russian weapons, and decided to withdraw from the Universal Postal Union, as China's cheaper postage rates had enabled companies' sales.

These actions may be merited. After all, China has been accused of plundering intellectual property, keeping swathes of its economy closed to foreigners, and demanding party cells hold sway over private companies' decisions. The Made in China 2025 plan, championing industrial development, seemingly proved the final straw for Washington. For now, though, the two sides have agreed to stave off further action for 90 days.

Even so, this dispute is about much more than trade. A consensus has emerged in Washington branding China as a geopolitical adversary; and in Beijing, the belief that the US wishes to stunt China's much vaunted "national rejuvenation" is strong. The trade conflict is thus symptomatic of a major loss of trust between these very different states, and an intensifying geopolitical contest – not just to commercial jostling.

The New Order?

Geopolitical tensions thus seem liable to reshape the business landscape, posing threats to those businesses that had thrived thanks to globalism, even if both sides succeed in easing trade frictions for now.

Take the US casino companies operating in Macau. These gaming businesses have profited mightily since 2001, but Beijing may question whether still to grant American companies such a boon – particularly given that some have overt links to President Trump.

Companies reliant on technology may also suffer. The US appears intent on choking off Chinese access to technology, harming sectors such as manufacturing, biochemistry, and cloud computing. Of course, China will improve its technology with time and effort, but doing so will take longer, and will come at the cost of divergent standards.

Those hoping for economic liberalisation may also prove disappointed. Rather, the CCP will still strategically channel bank lending, maintain capital controls, and empower state owned enterprises at the expense of the private sector – notwithstanding claims to the contrary. Doing so would mean ceding CCP control of the economy.

Transnational supply chains will also continue to shift. Western and Chinese businesses are already investing in Vietnam, so as to evade restrictions, and other Southeast Asian states may also benefit. Some production could "repatriate" to North America. In turn, China may use its Belt and Road Initiative to secure market access.

How to respond?

This changing environment presents risks, such as:


- Rising costs, thanks to tighter finance and supply chain constraints.

- Growing risk of non-payment, as strains on counterparties worsen.
- Risk of supply chain interruption, as suppliers teeter.
- Discriminatory regulatory action, with executives perhaps facing arrest in China.
- Intensifying political risks, particularly if the big powers encourage boycotts, interfere in commercial decisions, or force companies to "choose sides".

Businesses must respond, initially by:

- preparing plans to tackle contingencies;
- briefing staff on risks, and training them to respond;
- ensuring sound controls over local offices;
- managing executive travel, so as to limit regulatory exposure;
- developing internal flexibility, to improve crisis management; and
- closely monitoring key developments, reporting directly to the "C suite".

Conclusion

Systemic shifts are under way in the Asia-Pacific region. These changes will take time to alter the business environment, but will nonetheless do so profoundly, throwing up winners and losers. Companies must react now, if they are to prosper. 



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Shifting the Supply Chain

Global trade tensions will inevitably see an acceleration of supply chain diversion to ASEAN and businesses need to start building capacity now or miss capturing one of the biggest regional supply chain opportunities in a generation.

– By Stuart Tait

Global trade tensions continue to dominate this year's headlines and the shift of production to efficient ASEAN countries is accelerating.

ASEAN businesses are clearly paying attention, they are making incremental changes to their supply chains, but is the pace of change fast enough? HSBC's global Navigator survey - which was launched this week and included the views of more than 8,500 corporates (1,000 in ASEAN) – finds Southeast Asia as the most trade-positive region in the world.^[1]

Moreover, Navigator reveals that business decision-makers in ASEAN view the global shift towards protectionism as increasing the value of their business.^[2]

Being both positive towards trade and protectionism seems a little counter-intuitive at first glance. But dig a little deeper and it is clear that businesses are shrewdly seeing and capitalising on the opportunity amid the emerging trade disruption.

Shifts in production to ASEAN can – and are – happening quickly.

Thailand and Malaysia already have existing production networks in electronics, especially in hard disk drive (HDD) assembly.^[3] Thailand exports about the same amount of finished storage units to the US as China does. Given ASEAN's existing capacity, it makes increasing sense to shift assembly to Southeast Asia, especially now that Chinese shipment of HDDs from the US are subject to at least a 10% tariff, making the move to ASEAN markets all the more compelling.^[4]

Singapore, the Philippines and Vietnam also produce a variety of electronic components^[5], while Vietnam and Indonesia have become increasingly competitive in light manufacturing and textile exports.^[6]

Investment data already shows an increased shift to ASEAN. Vietnam's inbound manufacturing investment has grown by 18% this year, while Thailand and the

Philippines have both experienced a significant increase in net FDI.^[7]

Meanwhile Harley Davidson, Panasonic and Steve Madden have all said they will relocate production to the region.^{[8],[9]}

But while there are immediate opportunities, supply chain networks aren't linear, rather they are an ecosystem. So, it's not as straightforward as a multinational corporation shifting production to an idle factory. Businesses first need to take a view on the overall impact of tariffs on Chinese goods.

Factors like labour costs, shipping costs, and regulations need to be weighed up, to determine whether additional capacity will be built. This has implications for ASEAN as a region and for individual suppliers.

For ASEAN, an increase in HDD exports is definitely welcome. But countries like Thailand and Malaysia need to move further up the electronics supply chain into higher value-add semiconductor fabrication, particularly of more advanced memory chips, to stay competitive.


This will require nations and businesses to invest in infrastructure, new facilities and the training of skilled workers. Economies that can improve the quality of their exports, and have more room for reallocation and further upgrading, stand a higher chance in capturing supply chain opportunities.^[10]

At an individual business level, suppliers across ASEAN need to accelerate the adoption of new technologies such as automation and robotics, perhaps even running smart warehouses. This can help enable an uptick in production capacity to meet global demands, increasing production efficiency and in-time delivery.

This is top of mind for ASEAN businesses. According to HSBC Navigator, increasing the use of technology is the top change planned for the region's supply chains in the next three years. Whilst we're hopeful of a resolution to the ongoing trade tensions, ASEAN businesses should prepare for them to remain over the medium term.

Management teams that are considering shifting supply chains to ASEAN will be asking themselves many questions: Is there production capacity? How are these plants receiving raw materials? Do they have sufficient people skills? Should they add capacity or expand plants? Technology will be key to increasing ASEAN's competitiveness and appeal.

When looked against the broader macro-economic backdrop of trade tensions, the prospects for ASEAN's supply chain ecosystem are bright.

But the potential opportunities from heightened trade tensions are not a meal ticket that ASEAN businesses simply have to queue up for to enjoy. Shifting supply chains on a large scale requires collective effort to build up company and regional capacity. And ASEAN businesses need to act now. 

[1] HSBC Navigator 2018

[2] HSBC Navigator 2018

[3] HSBC Global Research: Retooling Asia's supply chains, October 2018

[4] HSBC Global Research: Retooling Asia's supply chains, October 2018

[5] Retooling Asia's supply chains, HSBC Global Research

[6] ASEAN Perspectives, Trade Wars: much pain, some gain, HSBC Global Research

[7] Southeast Asia has an investment boom, thanks to the trade war

[8] Southeast Asia has an investment boom, thanks to the trade war

[9] European firms mull relocating mainland production to Southeast Asia amid escalating US-China trade war

[10] "Getting The Balance Right: Transitioning Out Of Sustained Current Account Surpluses", World Economic Outlook 2010, IMF 2010



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Land-banking in the GBA: Investors Beware



As the Guangdong-Hong Kong-Macau Greater Bay Area Initiative gains momentum, undeveloped – or idle – land could be easy pickings for developers. – By Rico Chan and Catherine Song

Latest enforcement statistics

According to the various statistics published by the Guangdong Provincial Land Bureau, since 2001 the government has determined 2,984 land lots to be idle land. Of those, 122 were confiscated without compensation and 326 were subject to a penalty of 20% of the land price.

What is idle land?

According to national land law and the *Measures for Handling Idle Land (2012)*, the government may determine a land lot to be idle if:

- the landholder fails to commence construction for more than one year from the applicable deadline; or
- the landholder has started but then suspended construction for more than one year, and (i) the developed land area is less than 1/3 of the committed total development land area, or (ii) the actual investment is less than 25% of the stipulated total investment.

Legal consequences

If a landholder has missed the construction commencement deadline by more than one year but less than two years, the government may impose a fine of 20% of the land price. If the landholder has missed the construction commencement deadline by more than two years, the government may confiscate the land without compensation.

If the landholder can prove that the delay in construction was caused by government acts or by other excusable causes, the landholder will not be subject to these penalties and may negotiate an appropriate settlement with the government (such as an extension of the construction deadline, partial surrender of land with compensation etc.).

Take-away points

As the Guangdong-Hong Kong-Macau Greater Bay Area Initiative gains momentum, many real estate developers and operating companies plan to acquire more land in the Guangdong Province by bidding for undeveloped land at government land

auctions, or by acquiring projects comprising of undeveloped or partially developed land.

