Hong Kong

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Department for International Trade

Allurentis is delighted to have been involved in association with the Department for International Trade, The British Chamber of Commerce in Hong Kong, Invest Hong Kong and the Hong Kong Trade Development Council on this, the first edition of Hong Kong - Discovering Business and would like to thank all sponsoring organisations for their kind contributions. We are confident that it will raise awareness with all readers and prove to be an invaluable resource, especially for those wishing to become involved in the extraordinary business opportunities and growth prospects within Hong Kong.

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China signposts a road ahead

The people of Hong Kong have seen momentous change in the 21 years since the end of British rule. But for symbolic significance little has matched the events of 2018. Snaking out across the water of the Pearl River Delta, the world's longest sea bridge at 55km, now links Hong Kong to the Mainland, a physical manifestation of the territory's political and economic ties.

It will take traffic from the city of Zhuhai on the Mainland out through to Macau and – via two artificial islands and a tunnel – over to Hong Kong. In short, a permanent structure now unites the People's Republic with its two Special Administrative Regions, ushering in, it is hoped, a new era of integration.

This is not the only cross-border development. Just days before the bridge's formal opening in October 2018, the first bullet train left Hong Kong for the Mainland. Integrated into China's high-speed rail network, the service cuts journey time between Hong Kong and Beijing from 24 hours to just nine, while the huge metropolis of Shenzhen can now be reached within 20 minutes.

Such links are much more than a matter of convenience. They give physical expression to China's ambition to unite Hong Kong, Macau and nine mainland cities in Guangdong Province to form a Greater Bay Area (GBA), a new super-region that it hopes will rival Silicon Valley, New York or Tokyo for technological innovation and economic success.

For the visionary planners, the logic is clear enough. The GBA encompasses a part of southern China that is home to some 70 million people and hosts a cluster of world-class technology businesses, both Chinese and international.

A single Greater Bay Area would not only reinforce economic growth in China, it would also have a vital role to play in anchoring Beijing's other great project, the Belt and Road Initiative, which envisages nothing less than the recreation of the old Silk Road trading routes, joining up China with markets across Asia, Africa and Europe.

President Xi Jinping's signature project – scheduled to take at least until mid-century to complete - will mean investing trillions of dollars into new infrastructure.

> The stock market is buoyant and, as a firm favourite with hi-tech mainland companies seeking capital, leads the world in 2018 for IPOs.

It is little wonder that Hong Kong wants to play a full part in both ventures. Ever since the British hoisted their flag over what was then famously described as “a barren rock” in 1841, the territory has made its fortune through commerce, promoting itself as the essential meeting place for East and West, a uniquely cosmopolitan trading post and gateway to China.

That is the status it has largely maintained since Britain passed control back to China. As a Special Administrative Region, the territory has its own Basic Law, a form of constitution which enshrines the concept of “One Country, Two Systems” allowing Hong Kong a large degree of autonomy and the right to its own particular economic model.

A model that takes economic freedom as its central pillar. Indeed, Hong Kong has been ranked the freest economy in the world by the US based Heritage Foundation every year since its index was launched in 1995. Regulation is light, taxes are low, and as a free port Hong Kong levies no customs tariffs on imports or exports.

The benefits can be seen in Hong’s Kong’s economic record. Since 1974, it has managed an average growth rate of more than 5% and it continues to outpace much of the world. In the second quarter of 2018, the economy grew by 3.5% and the Government is forecasting an expansion of up to 4% for the full year despite some global economic headwinds.

Unemployment is modest – in summer 2018 it stood at 2.8%, its lowest level for 20 years – while retail sales rose by almost 10% in the year to August 2018, helped by continuing popularity with shoppers visiting from the Mainland. Inflation too is low. Consumer prices climbed by little more than 2% over the same period.

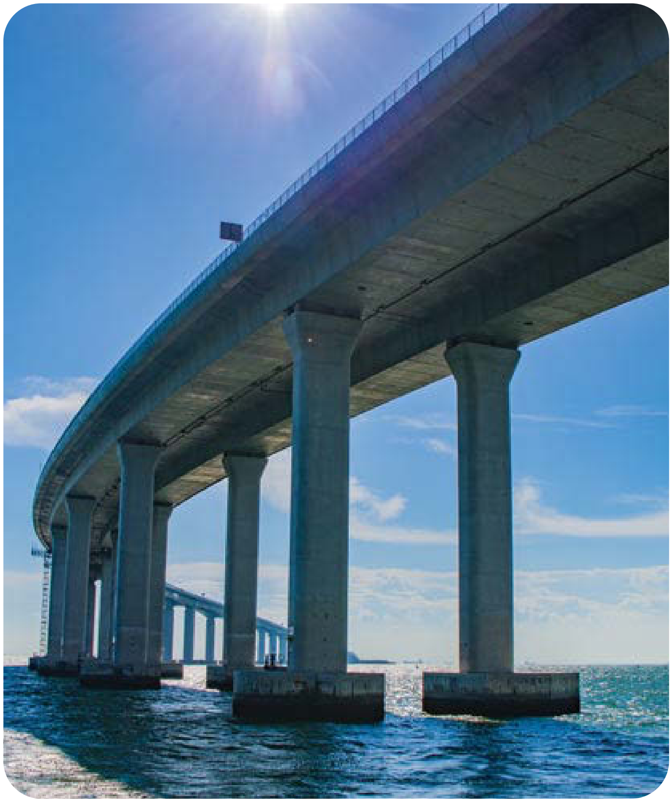
The stock market is buoyant and, as a firm favourite with hi-tech mainland companies seeking capital, leads the world in 2018 for IPOs. To attract still more new companies, the market authorities have re-written their regulations to allow promising sectors such as biotech to float even before they can show a profit.

Given such a record, it is no surprise that Hong Kong's attraction to international investors remains strong. In 2017, the global inflow of FDI into the territory amounted to HK$104 billion, ranking third globally and second only to Mainland China in Asia, according to the UNCTAD World Investment Report 2018.

Hong Kong is eager to embrace the opportunities offered by China's economic ambitions. In her 2018 Policy Address, setting out the Government's programme the Chief Executive, Carrie Lam, spoke of the "enormous opportunities" offered by the Belt and Road Initiative and of the Government's intention to act as "promoter" and "facilitator" of Hong Kong's involvement.

Macau sees a future for itself in the GBA as a centre of tourism and leisure – the former Portuguese colony is not only home to more than 40 casinos but also a World Heritage Centre.