- Any investor that plans to acquire an undeveloped land lot in the Guangdong Province or other Chinese city through government auction or tender should plan its overall development schedule appropriately so that its project will not be exposed to idle land risk.
- Any investor that plans to acquire a land lot in the Guangdong Province or other Chinese city through an M&A transaction should conduct legal due diligence to effectively assess whether its target project is exposed to idle land risk.

Below, please see the charts analysing local government's handling of idle land cases in the Guangdong Province from 2001 to August 2018 based on various statistics published by the Guangdong Provincial Land Bureau (prepared by Baker McKenzie FenXun, the international and PRC legal services joint operation office between Baker McKenzie and Fenxun Partners approved by the Chinese government in April 2015.) 

Charts analyzing local government's handling of idle land cases in Guangdong Province from 2001 to 2018 (Aug)

广东省2001-2018年（八月）闲置土地处置汇总表

Chart 1 – Number of land resumption and penalty cases

Land confiscated without any compensation	122
Monetary penalty imposed	326
Land taken back with some compensation	472
Cases resolved through other measures (e.g. extension of construction timeline)	2064
Total number of cases	2984

Chart 2 – Percentage of land resumption and penalty cases



Chart 3 – Cases of land confiscated without compensation in different cities

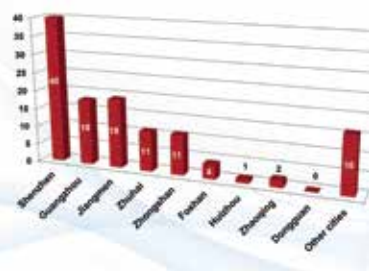


Chart 4 – City and timeline patterns of cases of land confiscated without compensation

	Before 2005	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Shenzhen	3	7	0	14	2	3	5	3	2	1	0	0	0	0	0
Guangzhou	0	0	2	8	3	1	3	1	0	0	0	0	0	0	0
Jiangmen	0	0	0	18	0	0	0	1	0	0	0	0	0	0	0
Zhuhai	0	1	0	3	1	4	0	2	0	0	0	0	0	0	0
Zhongshan	0	0	0	0	0	0	0	0	0	0	3	0	0	0	0
Foshan	0	0	0	0	0	1	2	1	0	0	0	0	0	0	0
Huizhou	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0
Zhaoqing	0	0	0	1	0	1	0	0	0	0	0	0	0	0	0
Dongguan	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other cities	0	0	1	3	1	1	1	2	5	2	0	0	0	0	0
Total	3	8	11	48	7	11	11	10	10	3	0	0	0	0	0

Chart 5 – Monetary penalty cases in different cities

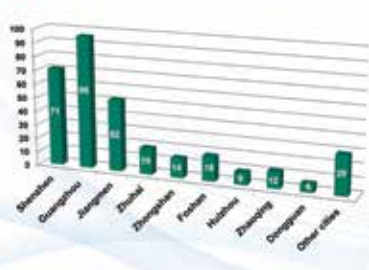


Chart 6 – City and timeline patterns of monetary penalty cases

	Before 2005	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Shenzhen	0	20	1	10	11	6	4	1	0	14	4	0	0	0	0
Guangzhou	1	6	8	60	5	5	3	1	5	0	0	3	0	0	0
Jiangmen	0	0	0	29	6	7	3	2	4	1	0	0	0	0	0
Zhuhai	0	0	0	7	3	0	0	2	3	2	1	1	0	0	0
Zhongshan	0	0	0	0	0	0	0	0	3	11	0	0	0	0	0
Foshan	0	0	0	12	0	1	2	0	2	0	0	1	0	0	0
Huizhou	0	0	0	9	0	0	0	0	0	0	0	0	0	0	0
Zhaoqing	0	0	0	1	1	0	0	0	8	2	9	0	0	0	0
Dongguan	0	0	0	0	0	0	1	0	0	0	1	4	0	0	0
Other cities	0	1	0	16	1	9	0	0	0	0	0	1	1	0	0
Total	1	27	7	144	27	28	13	9	33	19	7	10	0	0	0

Sources: Based on various statistics published by the Guangdong Provincial Land Bureau.

Baker McKenzie FenXun.

奋迅 · 贝克麦坚时

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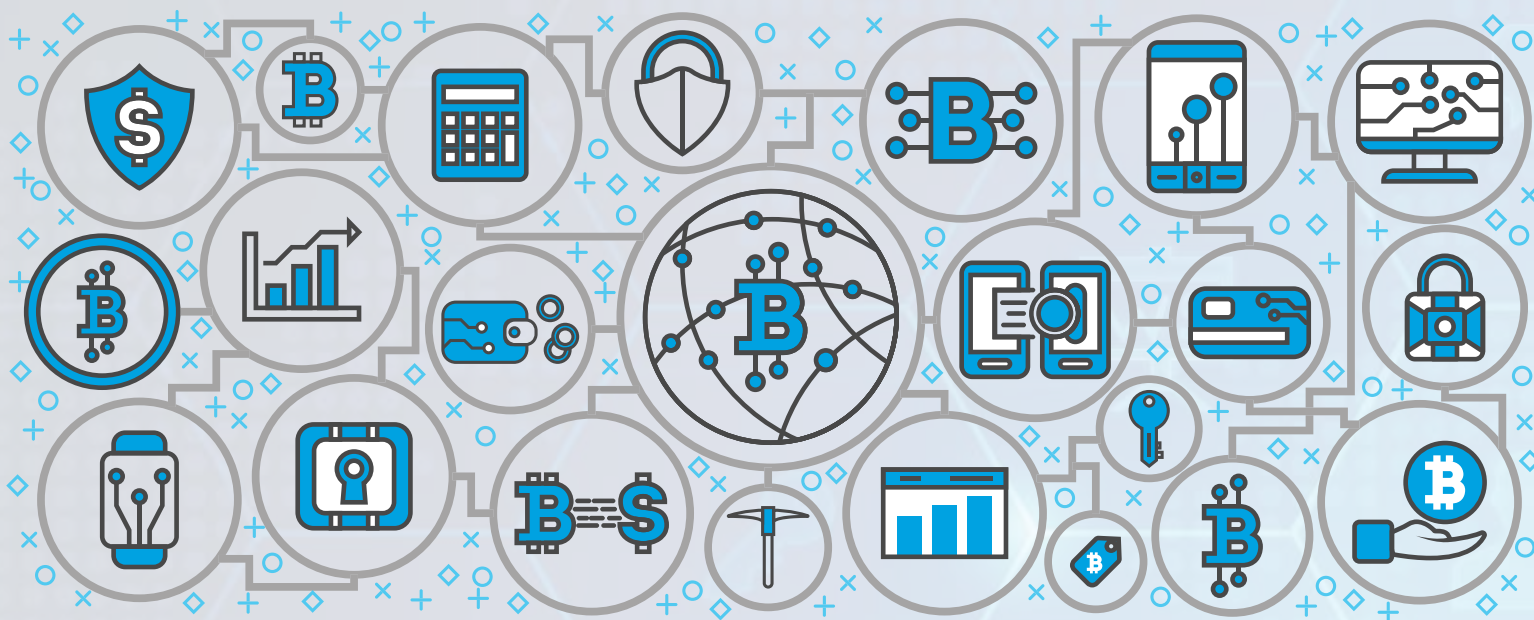


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Tokenising Real Estate

The recent introduction of security tokens means retail investors will have direct access to different commercial real estate asset types.

– By Philip Pang

I recently had the pleasure of attending a number of blockchain conferences, where I met with some start-ups who are looking to 'Tokenise Real Estate'. The idea is to solve some of the key problems investors and property developers face when investing in commercial real estate, primarily the limited access, the fees imposed by third parties, and the lack of transparency and liquidity.

The way people hold and transfer assets may change dramatically in the near future. Whether it's real estate, equity, derivatives, commodities, art or even debt, the ownership on these assets may be recorded on a distributed ledger (blockchain) and represented by security tokens. The importance of blockchain is made evident by the opinion of 800 executives and IT experts at the World Economic Forum, 50% of whom said they believe more than 10% of the global GDP will be stored in blockchain by 2025.

The recent introduction of security tokens has gained a huge interest in the blockchain space. Unlike utility tokens, which provide its holders access to an

application, a product, or a service and are used in token sales and initial coin offerings; security tokens derive their value from real assets. A key principle for security tokens is to fractionalise assets such as real estate and allow these investments to become more liquid. Essentially security tokens are an investment contract, like stocks, bonds, and private equity investments, and are considered a 'security' if there is an expectation of profits from the investment (e.g., price appreciation, revenue share, dividends, etc.).

A key principle for security tokens is to fractionalise assets such as real estate and allow these investments to become more liquid.

Advantages of a security token

Historically, commercial real estate investments have only been accessible to high-net-worth investors, property developers, real estate funds, and institutional investors. The premise of security

tokens will give retail investors direct access to different commercial real estate asset types while benefiting from any dividends (rental income) and price appreciation. Additionally, property developers can raise capital from a new class of investors - retail investors, who could co-invest with reputable property developers. Currently, real estate investment can't be easily transferred from one party to the next because the system is slow, expensive, and tedious. Blockchain technology will hopefully create secondary markets for registered securities on Security Token Exchanges. In Asia, few firms are building the infrastructure which will allow investors to exchange real estate ownership as easy as it is to trade common stocks.

Disadvantages with security tokens

The main problem with issuing security tokens is that it's an early technology which is trying to enter a highly regulated environment. Now there are too many uncertainties of how the technology would work in the real world, coupled with the current lack of liquidity in secondary markets, and not to mention the fact that security token exchanges are just being built. Additionally, some countries' regulators prohibit the sale of securities to independent, retail investors (as a part of their investor-protection policies), so investors need to carefully examine security-token offerings to find out whether they are allowed to participate.

Security tokens and the real estate landscape


In New York, Fluidity (the team behind Airswap), a

company providing technology services to registered broker-dealers, partnered with Propellr Securities, to tokenise the first residential development which was recently appraised for US\$30 million. Propellr is a FINRA-registered broker-dealer which uses its financial and capital markets expertise to offer and sell traditional and tokenised securities under what is known as Reg D rule 506(c), meaning that the issuer must take reasonable steps to verify that every investor is accredited.

“
The main problem with issuing security tokens is that it's an early technology which is trying to enter a highly regulated environment.
”

A key value proposition these firms see in the tokenisation of real estate assets is, they don't require a bank or third party to be involved in the financing of the project. Tokens represent the debt which can be traded as private securities. If the token holders sell the shares, the purchaser can preserve the token on the blockchain, or “cash out”, thereby dissolving these tokens altogether. This theoretically would produce more liquidity in a notoriously illiquid market.

That said, we are in the beginning stages of ‘tokenising real estate’, and for this concept to truly bring value to investors and property developers, collaboration between incumbent real estate firms, blockchain developers, lawyers, and certainly regulatory bodies, is key to move the technology forward in a compliant and efficient manner.

If you would like to know more about PropTech, blockchain, cryptocurrencies and the impact these technologies will have in the real estate industry, contact Philip Pang at philip.pang@colliers.com 



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Colliers International Group Inc.
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The Workspace of the Future

Flexible space is generating plenty of conversation about new ways of working, but demographic, cultural, and corporate evolutions are the real agents of change at work. – By Todd Lipfert

Flexible space is not a new concept in the commercial real estate industry, but conversations about new ways of working have become increasingly mainstream as part of a global shift toward more agile and innovative space solutions. The flexible workspace industry is changing and growing, shaped by four key global trends: urbanisation, technology, flexibility, and an evolving workforce.

The future of flex

As the world's largest asset class, real estate is worth several times the global GDP.¹ Predictions vary on the outlook for flexible uptake, but JLL asserts that by 2030, up to 30% of corporate commercial property portfolios could be made up of flexible space.² In short, it will remain a significant option for anyone seeking commercial space in the future. The industry has helped shape new strategies for landlords and tenants

and engineered a solution that provides customised, collaborative, and efficient spaces. That said, there are external factors driving changes to the industry that have significant global reach beyond the rise of flex spaces and providers. Changes in the market are thanks to the emergence of four overarching global trends.

Urbanisation

As the global population continues to concentrate in cities, the things we demand from our living, working, and recreational spaces change. Asia is highly indicative of this and by extension is the fastest growing coworking market globally.³ As reported by the UN, between 2000 and 2016 the world's cities with a population of 500,000 or more grew at an average annual rate of 2.4%. Of these, 47 cities grew at more than twice that rate with an average growth rate of more than 6% per year. Significantly, 40 were in Asia, with 20 in China alone.⁴

Technology

Innovations in mobile technology and cloud storage have had a significant impact on how much space businesses need and how they choose to use the space they do have. Offsite cloud services mean smaller and more efficient offices without large server rooms. Colliers predicts that by 2020, 60-70% of all software services and spending will be cloud-based.⁵ Research by Deloitte asserts that by 2020, nearly 50 billion connected devices will have the capability of plugging into an office building, with sensory deployment in the commercial real estate industry expected to boom.⁶

Flexibility

If the rise of flex has shown anything, it is that corporates need tailored leasing terms and diverse spaces that align with their precise and individual business requirements. The Global Coworking Survey found that corporations grew from making up 20% of the coworking market in 2010 to 61% in 2017.⁷ Already, 70% of Microsoft's New York City cohort use flexible spaces, enabling teams to work from a variety of locations based on demand, workflows, and personal preference.⁸

A changing workforce

Retaining top talent and achieving the best results requires an updated approach to workspace strategy. An increasingly millennial workforce has been key in shaping expectations about how and where people want to work. Additionally, competition for talent and the need to increase efficiency are driving corporations to seek desirable and collaborative workspaces for their teams. No longer are individuals tied to offices and cubicles – a modern workforce has a modern outlook. Globally, 67% of business are choosing some form of flexible workspace as a long-term strategy and not simply as a temporary solution to their workspace needs.⁹

Putting it all into perspective

As reported by JLL, at its peak Kodak employed more than 145,000 people before disruptions to the sector forced it to declare bankruptcy in 2012. A few months later, photo sharing app Instagram was acquired by Facebook for US\$1 billion.¹⁰ The irony is that even with its billion-dollar valuation, Instagram, staffed by just 13 people at the time, would not have met the minimum requirements for premium office space under a traditional leasing model. Flexible workspace is uniquely able to bridge this gap and provide adaptable and modern workspaces to quickly growing, high-value corporates in the world's best buildings and locations.

Flexible workspace as an option in the commercial office playbook is here to stay. Whether it is used as a primary office, temporary project office, or as part of a *flex-and-core* strategy, these spaces provide unique flexibility and access to spaces for high-value companies who would otherwise be relegated to second-class areas. Businesses are no longer looking purely for office space but for communities where their business can grow and thrive. As the fastest growing flexible office market in the world, Asia is a living, breathing realisation of these trends and is well placed to continue leading the charge toward a truly innovative workspace culture. **B**

- [1] HSBC, 'Global Real Estate: Trends in the world's largest asset class'
- [2] JLL, 'Spotting the Opportunities: Flexible Space in Asia Pacific'
- [3] JLL, 'Spotting the Opportunities: Flexible Space in Asia Pacific'
- [4] UN, 'World Urbanization Prospects: The 2018 Revision'
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- [8] JLL, 'Coworking is the New Networking For Big Business'
- [9] Allwork Space, 'The Office Evolution Conference 2018'
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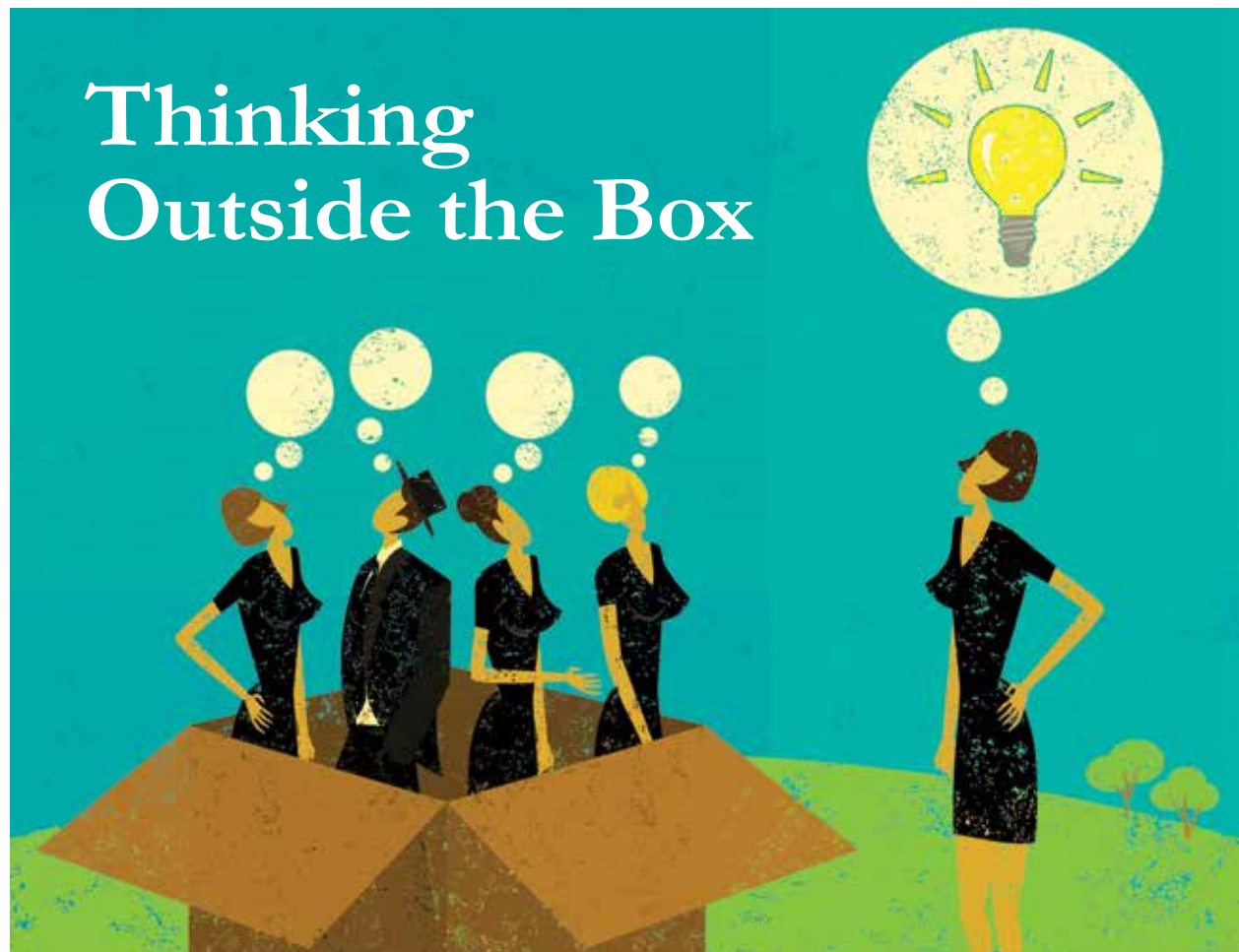