Taking advantage of its financial expertise, Hong Kong is ideally placed for example, to serve as the financial centre for the GBA, while its deep and liquid markets could be vital for raising money for projects linked to the Belt and Road Initiative. That would chime with Lam's goal of helping Hong Kong to become a "professional services" hub for the region.



But Hong Kong's ambitions go further. As a partner in the Greater Bay Area, it is also eager to reinvent itself as an industrial city and as a hub for innovation and technology. Recent announcements reveal a government willing to invest vast amounts of public money in "new economy" fields such as AI and biotech.

"A city's competitiveness is like a boat sailing against the current and it must forge ahead in order not to be driven back, and hence the Government has every responsibility to provide policy support and explore business opportunities." says Carrie Lam. As ever, Hong Kong will adapt to thrive.

HE Andrew Heyn

HM Consul-General Hong Kong

HE Andrew Heyn

I am delighted to be able to introduce this inaugural Hong Kong edition of the 'Discovering Business' series. These brochures offer valuable insights into engaging with global markets. The UK Government, and the British Consulate General in particular, stand ready to help companies starting out on their export journey to Hong Kong, or expanding their presence in this vibrant market.

In 2017, the export of UK goods and services increased by almost a quarter to £11.4 billion, which represented one third of all UK exports to China. This underlines Hong Kong's strength as a market in its own right – it was the third largest destination for UK goods and services in Asia in 2017. It also remains a super-connector for many companies looking to do business with Mainland China.

In addition, Hong Kong is a gateway to the wider Asia-Pacific. In 2017, 1,413 companies had their regional HQ in Hong Kong – 122 of which were UK companies. This reflects the fact that Hong Kong is an open market which benefits from low taxation, the free flow of information, and the rule of law.

Hong Kong was built on trade: it has sophisticated logistical and financial services companies and strong distribution links. Its efficient port terminal and status as a free port make it extremely attractive for re-exports. And Hong Kong offers unrivalled connectivity through air, rail, road and sea to Mainland China and international markets within Asia. In fact, half the world's population is within a five hour flight from Hong Kong.

Hong Kong is a dynamic, entrepreneurial, forward looking city. That is why the UK Government chose to host its GREAT Festival of Innovation here in 2018. This spectacular four-day event, the largest such event the UK Government hosted anywhere in the world in 2018, promoted and strengthened the UK's trading relationship with Hong Kong, the rest of China and the East Asia region. Entrepreneurs and businesses of all sizes came together for a festival that was a shop window for the best of British creativity and innovation.

This event re-energised the trading relationship to such an extent that the UK was chosen as the partner country for Hong Kong's Business of Design Week 2019. Organised by the Hong Kong Design Centre, this world-class annual event is a celebration of design, innovation and brands. I look forward to welcoming the UK trade mission which will attend this. It will be led by Sir John Sorrell, and teams in the UK and Hong Kong are working to make this the UK's largest design trade mission ever.

So, if you are thinking of exporting, or expanding your business, then look no further than Hong Kong. The British Consulate General stands ready to support you.

Paul McComb

Director General, Department for International Trade

Paul McComb

The UK's Department for International Trade aims to support the UK to trade its way to prosperity, stability, and security. We do this by helping businesses to export, by driving investment into the UK from overseas, by opening up markets for our customer base, and by championing free trade around the world.

But what does this mean for a company in the UK thinking about doing business in or with Hong Kong? It means you have an expert team ready to support you throughout your export journey. I lead a dedicated trade and investment team of 25 people, based in the British Consulate General. My team is focused on export and investment campaigns and priority sectors. They are highly motivated to support UK companies coming to Hong Kong, and may be able to assist in the following ways.

Overseas Markets Introduction Service (OMIS)

We understand that it can be challenging to break into a new market, especially one so far away. That is why we offer our OMIS service. This is a chargeable service which we tailor-make to your requirements. For example, we can provide market-research to inform you about your sector; we can arrange a programme of introductory calls on key players and buyers locally; we can arrange media interviews, or host a launch event for your company or product in our on-site reception hall; or we could invite senior clients to a dinner at the Consul General's Residence, where your visiting party would be the guests of honour. You can get in touch with us via the International Trade Advisers in your region.

Trade Missions

We support trade missions to Hong Kong across our priority sectors, and engage with the UK regions and nations, as international trade advisers bring a range of their local companies to market. Experts from my team can support you at Hong Kong trade fairs, or arrange calls on key individuals to discuss products or solutions. Examples of the kind of trade missions we support are the Learning and Teaching Expo in December 2018, the Asia Pacific Rail Forum in March 2019, or the Business of Design Week in December 2019, which the Consul General referenced in his welcome. In order to register your interest, please go to www.events.trade.gov.uk, where they will go live when ready, and where you can find details of many more trade missions globally.

Opportunities

My team is out talking to project sponsors, the Hong Kong Government, and local companies and buyers every day to discover opportunities for UK companies to sell goods and services. You can search for these export opportunities at www.great.gov.uk.

Hong Kong is an amazing, exciting, energetic market. It's also a great stepping stone into Mainland China, particularly for the Greater Bay Area. This ambitious project is linking together nine cities in southern Mainland China, plus Hong Kong and Macau, to become a powerhouse of innovation and economic growth. The region was at the heart of China's first economic revolution. The area's focus on innovation, technology, manufacturing and finance now seeks to drive growth for the 21st Century.

Your business could be a part of this. Speak to me or my team today: we are ready and waiting to support you as you seize these opportunities and expand your business in Hong Kong.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Doing business in Hong Kong - The legal framework

Ashurst Hong Kong

Political and legal system

On 1 July 1997, the People's Republic of China (PRC) resumed sovereignty over Hong Kong following 156 years of British rule. From this day, Hong Kong was established as an inalienable part of the PRC. Hong Kong has a Chief Executive who is elected by a 1,200 member election committee. It has a multi-party government and a legislative council of 70 members, 40 of whom are elected by popular vote in separate geographical constituencies.

The constitution of Hong Kong is known as the 'Basic Law' and has applied since the PRC resumed sovereignty. The Basic Law enshrines the principle of 'one country, two systems' which ensures that the laws previously in force in Hong Kong remain so, namely the common law, the rules of equity, ordinances, subordinate legislation and customary law, except for any that contravene the Basic Law, and subject to any amendment by the Hong Kong legislative council.