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For businesses struggling to adapt to market changes, it's time to embed cognitive diversity into corporate strategy and culture.

– By Chris Durkin

The current reality

Many organisations, particularly large multinationals, accept diversity as a vital part of their DNA. Some, such as Cisco, Novartis, and Accenture, are recognised for their exceptional diversity programmes. Yet diversity is often viewed in the same way as sustainability; morally the right thing to do, but not seen as adding measurable value to the bottom line.

Critically, many diversity agendas focus solely on demographic characteristics: gender, age, race, religion, ethnicity, sexual orientation, impairment, and social background. The drive to be politically correct in these areas can actually reduce business performance as organisations recruit to meet demographic quotas rather than select the best candidate for the role.

While demographic diversity is crucial, the essential component that is often missing is cognitive – or

thinking – diversity: the different ways people process information and solve problems.

"We take a view of diversity that looks beyond the usual measurements because we know new ideas come from diverse ways of seeing things." – Apple Inc

Why cognitive diversity?

Research shows that teams with diverse thinking generate significantly higher levels of engagement, collaboration, decision-making, and innovation compared with teams built around demographic diversity alone.

"Diversity of thinking enhances innovation by around 20%. It also enables groups to spot risks, reducing these by up to 30%." – Diversity of Thinking: The New Frontier, Deloitte Review, 2018

Although knowledge of cognitive diversity has been around for years, the increasing need to

innovate and adapt to market change, and the rapid development of artificial intelligence is making it a priority.

"By building diverse teams through a combination of workers and machines, the number of new cognitive skills will be multiplied, increasing the ability to turn a problem around, look at it from different directions, and deploy different skills to find creative solutions."
– Cognitive Diversity: AI & The Future Of Work, Tata Communications 2018

Measuring cognitive diversity

There are easy-to-use whole brain assessment tools available that measure the degree of thinking preference a person, team and organisation has. Typically, these are grouped into four thinking styles; analytical, practical, experimental, and relational. These tools measure preference, not capability and there is no 'good or bad' preference. It's about optimising the benefits of the thinking agility available in your organisation.

"By opening our minds to the differences in thinking styles, the meeting resulted in tangible plans and clarity of purpose that surpassed anything that I had previously experienced." – Business Head, Standard Chartered Bank

Why does cognitive diversity add value to demographic diversity?

A team can be demographically diverse but think the same. Therefore, nothing changes.

I recently profiled a leadership team which prided itself on its (demographic) diversity but was struggling to address low staff engagement scores. Eight of the 10 executives were dominant 'analytical' thinkers with a preference for facts and logic. As a result, they were actually avoiding 'relational' thinking which was essential for empathising with and responding to how their employees' were feeling.



Chris Durkin
CEO,
Q3global

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business issues, working across industries and cultures in more than 30 countries. To learn more about what we do check out Q3global.com or give us a call on (852) 3105 5331.

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Inadvertently, they were blocking cognitive diversity by appointing 'like-minded' team members and making decisions based on personal preferences, resulting in silo 'groupthink'. After the session, the CEO admitted: "We're very efficient at working on the wrong things!"

"Innovation requires the ability to question norms, synthesize different views and collaborate to develop unique and powerful solutions. Cognitive diversity is the DNA of innovation." – United States Navy, Office of Strategy and Innovation


Act now! A few essential steps for leveraging cognitive diversity

Add thinking diversity to your diversity agenda and your talent recruitment and development processes.

"We're actively investigating cognitive gaps in our working population and recruiting for those gaps." – Global Head of Talent, Jaguar Land Rover

Change the way you collaborate by including people in meetings and project teams who think differently and encourage them to challenge and ask questions from different perspectives. What are the big new ideas? What analysis do we need? What are the practical considerations? How will stakeholders feel about this?

In preparation for the 2012 Olympics in London, Coca-Cola made a strategic decision to form a 'whole brain team' to manage the Olympic Torch Relay across the UK. These diverse thinkers were able to plan for all eventualities and flawlessly executed the torch's 13,000 km journey carried by 8,000 people through 1,000 towns over 70 days.

And finally, as with all culture change, leaders and senior managers must embrace cognitive diversity and be highly enthusiastic and visible role-models! 



Forward Thinking for Tomorrow's World

The fast pace of change in the world of technology is disrupting business models. At Stamford American School, the emphasis is on instilling critical thinking into the minds of pupils. – By Karrie Dietz

Preparing children for the future is a difficult task as the ever-changing technological landscape is transforming the way we live and work in such unpredictable ways, and it is expected to further disrupt business models and the labour market. That is why there is a shift towards skills; the World Economic Forum recently listed the top skills needed in what has been deemed the “Fourth Industrial Revolution”. These skills aren’t subject-specific but involve higher order thinking skills such as complex problem-solving, critical thinking and creativity to name a few. This shift in skills for success coincides with the emphasis on STEM education (science, technology, engineering, and maths) by many schools to give children the foundation they will need to succeed, Stamford American School being no exception.

In addition to STEM, Stamford has chosen to add in an element to the curriculum and focus heavily on

innovation, hence the program’s namesake STEMinn. Adding innovation as a core focus allows students to learn through a cross-curricular approach to produce ideas that address real-world problems, just as they would in a real job. Innovation also provides a natural opportunity to integrate projects as a critical element to our inquiry units. This allows students to build on all 10 in-demand skills such as creative thinking, coordinating and cognitive flexibility, and also to be naturally inspired by the curriculum, choosing to pursue projects related to the unit of study but not prescribed by the teacher. Students have produced amazing projects since Stamford opened in 2017 in Hong Kong following the success of its sister school in Singapore. An early triumph was a project based around the Volvo Race where middle school students built life-size boats which competed in Stamford’s own swimming pool. Although each group had the same materials, the four boats produced looked very different. Teams had to



consider the design and shape for buoyancy and speed as well as carrying capacity to meet the challenge to get the all the team members across the pool and, of course, the ultimate test – not to sink!

Stamford Global Mentor and environmental scientist, Cesar Jung-Harada, of MakerBay, led the project. Cesar is well-known for projects that address environmental and ecological issues such as oil spills and cataloging coral reefs. He is also passionate about




providing a space and tools for everyone to create, so there being no limits to their creativity, making him a respected and popular mentor among the students.

Since this project, students have shown their ingenuity to find solutions related to environmental challenges, made solar lights to donate to Papua New Guinea, and found new uses for garbage. Again, with the help of Cesar, students built space rovers and studied the effects of plants growing in low-gravity environments as part of another school project during #MissionInspire - a Cognita-wide salute to World Space Week.



Stamford often collaborates with the other Cognita schools - 70 in total in eight countries – providing an excellent opportunity for students to further their collaboration skills across oceans and cultures.

The question might remain, what about technology? Don't students need technology to prepare for the future of work? Yes and no. Yes, Stamford integrates technology into its core programs and uses it to support learning in all subjects from art, maths, drama, literacy, and more. Stamford offers a 1:1 iPad program in elementary and a 1:1 laptop program in middle school. Coding, robotics, and a variety of apps are used to support learning, with a dedicated Educational Technology coordinator and a STEMinn coordinator in place to ensure that students are accessing technology with a purpose that gets linked back to the curriculum. However, humans in the next generation will still have a lot to offer that can't be provided by computers. In fact, it will be those human characteristics such as emotional intelligence that set us apart from artificial intelligence. Therefore, Stamford and schools that promote this combination of skillsets will have graduates not only with the technological literacy needed for tomorrow's world but also the soft skills that will set them apart from their peers. 