The courts of Hong Kong are permitted to interpret the Basic Law, subject to a duty to seek an interpretation from the National People's Congress Standing Committee of China (the NPCSC) when the interpretation concerns the responsibilities of the Central People's Government.

While judicial and political autonomy are thus not absolute, it should be noted that the NPCSC may only exercise its power of interpretation in limited circumstances and the 'one country, two systems' philosophy is underpinned by the assurance that the system, policies and laws of the PRC will not be implemented in Hong Kong until 2047.

The assurance in the Basic Law that Hong Kong will maintain a high degree of legal autonomy has ensured the continuation of the English common law system in Hong Kong. This provides investors with the security that the legal system is sound and is not subject to arbitrary or ad hoc changes.

Financial system

The Hong Kong Government formulates its own monetary and financial policies. The HKD is the sole currency in Hong Kong and is freely convertible.

The HKMA is Hong Kong's currency board. It was created to ensure the stability of the currency and the banking system. As Hong Kong does not have a central bank, the HKMA also acts as a de facto central bank.

Hong Kong's foreign exchange reserves are held in an exchange fund managed and controlled by the HKMA. The primary purpose of this exchange fund is to regulate the exchange value of the HKD.

There are very few restrictions on the flow of capital into, out of and within Hong Kong. Further, no exchange control policies are applied in

Hong Kong. This means that funds from profit or capital accounts in Hong Kong can be freely repatriated or transferred overseas.

Foreign investment

Foreign investment plays a large role in Hong Kong's economy. The Government actively supports foreign investment and does not discriminate between foreign and local investors (though there are certain benefits to those who obtain permanent residence status in Hong Kong). Companies can be 100% foreign owned and few industries have restrictions on foreign investment. Businesses in certain sectors require government or regulatory body authorisations or licences, and there may be restrictions on certain persons requiring a licence in sectors such as telecommunications and banking. However, such requirements work to regulate rather than to restrict foreign investment.

International relationships

The Basic Law provides the Hong Kong Government with the right to conduct relevant external affairs on its own. Hong Kong may use the name “Hong Kong, China” to maintain and develop relations and conclude and implement agreements on its own with foreign states, regions and international organisations. Hong Kong's power extends to a number of areas such as economic affairs, trade, finance and monetary affairs, amongst others. Hong Kong has entered into a number of international treaties and is a member of various international organisations such as the World Trade Organisation and the International Monetary Fund.

Commercial relationship with the People's Republic of China

Hong Kong has a close commercial relationship with the PRC. The Closer Economic Partnership Arrangement (CEPA), a free trade agreement entered into in 2003 between the PRC and Hong Kong, has opened up the PRC's markets for Hong Kong goods and services and greatly enhances economic co-operation. Under the CEPA, qualifying Hong Kong products, companies and residents enjoy preferential treatment in the PRC. CEPA also facilitates the mutual recognition of certain professional qualifications.

Hong Kong remains one of the most popular places for foreign investors to incorporate investment vehicles for holding PRC investments. The use of Hong Kong investment vehicles provides investors with increased confidence to invest in the PRC, as such vehicles are governed by the laws of Hong Kong and are subject to an investor friendly tax regime

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such as dividend income (whether it is derived from within Hong Kong or overseas) being neither taxable, nor subject to any withholding tax.

Government incentives to do business in Hong Kong

The favourable business environment and many double taxation agreements attract large amounts of investment. The Government has also set up a number of schemes to support qualifying SMEs, which include any manufacturing business that employs fewer than 100 persons or any non-manufacturing business that employs fewer than 50 persons. The schemes include:

(a) SME Loan Guarantee Scheme

This scheme provides loan guarantees to qualifying SMEs to help them to secure loans from participating lending institutions. Such loans can be used to acquire business installations and equipment and for general working capital needs. The SME must have substantial business operations in Hong Kong and thus a shell business registration would generally fail to meet this requirement. The guarantee is for 50% of the loan amount, subject to a maximum of HKD6 million.

(b) SME Export Marketing Fund

This fund encourages SMEs to expand their markets outside of Hong Kong by providing financial assistance to qualifying SMEs for participation in certain export promotion activities, including trade fairs, exhibitions and business missions or advertisements and corporate website upgrades targeting markets outside of Hong Kong. The maximum grant per each promotional activity is HKD50,000 or 50% of the total expenditure, whichever is lower, and the cumulative total limit is HKD200,000.

(c) SME Development Fund

This fund provides financial support to qualifying non-profit organisations to implement projects which aim to enhance the competitiveness of Hong Kong's SMEs in general or in specific sectors. Applicants must either be statutory organisations or organisations registered under the laws of Hong Kong. The maximum amount of funding support for each approved project is HKD5,000,000, or 90% of the approved project expenditure, whichever is lower.

The economic dynamo

Hong Kong lives by trade. Perfectly positioned on the edge of the Pearl River Delta on China's eastern rim, it has long been an entrepot between East and West where the Mainland does business with the wider world in a marketplace that is famously free of restrictions.

But successful trading demands much more than tangible goods. Hong Kong is now home to a vast and growing services industry that ease the business of commerce and form a critical mass of expertise of huge value to the Mainland – services account for more than 90% of the territory's GDP.

As China forges ahead with unprecedented cross-border economic expansion, it will more than ever need the money-raising facilities and commercial know-how that centre on the scale of what Hong Kong can offer – in 2017 it took third place in the Global Financial Centres Index.

Hong Kong's dense cluster of skyscrapers provide the bases for a financial services sector that employs around 250,000 people – equivalent to almost one in 20 of the total population – with 147 licenced banks, including 47 from overseas drawn from at least 30 countries.

In support too, there are a host of other professionals. Almost 10,000 solicitors hold a practising certificate and more than 1,500 foreign lawyers are licenced to work in Hong Kong. Some 70% of international law firms, including at least half of the Global 100 have a presence in the city.

In addition, almost all of the world's leading management consultants are represented together with accountants, HR and PR consultants, architects, insurance brokers, and securities traders linked to what is Asia's third largest stock exchange in terms of market capitalisation.

Work on M&As and IPOs for local and mainland companies together assure a dependable flow of work for professionals from across the financial and legal field.

Given the volume of business, it is no surprise the city remains a honeypot for expatriates. Altogether, Hong Kong hosts more than 8,000 foreign companies with some 1,400 using it as their regional headquarters. By any standards that is a rich client base to add to the many local and mainland businesses.