Stamford American School Hong Kong offers inspiring education for students from age 5 using an inquiry-based learning approach combined with rigorous American academic standards, so graduates have access to top universities worldwide. To prepare children for the future, Stamford offers a pioneering STEMinn program developing skills needed for the 21st century. Stamford is part of Cognita, a global network of 70 schools worldwide.



Karrie Dietz
Head of School,
Stamford
American School
Hong Kong

Working and Learning

Academic Lead in Engineering at the University of Derby, Justin Steele-Davies, offers his views on online learning and studying while in the workplace. – By Dr Justin Steele-Davis

The construction sector in Hong Kong is a large part of the economy and has a high demand for skills at all levels. This makes it an appealing career prospect, with many people seeking entry-level qualifications to work within the sector. Over time, however, these skilled individuals will be expected to demonstrate higher levels of qualification in order to progress through different levels of the organisation. Typically, this may involve acquiring a Masters level of knowledge and understanding to become a chartered engineer.

In order to get a Masters qualification they may wish to consider whether they can take time off work to study or whether it's possible for them to gain these qualifications while still in full-time employment. Both of these options come with benefits and drawbacks: taking time off means a greater focus on studies but will come with a reduction in income; working full time means finding an education provider that delivers outside of the normal working pattern which is within commuting distance of work while retaining a full salary. The drawbacks for both options can often hold

highly talented individuals back, limiting their personal growth and the benefits they would bring to the organisation they work for.

Universities are the typical providers of training and support at Masters level, typically taught in a classroom during working hours. Even if this is arranged over weekends or evenings, getting to the university can be difficult and hard to work around other commitments. This is one reason why online learning is increasingly appealing. The flexibility as well as access to resources 24/7 and the ability to work with a diverse community of peers are all significant benefits. These type of programs do not come without their challenges. How do you deliver the practical skills required, provide relevant local context, and demonstrate that the work assessed is from the individual registered for the course? These are all challenges that need to be addressed in providing a robust offer for the sector.


At Masters level there are fewer practical skills required than earlier stages in training and development.



There are still, however, areas that require hands-on experience. Traditionally, this would be covered as part of the normal teaching schedule. With careful planning this can be covered through a variety of means for online programs. A practical assessment can be made by a work-based demonstration of competency. A residential programme can be delivered at the university, using equipment and sites specifically for teaching.

It is now also possible to sit an exam anywhere in the world, with the same level of oversight and supervision that would be expected coming into an exam room at the university campus. The quality of internet connections across the world allows for the use of high definition video and photography as part of the

course. There is no need to compromise the academic integrity of the programme, maintaining the emphasis on students' ability to recall and apply knowledge in a time constrained situation.

There are still significant challenges in delivering this type of programme. You need to make the user experience as good as possible, with easy navigation and clear instructions that are appropriate for multilingual students. You need to have an organisation and staff base that are geared up to support the students at a distance. This includes having an understanding of that remote experience and how best to facilitate their learning. The question remains, how long will it be before many organisations offer this mode of study to professionals? 



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The University of Derby is an ambitious, innovative and modern university focused on real-world learning. We provide our students with a top-class international experience and help them to develop their skills to ensure they succeed in their careers. Our Derby Campus is in the heart of England renowned for technology and innovation, Derby is a thriving multicultural city.






Breaking Down Barriers

Collaboration and cooperation are key to fostering creativity and innovation in any business.

In October, François Ortalo-Magné, Dean of the London Business School, led a Chamber panel discussion on how to foster creativity and innovation in the workplace. Joined by London Business School alumni Karin Munasinghe, Senior Vice President of APAC Marketing, Frensenius Medical Care; and Tak-

Chun Lo, partner of Zeroth.ai; these thought leaders shared practical insights based on research by LBS faculty and on their own leadership experience.

The following is an account of the event and principal points made by each of the speakers on the day. 

François Ortalo-Magné, Dean of London Business School:

"Most people are naturally collaborative, however most businesses develop silos within and between teams which can hamper innovation. From global corporations to a growing start-up, every business leader grapples with the same challenge: How do you foster a shared sense of purpose?"

"At London Business School, we thrive on such discussions, but we face the same challenge as other institutions to apply the insights of our researchers to ourselves. When I first joined LBS, I encouraged our departments to rethink their roles through creative scenarios. For example, if we were a football club, who would be the players, fans or groundskeepers? Who would be the media and how would cash flow back to the club? Such playful exercises prompt new questions and open new horizons. They break down the internal habits and encourage groups to think differently and holistically about the opportunities ahead.

"This is just one of a wealth of approaches that business leaders can deploy in order to foster creativity and innovation within their organisations, a topic that we live and breathe at LBS.

"I am proud to see how our alumni Tak and Karin have built on what they learned at LBS to become innovative leaders today. I so enjoyed learning how they built on their experience at the school and the support of our network to become exemplary leaders!"

Karin Munasinghe, Senior Vice President, APAC Marketing, Fresenius Medical Care:

"‘Mission’ and ‘innovation’ can feel like buzzwords in large corporations with a vast workforce. I have certainly experienced the challenge of breaking down silos, having worked in the pharmaceutical industry for more than 20 years. Businesses need to look introspectively to improve their ways of working, but if they aren’t looking externally then they will inevitably be outpaced by change – and it is sometimes the threat of change that results in action. The key to success is to devise a clear roadmap to keep the team and business moving towards the same mission.

"Innovative ideas can come from external sources too. I co-founded the Healthcare Drinks networking events in Hong Kong to convene a community from a very small industry (healthcare is not a key industry sector in Hong Kong) so that we could exchange experience and best practice. Our network has grown from 10 industry experts in 2015 to over 2,000 professionals on our database and we typically have 80-100 people attending our networking events.

"In order to foster agile innovation and a sense of mission in large multinationals, employees should be encouraged to practice "disruptive innovation" whereby they leverage off both internal and external networks to achieve faster market penetration into new market segments. For example, Apple has introduced a new HealthKit App that turns the iPhone into a medical diagnostic tool for clinical trials. This has resulted in large pharmaceutical companies striking up partnerships with Apple to collect extensive patient data in their future clinical studies."

Tak-Chun Lo, Partner, Zeroth.ai:

"The discussion reminded me of my time in the US military, where we planned missions by thinking of a best-case scenario (if we had unlimited resources) and a worst-case scenario (if we had nothing). It encouraged the team to focus on the mission at hand and think creatively about the range of scenarios before commencement.

"Working in a start-up, you are uniquely surrounded by a passionate bunch of individuals who are driven by a shared mission to build something from scratch and work creatively because you usually lack manpower and resources, so you have to do everything yourselves. The challenge comes as that team grows from two, to 10, to 20 employees.

"Growing start-ups definitely face a challenge to maintain their mission and purpose. I think there are two ways to deal with this – one is to constantly refine and think about brand, which is really a company’s mission, and two, making sure that it’s communicated and lived. It takes on average seven points of contact for communication to be assimilated."



London Business School is one of the world’s elite business schools. We shape business practice and transform careers across the globe. Our academic strength drives original and provocative business thinking, empowering our people to challenge conventional wisdom in a truly unique academic environment.

Festival for Bright Sparks

A new British Council Festival of Ideas aims to spark the creativity of our young people of today, our innovators and leaders of tomorrow.

– By Jeff Streater

Innovation has become the buzzword of the decade. Almost everyone on all sides of the fence across the arts, business, government and education agrees that it is the key to our future, in one way or another. I don't disagree. But for me, what's just as important is to foster creativity. Creativity sparks innovation. Without one, there can't be the other.

When we at the British Council talk about creativity, we don't just mean in relation to the arts; instead we see it as having a vital role to play across all areas of society. By creativity, we mean promoting economic and social entrepreneurialism, imagining and pursuing novel ideas, judging value and developing curiosity. Creativity underpins scientific and technological advancement. It drives forward our economies and social development and enables us to contribute more fully as citizens. It is hard to imagine any aspect of our fast-changing lives where we do not draw on creativity and its vast spectrum of capabilities. It is essential to the human condition.



This is the backdrop to our new British Council festival SPARK: The Science and Art of Creativity, which celebrates creativity across the arts, sciences and education and offers a platform for cultural exchange between the UK and Hong Kong.

SPARK is a place for debate, inspiration and visionary thinking. A Festival of Ideas, it takes place at Tai Kwun, Hong Kong's new Centre for Heritage and Arts, from 18-20 January. With more than 30 events over three days and 50 creative and education partners

Images of Tai Kwun (photo credits: Tai Kwun)



JC Contemporary



Block 01 Police Headquarters Block



Laundry Steps

from the UK and Hong Kong, SPARK will open eyes and ears with interactive experiences, provocative performances, stimulating talks, installations, exhibitions and other innovative happenings. As well as the core Tai Kwun programme, select satellite events will take place in other venues across the city and, to engage with students throughout wider Hong Kong, the festival also features a schools' outreach programme. Although open to everyone, SPARK is principally aimed at the under 30s in a bid to ignite curiosity and creativity in the younger generations. All events are free but some need pre-registration at www.britishcouncil.hk/en/spark.


SPARK is definitely not a one-way street. Core to its success is creating collaborations and connections: connections between art and science, young and old, old and new and most importantly, between the UK and Hong Kong. With this in mind, UK and Hong Kong festival partners working together on SPARK include over 15 Higher Education Institutes (HEIs),



The Moment by the University of Nottingham – a "brain-controlled" dystopian sci-fi thriller

organisations such as the UK and Hong Kong Science Museums, the Natural History Museum, the British Library, Trinity Laban Conservatoire of Music and Dance, outdoor theatre company Walk The Plank, the Hong Kong Design Centre, Hong Kong Design Institute and many more.

Festival visitors can become superheroes, travel through time or create their own brain-controlled sci-fi thriller in a provocative and stimulating

programme curated around four themes: Art Meets Science, Altered Realities, Future Skills and Creative Cities. So come along and show us your SPARK at Tai Kwun in January and help us build a shared future through creativity for both the young people of the UK and Hong Kong, our innovators and leaders of tomorrow. 

Please see next page for SPARK festival highlights.



Become a superhero and save the day in Prison Break by the University of Nottingham



Jeff Streeter
Director of the
British Council
in Hong Kong

SPARK: The Science and Art of Creativity is a new British Council Festival of Ideas that takes place in Tai Kwun, 18-20 January.

www.britishcouncil.hk/en/spark #SPARKhk2019

The British Council is the UK's international organisation for cultural relations and educational opportunities.

www.britishcouncil.hk



SPARK FESTIVAL HIGHLIGHTS

ART MEETS SCIENCE

Creativity is born when art meets science. Interact with some of the UK and Hong Kong's creative visionaries working at the crossover of these two mediums. The University of Kent presents *Cellular Dynamics*, a performance blending cutting-edge biological research with a live recital by distinguished pianist Linda Yim of the Hong Kong New Music Ensemble. Students from Hong Kong Academy of Performing Arts collaborate with UK artists from Trinity Laban's Conservatoire of Music and Dance to produce *CoLab Journeys*, a unique and experimental public performance of dance and originally-composed music, with a soundscape created using the voices of the participants.



Cellular Dynamics by
the University of Kent
(photo credit: Dan Lloyd)

ALTERED REALITIES

From how to harness AR and VR to drive innovation in higher education to reimagining the past, immerse yourself in the parallel universes of AR and VR. The University of Nottingham's *The Moment* is a "brain-controlled" dystopian sci-fi thriller using a NeuroSky headset to detect participants' EEG brainwaves, which affect the film's edit, sound mix and narrative. With over 18 billion possible narrative combinations, lucky participants can create their own unique versions of the movie. *Prison Break* by Coventry University and the Hong Kong Design Institute invites audience members to join a team of superheroes seeking to recapture dangerous escapees before they wreak havoc on Tai Kwun – using just their phones, ingenuity and English language skills.

FUTURE SKILLS

How can young people in the UK and Hong Kong prepare for life and work in a globalised society? Learn about the creative skills and knowledge required to prosper in the face of AI, machine learning and other technological advancements. Theatr na nÓg's musical theatre extravaganza *Eye of the Storm* takes STEM education to the stage, featuring an original music score by Grammy Award winning songwriter Amy Wadge, who co-wrote Ed Sheeran's hit song "Thinking Out Loud". Aston University's School of Engineering and Applied Science will present *Smart Cities Need Smart Students*, an interactive exhibition demonstrating study routes for ambitious students who want to be part of the smart solution.



Eye of the Storm by Theatr na nÓg
(photo credit: Simon Gough Photography)

CREATIVE CITIES

Artists, scientists and designers explore the role creativity can play in the sustainability of developed urban areas. Share your opinions at Hong Kong Design Centre's *Streetshop*, an interactive exhibition gathering the public's thoughts on quality of life in Hong Kong. Newcastle University's *Making the Invisible Visible* shows the world's largest real-time urban sensing datasets and paints a live picture of pollution. While *Migrant Workers: Seen and Heard* is a collaboration between Hong Kong-born musician and writer Emmy the Great and British data journalist Mona Chalabi, who will transform Hong Kong statistics on migrant domestic workers into visuals and sound.



Emmy the Great
and Mona Chalabi

(photo credit: Ashley Batz for Wolcott Takemoto)



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The Truth About Fads and Quick Fixes

A rise in obesity has been mirrored by an increase in quick-fix diet and fitness plans. But nothing works better than good, old-fashioned healthy eating and regular exercise.

— By Matt Jacob

FAD – “any form of behaviour that develops among a large population and is collectively followed enthusiastically for a period of time, generally as a result of the behaviour being perceived as popular by one’s peers”.

As I write this, I am sitting in a coffee shop in New York City and it is with relevance and pertinence that I write this in America; each time I travel West I think: “my goodness, there are a lot of ‘large’ people here”. It’s my natural, sometimes ignorant disposition that I feel like I’m judging them. Hopefully a lot of them are doing something about

it, but in the U.S. nearly 70% of the population is overweight and 35% are obese. The UK isn’t far behind and Hong Kong is 37% overweight and rising rapidly. These rates haven’t altered much in the last five years and have risen dramatically in the last 30. So what? Well, we all know about the illnesses linked with being overweight: heart disease, diabetes, high cholesterol, high blood pressure, and many more, as well as a plethora of social and emotional effects and a likely susceptibility to depression. All of this put together contributes to HUGE global and national societal effects; on the economy, national productivity, and even national defence.

It's a complicated issue, and I don't think wholly to blame directly on the individual. When you look at what one has thrown at them from a consumer perspective, you can begin to understand their confusion and choice of 'easy options' when it comes to nutrition, health education, exercise and general weight loss. This is where quick fixes and fads play their part; they represent huge problems in the world of health and wellbeing, as well as many other areas of life.

None of them work, but it's human nature to convince themselves that there's an easy and quick solution – that's what we want at the end of the day. Humans struggle to be honest with themselves, and along with a natural confirmation bias, easily lead themselves down a rocky road of deniability and deliberate ignorance. "19-day arms" is not something that's going to be readily achievable, regardless of what the cover of Men's Fitness might say and look like, but I bet you've bought it before right? That faint hope "they" have come up with a dream solution in quick time. There is no fast way or shortcut to become healthier, stronger, fitter, leaner, more toned, or whatever your goal might be. Why? Because our bodies just aren't built to maintain extreme changes. They require time, nurturing, development, care and understanding. Your body is the most important thing in your life, so why would you abuse it, either by becoming unhealthy or trying to get healthy?

So what does work? It simply depends on the individual, but a combination and balance of both correct nutrition and exercise prescription specifically

geared for that person will go far in aiding a healthy development of one's life. Most importantly, it should be an all-round strategy that can be maintained easily and effectively in the long term, assuming all other factors remain roughly the same. This whole subject can be an unnecessary maze of confusion for most people, so let's keep everything simple, because it can be, certainly if you're a beginner and looking for

a place to start. 'Old school' training delivers results – running, jumping, squatting, and doing push and pull-ups always have, and always will, get the job done. So let's not allow 'too-good-to-be-true' propositions or 'groupthink', cult-type followings get in the way of good old-fashioned results.

Pinnacle Performance was created with the intention of doing this and bringing to the Hong Kong gym scene what seemed like it didn't know it needed; a complete and holistic approach to fitness and wellbeing that provided actual and accredited strength and conditioning concepts to the general public, through age-old scientifically and empirically-proven strategies.

“

We all know about the illnesses linked with being overweight: heart disease, diabetes, high cholesterol, high blood pressure, and many more, as well as a plethora of social and emotional effects and a likely susceptibility to depression.

”

We advocate 'going back to basics', with a modern spin on specific exercises and programmes. We do this through age-old fundamental techniques, guided and supported by professionals in their field. We provide you with the services and strategies in order to "Reach Your Pinnacle", ingraining a clear, arrow-like path towards an end goal, which is why we tailor every individual's approach towards that exact path, without a fad in sight. No shortcuts. Just results. **B**



Matt Jacob
Director,
Pinnacle
Performance
Hong Kong

Pinnacle Performance is a group of strength and conditioning facilities that delivers athletic physical development to sporting and recreational populations. Staffed with internationally accredited coaches with backgrounds in professional athlete development, all members receive access to knowledge and experience that Pinnacle offers and clear pathway management towards reaching one's goals. It is the only gym in Hong Kong offering full physical profiling (PGR) to provide you with a scientifically accurate and measurable fitness profile to guide you to your goals.



Top Travel Spots, Trends & Experiences For 2019



Ride with gauchos in Patagonia

Where to head, what to do, and how to holiday next year with this insider guide from the experts at Lightfoot Travel.