Their presence is explained by more than just Hong Kong's location, efficient infrastructure and multilingual culture. For outsiders and local businessmen, the city's attractions lie also with a pro-business environment that favours light touch regulation as well as a low and simple tax regime.

However, the real lure today will be the myriad official and business links with the Mainland, fostered by the Closer Economic Partnership Arrangement (CEPA), a free trade pact covering four areas of goods, services, investment and economic technical co-operation.

In turn, that is supported by a range of separate pacts. Hong Kong and the Mainland, for example, have arranged mutual access for investors to each other's exchanges when dealing in bonds or securities. Other deals cover the mutual recognition of many professional qualifications.

It can only get better as China pushes ahead with its economic ambitions. Under the Greater Bay Area initiative, Hong Kong and Macau will form part of a single economic megazone embracing nine cities on the Mainland to create a single dynamic urban cluster.

Still more important could be the grand Belt and Road Initiative, proposed by Beijing in 2013, which seeks to build trade and infrastructure networks connecting Asia with Europe and Africa, based on ancient land and maritime trade routes.

In particular, China hopes Hong Kong could use its vital investment and financing know-how to raise additional funding to meet the project's goals. Hong Kong's syndicated loan market, which exceeded HK$116.3 billion in 2017, is the strongest in the Asia-Pacific region.

In future, Hong Kong, as the world's largest centre for handling offshore Renminbi transactions, could be the place where Belt and Road economies come to settle their trade in the currency using the city's payment systems.

But the sheer scale of the venture – it will link at least 65 economies – should ensure extra work, possibly for decades, across the whole range of professions from surveyors and architects to lawyers, logistics experts and IT specialists.

An enthusiastic Hong Kong Government in 2017, signed a deal with Beijing covering the city's participation in the initiative in six key areas, including finance and investment, and Chief Executive, Carrie Lam speaks warmly of the opportunities.

"The Hong Kong Government committed to being both a facilitator and a promoter of the Belt and Road - today, tomorrow and long down that road of transformative connections and boundless opportunities." she said in a speech in 2018.

Hong Kong's role as a leading international hub

Ian Ivory, Partner, Bryan Cave Leighton Paisner LLP

Ian Ivory

With over 1,400 lawyers in 32 offices across Asia, North America, Europe and the Middle East, Bryan Cave Leighton Paisner LLP (BCLP) is a fully integrated global law firm that provides clients with connected legal advice, wherever and whenever they need it. Clients of the combined firm have access to broader and deeper legal services across these locations, which include many of the world's leading markets. The firm offers clients a range of internationally integrated capabilities, including one of the most active global M&A, world's leading real estate, largest international financial services, and strongest international litigation and corporate risk practices.

Hong Kong remains an important regional base for many of the world's best known multinational law firms. Why is that the case?

Hong Kong is commonly viewed as a key gateway to Mainland China and therefore a leading conduit for flows of outbound and inbound investment. Professional service providers including law firms have therefore established operations in Hong Kong in order to support clients who are either based in China, or who have China as their primary market or business focus. Another important consideration has been the prevalence of English law as the governing law of contracts and a robust court & arbitration system based on the English model.

Hong Kong has recently seen a steep rise in M&A and IPO activity, particularly involving Chinese companies. Do you foresee a continuing increase?

This very much depends on two factors. Firstly the view of Beijing in relation to outbound investment and capital controls. Secondly, what happens with the US-China trade war and, if this escalates, whether it will inhibit deal activity or conversely perhaps will actually encourage Chinese companies to stay closer to home and away from the US and so ironically may actually facilitate an increase in deal activity for Hong Kong.

When it comes to M&As and IPOs what are the particular merits of Hong Kong as a place for doing business?

A well established and highly regarded legal system, courts, arbitration and rule of law, plus a leading stock exchange in one of the world's top international financial centres, being the premier financial centre in Asia, with a strong international institutional investor base and good market liquidity.

Also proximity to Mainland China and South Asia and Southeast Asia, and the ability to transact freely in both English and Chinese.

Excellent infrastructure including ports and airports, plus outstanding amenities for executives and staff with great shops, schools, attractions and fantastic Hong Kong food.

China's investment in its One Belt, One Road initiative is forecast to total at least US$1 trillion, and Hong Kong is sure to benefit. What are the opportunities for firms such as BCLP?

The Belt and Road Initiative at its core was launched by the Chinese Government to sponsor and promote economic co-operation among countries along the proposed routes. Hong Kong in turn has made several strides to position itself as a leading hub in financing these projects.

The initiative is unique in its ambitions and inevitably created numerous legal challenges in terms of managing these large scale projects. For example, it has proven typically that there is no 'one-size-fits-all' solution in relation to issues such as governing law and jurisdictions for dispute resolution. With multiple-jurisdictions involved, international law firms are on hand to provide their client's with the global expertise they require to protect their interests throughout the full life-cycle of a project.

Inevitably, one consequence will be closer physical and commercial links to Mainland China. What will that mean for Hong Kong's professional services sector?

Opportunities from a greatly enlarged market. Also, greater competitive challenges from local competitors and an ever greater need to continue innovating to stay relevant as the market evolves. Certainly local language skills, knowledge and experience will be at even more of a premium than ever.

There will also need to be a huge amount of both public and private investment in technology and 'smart' infrastructure to keep abreast of changes in workforce dynamics and the associated needs that go with this such as travel (including access to airspace for flights as well as runway space), plus healthcare, schools, housing, ease of travel documentation, ease of cross-border payments among other areas.

Asia's marketplace: funding the future

When the Hong Kong Stock Exchange finally closed its trading floor in 2017, it marked the end of a glorious era. For 127 years, traders had done business face to face in one of the city's great institutions. In its 1980s heyday, up to 1,400 – clad in their distinctive red jackets – had crowded the floor, vivid evidence of the city's famed economic vibrancy.

That was all before the arrival of screen based trading. When the curtain finally fell barely 30 traders were still using the vast floor. Computerised trading had taken over and Hong Kong was left without a securities trading floor for the first time since the 19th Century.

But re-invention is a hallmark of the Hong Kong economy. 2018 saw the building re-open as Connect Hall, housing a Finance Museum, a conference centre and exhibition space to promote Hong Kong's financial markets; an emblem as much of the city's future as its past.