– By Lightfoot Travel

TRENDING

Desert Storming

Taking off to sandy expanses for mystical thrills is set to become increasingly popular throughout 2019. Try dune bashing, quad biking and a camel safari in the deserts of Oman and Morocco. Trek Chile's Atacama desert with its salt flats, lagoons and indigenous villages. Or combine sand boarding with searching for the rare, desert-adapted black rhino and cheetah in the Namibian desert.

DO IT!

Live With Eagle Hunters in Mongolia

Head to Western Mongolia and spend time with

the eagle hunters. Join a local family and live alongside them in their traditional 'ger' as they prepare for the annual eagle hunting festival. If you travel in October, you'll also get to ride 60km together across the plains to the festival site to watch them compete in their yearly competition.

GO THERE

Tasmania

Tasmania's wilderness and natural landscapes make it ideal for travellers who are big into activities. Here you'll find wild coastlines, untamed forests, mountains, gorges and wildlife parks all ripe for exploration. Add some culture by heading to Hobart for its thriving art scene – including the

modern art museum, MONA – delicious cuisine, hiking and shopping excursions.

TRENDING

Second Choice Travel

Next year, forward-thinking travellers will be shunning the more well-known holiday destinations for places that are similar, but less commercial.

Rather than opting for Barcelona, Seville and Valencia will gain interest. Bordeaux will draw the flash-pack away from Paris. Crowds will swap Kyoto in Japan for spiritual and scenic Nikko.

DO IT!

Fly By Microlight Over Victoria Falls

Belt up and focus on the views on a flight over

Live with eagle hunters in Mongolia



Victoria Falls. Your microlight pilot will whisk you over the Smoke That Thunders along the Zambezi River and by the Mosi-oa-Tunya National Park for what might be the ride of your life. For a closer inspection, brave the mighty waters yourself with a dip in the Devil's Pool – a natural swimming pool that forms at the lip of the Falls during the dry season.

Off the beaten track in Bordeaux



GO THERE

Ladakh

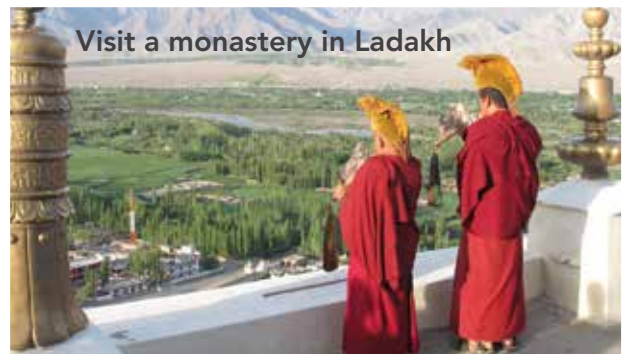
Hike the peaks and valleys, discover ancient Buddhist monasteries, and learn about local life in the remote northern Indian region of Ladakh. No visit here is complete without a search for the elusive snow leopard. Spend your days on a trail with an expert tracker looking for paw prints in the snow, scent marks on



Fly by microlight over Victoria Falls



Go dune bashing in the Atacama desert



Visit a monastery in Ladakh



Visit Tasmania's Mountain Cradle National Park

rocks, and listening for their calls.

DO IT!

Ride With Gauchos in Patagonia

Fulfil your cowboy/cowgirl fantasies with a trip to the Andes to learn how to become a gaucho. At Estancia Huechahue you can spend the day working cattle with the gauchos and mastering the art of wielding a lasso. You can also ride out with them across the landscape to discover the land they call home.

GO THERE

Singapore

Not only did last year's film Crazy Rich Asians

Discover Singapore



highlight the Red Dot's fabulousness, but Six Senses have opened their first city hotels here, and acclaimed chefs such as Marco Pierre White are launching restaurants. Today Singapore is a destination for all. The Zoo and Night Safari

are ideal for wildlife fans; the UNESCO heritage-listed Botanic Gardens are a lush green space for kids; Sentosa is the spot for beach and bar lovers; and Chinatown, Little India and Kampong Glam gratify history lovers with exotic tales.

DO IT!

Hot Air Balloon Over Bali

You may know Bali's beautiful beaches and turquoise waters well, but have you considered seeing this stunning island from the sky? Next year the Chedi Club Bali will take guests 50 metres above the property so you can soak up the landscape from a different perspective. Flights take place at dusk and dawn. **B**

See Bali by hot air balloon



Lightfoot Travel is a luxury tour operator with offices in Singapore, Hong Kong, Dubai and London, specialising in designer holidays around the world. Tel: Hong Kong +852 2815 0068, Singapore +65 6438 4091. www.lightfoottravel.com



DESIRE MADE REAL

Body & Mind

Just outside downtown Shanghai, a cherished camphor forest sets the scene for Aman's fourth destination in China: **Amanyangyun**.

Part of a conservation project, Amanyangyun safeguards a forest and 13 re-mastered Ming and Qing Dynasty houses – all carefully moved root by root and stone by stone from the legendary region of Fuzhou, Jiangxi. With 24 suites and 13 villas, this sanctuary embraces nature with its clean lines and contemporary bamboo, stone, and wood interiors. Here, the elegant clubhouse overlooks a majestic lake and woodland scenery while indoor and outdoor pools, spa, a yoga, and pilates studio and contemplation garden ensure that Fuzhou's reposed legacy lives on.



Eat & Drink

Popinjays is a contemporary lifestyle rooftop restaurant and bar offering European gastronomy. Reflecting Hong Kong's vibrant, cosmopolitan style, this lifestyle destination is designed to attract the city's flamboyant, fashionable crowd and leaders in style.

Popinjays, a term once used to describe parrots, takes its name from the resident cockatoos along neighbouring Garden Road, Hong Kong Park, and Hong Kong Zoological and Botanical Gardens. Naturally drawn to being part of a flock, and rarely flying solo, the habits of these birds embody Popinjays' sociable spirit.

Chef Didier Quennouelle will bring his 25 years of experience to the Popinjays kitchen and deliver a modern European-inspired menu. Drawing on the traditions of French gastronomy, the master chef will interpret classic dishes with his signature creative flair

Eat & Drink

maze Grill, the acclaimed contemporary steakhouse by Gordon Ramsay, is now open in Ocean Terminal Deck, Harbour City. Inspired by the iconic grill rooms of Manhattan, the restaurant serves a wide selection of international rare-breed cuts in a spectacular setting with the most breathtaking, panoramic views of the harbour.

Located in the stunning new glasshouse extension of Ocean Terminal, the restaurant represents Gordon's third partnership with Dining Concepts and the first maze Grill to open outside London. Led by Head Chef Gareth Packham, who has worked with the Gordon Ramsay Group for more than seven years, maze Grill Hong Kong features both signature and exclusive dishes in a casual, warm, and welcoming environment.

<http://www.diningconcepts.com/restaurants/maze--Grill>

Address: Shop OTE401, Ocean Terminal, Harbour City, Tsim Sha Tsui



lending a distinctive Gallic influence. From Monday to Thursday, guests can choose from a four or six-course seasonal degustation menu that will change weekly. A curated selection of vintage champagnes and wines will complement the dining experience.

House & Home

Jeeves Hong Kong offers a range of cleaning services including environmentally responsible dry cleaning, laundering, alterations and repairs, and shoe repairs, as well as specialist

cleaning for couture, suedes and leathers, bridal wear, and handbag restoration. Jeeves also offers a complimentary collection and delivery service throughout Hong Kong, and service until 10 pm. Jeeves

now offers same day express servicing in Aberdeen and next day express servicing (subject to garment type and complexities) at all five of its locations on Hong Kong Island.

The specialist dry cleaning and laundering professionals at Jeeves pride themselves on service excellence. Their professionalism, discretion and meticulous care for customers' individual requirements ensure impeccable results.

Chamber members receive a 15% discount on dry cleaning services.



Peak Fitness

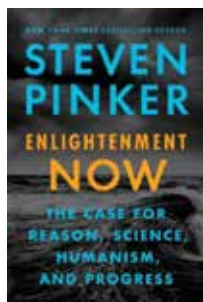
Pinnacle Performance is a group of strength and conditioning facilities that delivers athletic physical development to both sporting and recreational populations, as well as those who demand the best of themselves within the fitness environment. Staffed with internationally accredited coaches with backgrounds in professional athlete development and competitions, Pinnacle offers all members access to its knowledge and experience. It is the only gym in Hong Kong offering full physical profiling (PGR) that measures strength, power, speed, agility and body composition to provide you with scientifically accurate and measurable fitness status profile to guide you to your goals.



Book Shelf



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



Enlightenment Now: **The Case for Reason, Science, Humanism and Progress** Steven Pinker

At a time when the headlines are dominated by gloom, disasters and divisions, here is something to lift your mood. Pinker argues that, although we are programmed to give more credence to bad news, in fact people are living longer, richer, healthier, more peaceful and more fulfilled lives than even just a few decades ago, with scientific and technological progress being at the heart of this story. And while there are formidable challenges – climate change, ageing societies – we should have more confidence in our collective ability to deal with them.