In the words of Hong Kong's Chief Executive, Carrie Lam, the opening of the Hall marked "a new chapter for Hong Kong's financial industry, as we devote more efforts to promote the role of Hong Kong's professional and excellent financial services industry in helping even more overseas and mainland Chinese companies contribute to economic development."

A new chapter indeed. Once again, the Hong Kong exchange is out to recreate itself, this time as the region's leading hub for technology and biotech companies, many of them from the Mainland, that might otherwise look to the markets of Shanghai or Shenzhen or even New York to raise capital.

Playing to Hong Kong's familiar strengths as a meeting point for East and West, the bourse operator, Hong Kong Exchanges and Clearing Market (HKEX) is promoting the exchange as a cosmopolitan, multi-

lingual centre where investors have easy access both to the Mainland and to the wider world.

In its three year strategic plan unveiled in 2016, HKEX talks of becoming the "most effective platform for cross-border market access" and "a unique destination market" for "products with both Chinese and international relevance."

Its recent performance seems to support those ambitions. In 2017, the Hang Seng Index was the best performing market in the world, and for the first half of 2018 HKEX reported a 44% increase in interim earnings, helped by a series of major IPOs, among them the market debut for Chinese smartphone giant Xiaomi and mobile infrastructure giant China Tower.

Indeed, the Hong Kong market regained the top spot for IPO fundraising worldwide, a position it had held for five of the previous 12 years. HKEX now runs the third largest stock exchange in Asia by market capitalisation after Tokyo and Shanghai with more than 2,000 companies listed.

Among the special attractions of Hong Kong for companies looking for a market listing are, according to HKEX, a diverse and global investor base, a robust secondary market, a well established legal system and international standards of corporate governance.

The market is also one of the world's most liquid, and its financial authorities take a benign view on the returns from successful investments: Hong Kong imposes no control over capital movement; there is no capital gains tax and no dividend income tax.

Unsurprisingly, it is already the first choice for many mainland companies looking for a listing. At the start of 2018, more than a thousand were on the books at the exchange, with a market capitalisation of HK$22,522 billion, equivalent to 66% of the total figure.

In a bid to enhance the Mainland's attractions, Beijing is also introducing a range of reforms intended to internationalise its exchanges and attract more foreign institutional investors rather than just local retail players. Chinese listed stocks, for example, will soon

> The Hong Kong exchange is out to recreate itself, this time as the region's leading hub for technology and biotech companies.

be added to the global indexes run by FTSE Russell, part of the London Stock Exchange Group.

A unique collaboration between the Hong Kong, Shanghai and Shenzhen exchanges, called the Stock Connect scheme, already allows international and mainland investors to trade securities in each other's markets through the trading and clearing facilities of their home exchange. A similar scheme for bonds was launched in 2017.

There is plenty of scope for growth. Analysts say China will need additional funding to supplement state spending on its hugely ambitious Belt and Road Initiative to create modern day Silk Road trading routes across Eurasia and Africa, in part by building more railways, roads and ports.

With its rich resources of legal and financial expertise, say the authorities, Hong Kong is well placed to help close any funding gap, for example by developing saleable infrastructure loan-backed securities, a form of asset-backed security.

But any contest between Hong Kong and its Mainland rivals will be hard fought. HKEX has been busily overhauling its own rules to entice the smart "new economy" companies who are emerging as drivers of the world economy.

In particular, it has relaxed some of its standard listing regulations for companies in certain promising sectors. The message behind this move was straightforward. In the words of Financial Secretary, Paul Chan: "It reflects the Government's determination to play the proactive role as a facilitator and a promoter and to pursue promising new opportunities in a forward looking manner, and to support industries in which Hong Kong enjoys advantages and potential."

No less important, perhaps, the market has found a new Chair with rare inside experience both of the Mainland and of Hong Kong. Laura Cha, the first woman to head the exchange, has not only served as Vice Chair of China's Securities Regulatory Commission but also as Deputy Chair of Hong Kong's Securities and Futures Commission (SFC).


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Conducting securities and insurance business in Hong Kong

Stephenson Harwood LLP

Hong Kong has traditionally been regarded as one of the main financial centres of the world and an attractive place to do business. The financial services sector, like many others in Hong Kong, benefits from simplicity and efficiency, which feature throughout all aspects of business in Hong Kong, including: the tax system, the legal system, the rule of law, labour relations, the lack of capital controls and restrictions, and the regulation of businesses.

We have selected two industries within the financial services sector to illustrate that Hong Kong has a user-friendly regulatory approach to attract businesses from overseas. These are the securities and insurance industries.

Securities-related activities have a well-established and clear regulatory regime, under the Securities and Futures Commission (the SFC), while the insurance industry is undergoing fundamental changes to its regulation, with the recent establishment of an industry-wide regulator, the Insurance Authority (the IA). The SFC and IA both operate licensing regimes, whereby entities and individuals carrying on certain activities are required to be 'fit and proper' and to hold the requisite licences.

Securities-related activities

Securities-related activities are governed by the Securities and Futures Ordinance (the SFO), administered by the SFC. The basic principle is that no person may carry on the business of a regulated activity in Hong Kong, or actively market an offshore securities business to the Hong Kong public, without the requisite licence issued by the SFC. Entities and the individuals carrying out the activities on their behalf are required to hold separate licences.

A licenced corporation must be 'fit and proper' and comply with the relevant requirements with regards to its capital and organisational structure. In addition, the company must be incorporated in Hong Kong, or registered with the Hong Kong Companies Registry; although, in practice, almost all licenced corporations are incorporated in Hong Kong. Individuals carrying on the regulated activities, as well as directors and substantial shareholders of a licenced corporation, also need to be 'fit and proper' to obtain the SFC's approval.

There are currently ten regulated activities restricted under the SFO. These include dealing in securities, dealing in futures contracts, advising on securities, advising on corporate finance and asset management. Notably, there will be two more types of regulated activities, relating to OTC derivatives, once the relevant amendments to the SFO are implemented.

An active investment community, combined with proximity to China, access to investors in the region and the link to China through Stock Connect, has helped to attract overseas businesses into the industry. In the past three years, the SFC has received more than 7,000 licence applications each year. As of 31 March 2018, there were 2,702 licenced corporations, up 13% from 31 March 2017, and there are more than 2,700 authorised collective investment schemes.

Key to the active investment community in Hong Kong is a thriving stock market. It has consistently ranked in the world's top three in terms of funds raised in IPOs. Recent changes to the listing rules - which facilitate the listing of pre-revenue biotech companies, and which allow companies with weighted voting rights to be listed, as long as they satisfy the Stock Exchange's criteria for being innovative and emerging - will further enhance the fund-raising activities in Hong Kong and participation of investors in the stock market.

In a recent move to encourage the development of fintech, the SFC has set up a regulatory 'sandbox'. Licenced companies which use innovative technologies and demonstrate a genuine and serious commitment to conducting regulated activities through the use of fintech, are provided with a confined regulatory environment to test their innovative financial products or services and delivery methods, before offering them to the general public.

Insurance

The newly established IA will eventually bring the regulation of the entire insurance industry under one platform. The IA took over the regulation of insurance companies in July 2017 and is expected to take over the regulation of intermediaries (agents and brokers) within the coming year. The IA derives its powers from, and administers, the Insurance Ordinance.

The central facet of the IA's approach is a requirement for insurance businesses and individuals to be authorised by the IA. The entity itself and certain individuals must be 'fit and proper' in order to obtain the requisite authorisation. This approach is similar to, and draws heavily on, the SFC's licensing regime for investment-related activities.

Authorised insurers must comply with certain requirements, including in relation to assets and capital, which is also an area of development and one in which we expect a risk-based capital regime to be introduced in the coming years. Directors and key persons in control of certain functions must be 'fit and proper' and the company must be incorporated in Hong Kong, or registered with the Hong Kong Companies Registry.

Intermediaries remain under the regulation of the existing self-regulatory organisations for the time being. There are currently two Self-Regulatory Organisations (SROs) for brokers and one for agents. The IA is expected to take over from the SROs by July 2019 and the regulation of intermediaries will be given a statutory basis, although the framework will largely remain similar.

> Hong Kong has traditionally been regarded as one of the main financial centres of the world and an attractive place to do business.

The insurance market remains active and growing. From Hong Kong there is access to a rapidly growing middle class in China, as well as around the region, which is a source of increasing requirements for existing and new insurance products. As of 31 March 2018, there were 160 authorised insurers, 2,413 insurance agencies and 771 authorised insurance brokers. In 2016, the total gross premiums of the Hong Kong insurance industry increased by 20.7% to US$451.7 billion.

Similarly to the SFC, the IA recognises the future role of technology and is actively encouraging its use. It has recently launched an insurtech 'sandbox', which allows insurers to experiment with new insurtech, in a 'live' environment, without needing to attain full compliance with the usual regulatory requirements. The IA has also launched a licensing 'fast track' to provide a dedicated process for authorisation applications from online-only insurers.

Incorporating and maintaining a Hong Kong company

SFC-licencees and IA-licencees are mostly required to be Hong Kong-incorporated companies. It is relatively straightforward to incorporate and maintain a company in Hong Kong; requirements include a company secretary in Hong Kong, to have at least one director who is an individual and to prepare audited accounts every year. However, the regulatory burden on companies is minimal; there are no restrictions on a company's constitution or the number of shareholders or share capital, although the SFC and IA may impose its own requirements.

Conclusions

There are exciting times ahead for businesses wishing to enter the securities or insurance industries in Hong Kong. The industries continue to grow and benefit from constant technological development, aided by regulators' technology-friendly policies. The simple and straightforward approach of the regulators also enhances Hong Kong's attractiveness as a place to conduct investment-related activities or insurance business.

Should you wish to contact anyone in relation to the above topics, or your legal requirements for investing in Hong Kong more generally, please contact the head of our corporate practice Paul Westover on +852 2533 2755 or by email at paul.westover@shlegal.com (ref: Discovering Business).

Stephen Phillips

Director General, Invest Hong Kong


Stephen Phillips

Hong Kong has long played an important role in connecting UK business with Asian markets, including Mainland China. Many UK companies have set up in Hong Kong to capture the growing opportunities in the region and leverage on Hong Kong's fundamental strengths which include a free economy, free flow of capital, people and information, a welcoming, competitive and international business environment.

These are exciting times in Hong Kong and Asia, as the centre of world growth continues to shift to the region. That means growing opportunities for companies from around the world.

There are three broad areas where I think every business should be thinking about how they position themselves to seize the opportunities for the future. The first is the Belt and Road initiative. Belt and Road covers more than 60 economies, accounting for two-thirds of the world's population but just one-third of the world's GDP. Many of near-term opportunities lie in infrastructure-related projects, but we are already seeing interest in sectors as wide-ranging as healthcare, education, logistics, finance, creative, business and professional services. Hong Kong offers a fantastic location to capture such opportunities, working in partnership with Mainland and other international partners.

The second opportunity is the Guangdong-Hong Kong-Macao Bay Area development, which will see better integration between Hong Kong and the rest of the Pearl River Delta. The area covers nine prosperous cities in Guangdong, plus Hong Kong and Macao, with a total population of 66 million with a GDP vying with that of Australia or Korea. What is most significant is all of these cities will be within around one hour travelling from each other, offering an incredibly vibrant market for companies from around the world. Businesses can leverage Hong Kong's openness and strength in international connections, with the strong manufacturing base in the Bay Area.

The third area is the exciting opportunities in Hong Kong, with wide-ranging policy support to promote innovation and technology development including infrastructure, R&D incentives, lower profits tax, talent schemes and much more. There is a particular focus on artificial intelligence (AI) and robotics, smart city, biomedicine and FinTech.

At InvestHK, our job is to help you grow by seizing these new opportunities. We work in close collaboration across government and with key partners. In addition to our team based in London, in Hong Kong we have sector specialists spanning a diverse range of industries. So whether you are new to Hong Kong, or a long-standing investor, our teams stand ready to help you with the changing opportunities across innovative sectors as well as Hong Kong's traditional strengths.

I encourage you to take a fresh look at how Hong Kong can help you grow your business. We stand ready to help you in doing that. Get in touch! We look forward to welcoming even more UK companies and entrepreneurs to this great city.

Hong Kong: Where business goes to grow

Invest Hong Kong

A highly dynamic city that serves as the perfect platform into Mainland China and Asia, Hong Kong is the ideal place for business. According to the United Nations Conference on Trade and Development (UNCTAD) World Investment Report (WIR) 2018, Hong Kong was the world's third largest recipient of global foreign direct investment (FDI) in 2017. It has also been ranked the world's freest economy for 24 consecutive years by the Heritage Foundation.