Endeavour: The Ship and Attitude that Changed the World Peter Moore

Endeavour was a ship with many lives, famously carrying James Cook on his first great voyage to the Pacific islands. She was there at the Wilkes Riots in London and witnessed the bloody birth of the United States. A Polynesian priest, botanists, the first kangaroo to arrive in Britain and Hessian soldiers were just a few amongst her many passengers. According to Charles Darwin, she helped Cook add a hemisphere to the civilised world. NASA named a space shuttle after her. Yet to others, she was a toxic symbol, responsible for the dispossession and disruption of societies.

For the first time, Peter Moore tells Endeavour's complete story, exploring the different lives of this remarkable ship – from the oak that made her to her rich and complex legacy.



Becoming Michelle Obama

As First Lady of the United States of America – the first African American to serve in that role – Michelle Obama helped create the most welcoming and inclusive White House in history while also establishing herself as a powerful advocate for women and girls in the U.S. and around the world, dramatically changing the ways that families pursue healthier lives and standing with her husband as he led America through some of its most harrowing moments.

In her memoir, Obama chronicles the experiences that have shaped her and, with unerring honesty and lively wit, she describes her triumphs and her disappointments, telling her full story as she has lived it – in her own words and on her own terms.

Football Legend Alan Shearer Reveals All

13 November 2018

On 13 November, the Chamber had the privilege of hosting football legend Alan Shearer for a charity dinner in support of Wallsend Boys Football Club Hong Kong.

Guests were treated to a no-holds-barred overview of Shearer's career, including stories from the dressing room both at the club and international levels and from his perspective as both a player and a manager. Drawing on his experience from Match of the Day (the definitive BBC programme covering English football where Shearer is a regular fixture), Shearer also gave us his predictions for this season's Premier League and some insights into the future of the English football team.

As a Wallsend Boys alumni himself, Alan also spoke of 'The Wallsend Way', a nickname for the many great qualities of sportsmanship the club instills in the boys who play in the team. The Hong Kong branch of Wallsend Boys Club raises money to give the same opportunity to underprivileged children in



Hong Kong, putting them through the prestigious youth academy at the Hong Kong Football Club. A live and silent auction featuring many priceless sporting memorabilia items managed to raise over HK\$200,000 for the cause. The Chamber is delighted to be able to contribute to such a worthwhile cause and would like to thank Wallsend Boys Club Hong Kong for the opportunity to host.

YOUR CHAMBER: BUSINESS CLASS FOR ENTREPRENEURS SERIES

Sponsored by



Chamber Chairman Shares Industry Experience with Young Professionals

6 November 2018

In November, a group of the Chamber's young professionals got together for an intimate dinner with senior business leader, Peter Burnett, Head of Corporate Finance for Greater China & North Asia at Standard Chartered Bank, and Chairman of the British Chamber, for our Head of the Table series. Thoughtful conversations were had about the future of Hong Kong, including the Greater Bay Area, Belt & Road Initiative, and East Lantau Metropolis.

Head of the Table gives young professionals the opportunity to interact with industry leaders, and at the same time mix with other like-minded individuals.

Thank you to Hotel VIC for sponsoring and hosting the event at its restaurant overlooking the harbour, Cruise, and Peter Burnett for imparting his knowledge and experience.

Sponsored by



Japanese on the Menu at Networking Lunch

13 November 2018

Our penultimate Women in Business networking series event of the year was hosted at Fumi, a modern-authentic Japanese restaurant slash bar located in the heart of LKF at California Tower.

The restaurant served a delicious and authentic traditional Japanese set lunch, including sashimi

and tempura, with many business cards being swapped at the lively event. Our thanks go to the LKF Group and Fumi for hosting, and our special thanks go to series sponsor The Fry Group, without whom this series would not be possible.

Sponsored by



Charity Draw at Christmas Lunch Tops Fantastic Year

7 December 2018

The final event of the Women in Business networking series was our ever-popular Christmas lunch! We had a full house once again at this year's lunch, taking over Blue: Butcher and Meat Specialist on Hollywood Road for a scrumptious three-course meal.

Connections new and old were made whilst celebrating another fantastic year for the Chamber's Women in Business group, ending with a fantastic lucky draw with gifts sponsored by The Financial Times Non-Executive Director Programme, Health Nation, Links of London, Jeeves Dry Cleaning Specialists, Matilda International Hospital, and TAYMA Fine Jewellery.

This year, we were proud to support PathFinders, an extremely important charity that assists Hong Kong's most vulnerable babies, children, and migrant women with social welfare and support, healthcare, education, and access to justice.

Our thanks go to our sponsor The Fry Group for their continued support of the Women in Business networking events. Check our website www.britcham.com for more Women in Business networking events in 2019.



Lucky draw sponsors:



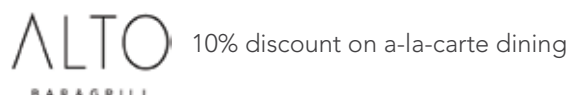
Member Offers

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

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



Food & Beverage & Accommodation



10% discount on a-la-carte dining



10% discount on the dining bill



Complimentary small plate with purchase of main



15% discount on dining between Monday to Saturday



Up to 15% discount on food and beverage



20% discount on F&B at Cruise, The Farmhouse and The Farmhouse Deli at Hotel VIC on The Harbour



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



10% off a-la-carte menu items



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



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

Lifestyle & Travel



Complimentary Membership to Hey Travelista & 5% off all bookings



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



15% discount on dry cleaning services



10% discount on first 10 purchases of mummy, baby & children products



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



5% discount on all flights from Hong Kong to London

Business Services



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



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



20% discount on accounting, virtual office and secretarial services

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



Sponsored by



21 October 2018 –
The Farmhouse,
2/F Hotel Vic on the Harbour, North Point



Simon Challinor & Cedric Thiry (TDR SEED) and Nareg Sinenian & Jessica Lee (Exponent)



Katherine Rumble (Habitat for Humanity), May Lam (The Irish Chamber of Commerce of Hong Kong) & Jervis Pereira (Buoyancy Consultants)



Frances Moffett-Kouadio (UK Trade & Investment), Colin Bloomfield & Harjit Brown (British Connections) & Niresh Ramachandran (Nexes-HK)



Jennifer Liu (Invest Northern Ireland) and Peter Craughwell (PWC)



Janine Aeroporos (Deacons) and Neal Beatty (Control Risks)



Emma Evans & Hundah Chan (FunctionEight)



Thomas Dickerson & Feargal Murphy (KX)



Jack Aldous-Fountain & Laurence Cave (The Resources Group)



Ian Whitehouse (Velocity) & Ross Williams (Brandwerk)



Andrew Seaton (British Chamber of Commerce in Hong Kong) & Mark Millar (Mpower)



Sarah Powell (St. James's Place), Bjoern Mork (ShipNet Japan) & Terry Waterhouse (Diadem)



Mark Vance (Cathay Pacific), Derek Kenny (Cornerstone Global Partners) & Jonathan Patterson

SHAKEN NOT STIRRED

Sponsored by



25 October 2018 –
Mr. Wolf, 5/F, Crawford House,
70 Queen's Road Central



Tom Summers (Pinnacle Performance),
Amir Andraws & Sergey Malkov
(Compass Offices)



James Lewis (Vanna), Louise Dunn (Shadow
Factory), Tiffany Hon (Quintessentially) &
Stuart Leckie (Stirling Finance)



Alisha Wong (Vanna) & Hugo Deacon
(British Chamber of Commerce in Hong
Kong)



Jonathan Benarr (Fifth Element) & Anne-
Cecile Marie (My Next Memory)



Michael Kinirons (CNC) & Karishma
Nainani (Kochhar & Co)



Timothy Peirson-Smith (Executive Counsel)
& Varun Sharma (Enian)



Imogen Short & Anthony Madigan (Write
The Talk) & Robert Ciemniak (Robotic
Online Intelligence)



Liyun Yang (BNP Paribas), Silvia To (British
Chamber of Commerce in Hong Kong),
David Norman & Michael Jacobs (Allen
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Prizes and Music Provide Christmas Cheer at Final Event of 2018

13 December 2018

The final event in the Chamber's 150-event programme for 2018 was the annual Christmas Drinks, sponsored by HSBC.

It was a chance for members and non-members alike to make connections and celebrate the fantastic year we've had over drinks and delicious canapes at the speakeasy bar, Stockton.

Guests were treated to live music and plenty of Christmas cheer, with a great lucky prize draw, sponsored by our generous partners, Classified



Group, B.S.C. COLOURLIVING LIMITED, Links of London, Naked Grouse, and Tequila Kola.

We thank all of our dedicated members, committees and partners that have supported us throughout 2018. A special thank you as well to HSBC for sponsoring this event, without whom we would not be able to give it the style it deserves.





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