Core advantages

Hong Kong is a business-friendly city with a multitude of advantages to ensure businesses can flourish.

- Rule of law
  Under the "One Country, Two Systems" principle, Hong Kong retains its common law system and provides effective legal protection to individuals and businesses.
- Low, competitive and simple tax regime
  Hong Kong has a simple, transparent and stable taxation system. A two tiered tax system came into effect in April 2018, with the tax rate for the first HK$2 million (GBP£192,300) of profits of corporations lowered to 8.25%, thereafter at 16.5%. Hong Kong also has a growing network of Comprehensive Double Taxation Agreements (CDTAs) with major jurisdictions.
- Central location in Asia
  Hong Kong enjoys an enviable and strategic location in the heart of Asia. The city is connected to half of the world's population within five hours flying time.
- World-class infrastructure
  Hong Kong's advanced infrastructure includes world-class domestic transport networks, international airport, highways, port facilities and operations. It is also a communications hub in the Asia Pacific region with a well-developed information and communications infrastructure.
- Strong talent pool
  Hong Kong has a highly educated, bilingual workforce. The pool of professional talent has international business know-how and expertise.

With new opportunities brought by the Belt and Road Initiative and the Guangdong-Hong Kong-Macao Bay Area development, companies can leverage on Hong Kong's strengths in R&D, world-class infrastructure, sound legal system and strong intellectual property rights protection to grow their business globally.

Hong Kong and the UK – Close economic ties

Hong Kong and the UK enjoy a strong and long-standing economic and trade relationship. A Joint Statement on Closer Collaboration between Hong Kong and the UK on Trade and Economic Matters was issued in March 2018, to forge broader and deeper collaboration between the two economies on a number of priority areas including global free trade, innovation, creative industries and the Belt and Road Initiative:

- Global Free Trade
  Both being strong advocates for free trade and open markets, Hong Kong and the UK have launched a Strategic Dialogue on Trade Partnership to further already sound and deep trade relations.
- Innovation and Technology
  Hong Kong and the UK will pursue collaboration in areas such as smart cities development, FinTech, key technology areas including healthcare, artificial intelligence and robotics, and identify practical measures to simplify on-boarding arrangements for small and medium enterprises.

- Creative Industries
  The two sides will identify collaboration and exchange opportunities of mutual benefit, with particular focus on market expansion and talent nurturing.
- Belt and Road Initiative
  Hong Kong has an indispensable role to play in being the key link for the Belt and Road Initiative. More collaboration will be developed in the areas of project procurement and management, financial services, agency co-operation and collaboration, and education.

Invest Hong Kong and the Department for International Trade of the UK signed a Memorandum of Understanding on investment promotion co-operation, with a particular focus on innovation and technology and other emerging sectors.

InvestHK – Who we are and what we do

Invest Hong Kong (InvestHK) is the Hong Kong Special Administrative Region (HKSAR) Government Department responsible for attracting FDI, supporting overseas and Mainland businesses to set up and expand in Hong Kong. We partner with clients on a long term basis and are available at any stage of their business development process.

InvestHK has industry specialists in a range of priority sectors including: Business & Professional Services, Consumer Products, Creative Industries, Financial Services, Financial Technology, Innovation & Technology, Startups & Entrepreneurs, Tourism & Hospitality, and Transport & Industrial. It has an aftercare team to provide existing investors proactive support to help them grow in and via Hong Kong. The Department also has an overseas network of staff and representatives based in 31 key business cities worldwide covering key markets.

Contact us now to discover the business opportunities in Hong Kong.

Head Office: 25/F, Fairmont House, 8 Cotton Tree Drive, Central, Hong Kong | Tel: (852) 3107 1000 | Email: enq@investhk.gov.hk | Website: www.investhk.gov.hk

London Office:
Andrew Davis, Head of Investment Promotion
Tel: (44) 20 7290 8207 | Email: andrew_davis@hketolondon.gov.hk

Margaret Fong

Executive Director, Hong Kong Trade Development Council

Margaret Fong

It is my pleasure to introduce you to the Hong Kong Trade Development Council (HKTDC), your partner for doing business in Hong Kong, the Chinese Mainland and Asia.

The United Kingdom and Hong Kong have a century-old special relationship, spanning the economic, cultural and social spheres. These ties remain as strong as ever, with the UK being Hong Kong's second-largest trading partner in Europe and Hong Kong being one of the UK's biggest export markets for goods and services in Asia. UK investment in Hong Kong is over a third of the total British investment in Asia, while Hong Kong's long-time investment in the UK is also significant, ranking third among Asian economies – thanks partly to Chinese foreign direct investment which flows through our city into the UK.

Given our extensive links with the Chinese Mainland, across the Asian region and around the world, there is great potential to broaden our collaboration with the UK in many areas, such as partnerships for the Belt and Road Initiative and expanding into Asia, especially the Chinese Mainland and ASEAN markets. Hong Kong is well-positioned to act as a base for UK companies wishing to tap these opportunities, not only because we have an advanced global infrastructure and are a free port known for our business-friendly environment, but also because we are a global financial and investment hub and a commercial platform for innovation. Given the opportunities presented by the fast-growing Asian markets and a rapidly developing Belt and Road Initiative, Hong Kong offers British companies the ideal platform to capture these tremendous prospects and more.

As a statutory organisation with a mission to promote trade and investment between Hong Kong and the rest of the world, the HKTDC offers a wide range of activities including trade fairs, international conferences, business matching activities and market research that assist companies in capitalising on new global developments and trends.

For more than half a century, the HKTDC has been creating opportunities for businesses, local and overseas. Our 50 offices around the world, including our office in London, can help you connect with companies and governments worldwide. We cordially invite you to contact us by going to www.hktdc.com/aboutus or downloading our app to find out how we can help you drive your business forward.

Hong Kong Trade Development Council

Established in 1966, the Hong Kong Trade Development Council (HKTDC) is a statutory body dedicated to creating opportunities for businesses in Hong Kong. Our mission is to explore potential markets for Hong Kong companies, especially small and medium-sized enterprises (SMEs), and connect them with business partners all around the world.

The HKTDC also leverages global development opportunities that offer great potential for businesses, such as the Belt and Road Initiative and the ASEAN (Association of Southeast Asian Nations) market, to support the international and local business community.

Promoting Hong Kong’s key roles in global business

In response to the latest shifts in the global economic landscape and China’s changing development strategy, we promote Hong Kong as a two-way investment and business hub of Asia, the commercial platform for the Belt and Road Initiative, a key link between ASEAN markets and the rest of the world, as well as a commercial and research hub for technology, innovation, creative industries and start-ups.

With more than 50 years of experience and a global network of 50 offices, including 13 on the Chinese Mainland, we pursue our objectives through various means, including organising international trade fairs, conferences, business missions and business matching activities. We also provide business insights and information via trade publications, research reports and digital channels including our media room.

Showcasing Hong Kong services and products

Through international conferences and exhibitions, we showcase the strengths of Hong Kong’s services sectors to the world, promoting Hong Kong's advantages in finance, investment-related services, infrastructure and real estate, trading, logistics and maritime services, professional services, innovation and technology, creativity, entertainment and more. We help overseas companies use Hong Kong's global business platform to access the Asian market, particularly the Chinese Mainland. By organising more than 160 promotion activities and over 530 networking and outreach events a year focusing on services promotions, the HKTDC connects Hong Kong services companies to about 130,000 business contacts globally. Meanwhile, we also help Hong Kong brands and products expand into international markets by connecting them with global business partners.

Connecting Hong Kong and international businesses

To help companies explore and expand global trade and business frontiers, the HKTDC organises conferences, exhibitions and other events locally and around the world. In Hong Kong, the HKTDC organises more than 30 product trade fairs a year, forming 11 of the largest marketplaces of their kind in Asia, five of which are the world's largest – including those for electronics, jewellery, gifts, watches & clocks and lighting. These fairs attracted around 39,000 exhibitors and more than 750,000 buyers in 2017/18, enhancing the city's reputation as Asia's trade-fair capital. In addition, the HKTDC organised over 610 networking and outreach events and received more than 670 missions during the same period to help Hong Kong SMEs explore new markets and connect with overseas and Chinese Mainland business partners.

The HKTDC's website, www.hktdc.com, is another effective business-matching platform that connects global buyers and sellers. It features more than 1.9 million registered international buyers, as well as 130,000 products and services suppliers. We also have more than 20 print and online product magazines and industry supplements that reach five million global buyers in some 200 countries and regions each year.

Technology, innovation, creative industries and start-ups

For businesses, innovation is key to leveraging opportunities presented by the new digital era. The HKTDC promotes the development of technology, innovation and creative industries in Hong Kong. We organise events spotlighting Hong Kong's prowess in relevant sectors including technology, design, marketing, e-commerce, intellectual property trade, licensing, franchising and entertainment. The HKTDC also supports Hong Kong's growing community of start-ups, helping them expand globally through a range of events and activities, including Entrepreneur Day and the SmartBiz Expo.

Please visit www.hktdc.com/aboutus for more information about the HKTDC.

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

HOW THE CHAMBER CAN SUPPORT YOU AND YOUR BUSINESS?

The British Chamber of Commerce is one of Hong Kong's biggest and most active international business organisations representing a broad span of British, Hong Kong and international companies doing business in, with, or through Hong Kong.

The Chamber is an independent membership organisation, with over 1,000 members, from the biggest multinationals through to a broad range of medium and smaller companies and start-ups. Our aim is to help our members grow their business, and promote and represent their business interests, by providing:

REPRESENTATION + ADVOCACY

NETWORKING + BRAND EXPOSURE

INFORMATION + INSIGHT

To find out how we can support, contact us at +852 2824 2211 or membership@britcham.com

Andrew Seaton

Executive Director, The British Chamber of Commerce in Hong Kong

Andrew Seaton

For any UK company looking to post-Brexit new business opportunities in the Asia Pacific, Hong Kong should be top of the list.

It offers a unique combination. A dynamic, open, and fast moving market in its own right – remarkably, given its size, the UK's second biggest export market in Asia. There are opportunities in a wide range of sectors including construction and engineering, healthcare, creative industries and design, environmental technologies and services, professional and financial services, FinTech and niche retail.

And also a great hub for business in the wider region: one of the most efficient and user-friendly business environments in Asia; regularly in the top tier of "ease of doing business" surveys; and recently named as the world's freest economy. Its UK common law based legal system, use of English as an official and business language, the large British business community, all increase its effectiveness to UK companies looking for an efficient and safe first landing pad or entry point into the dynamic Asian region.

As for the China market, despite headlines about a relative slowdown, overall the economy is continuing to grow. Combined with its size as the world's second-biggest economy, this means high levels of wealth creation, as for example seen in the rapidly growing middle class, and major opportunities for new companies to the market.

The market is far more open than was the case in the past. But particularly for SMEs, working with a Hong Kong partner, or taking advantage of Hong Kong's unparalleled connectivity with China, while still enjoying the special characteristics Hong Kong offers – including the rule of law, freedom of information and the internet and a very high degree of intellectual property protection – can really help the process of market entry.

The British Chamber of Commerce is one of the biggest and most active Chambers in the region, with around a thousand members. Our events programme, sectoral committee system, and platform mean we offer great networks, market information, and connectivity to any UK company looking to grow its business in the region.

How to build a hub

It is every IT businessman's dream base: a high tech hub that covers 11 cities with a total population of 70 million and an economy worth HK$1.5 trillion; a global centre for industries sited close to the heart of the world's second largest economy and lavishly supported by its government.

Welcome to the Greater Bay Area (GBA) which spans not only Hong Kong and Macau, but also nine mainland cities including Shenzhen, the capital of China's technology industry and host to an array of mega-companies from Google and Apple to such local giants as Tencent, Alibaba and ZTE.

In time, China hopes the Greater Bay Area initiative – a signature project of President Xi Jinping – will create a powerhouse of economic growth around the Pearl River Delta to rival Silicon Valley, integrating the autonomous regions of Hong Kong and Macau with their Mainland neighbours.

Small wonder then that Hong Kong, out to recast itself as a regional centre for innovation and technology, is eager to maximise the commercial opportunities of closer collaboration with its Mainland partners, soon to be connected by a 43km bridge.

In a clear demonstration of its ambitions, the Government allocated HK$20 billion in its 2018-19 budget for the first phase of a vast new science park, to be built in collaboration with the Mainland authorities on a 87 hectare area of wetlands in the Lok Ma Chau Loop on the border with Shenzhen.

When complete, the Hong Kong-Shenzhen Innovation and Technology Park – four times the size of Hong Kong's existing Science Park – should provide space for international firms and academic institutions to liaise with their Mainland counterparts.

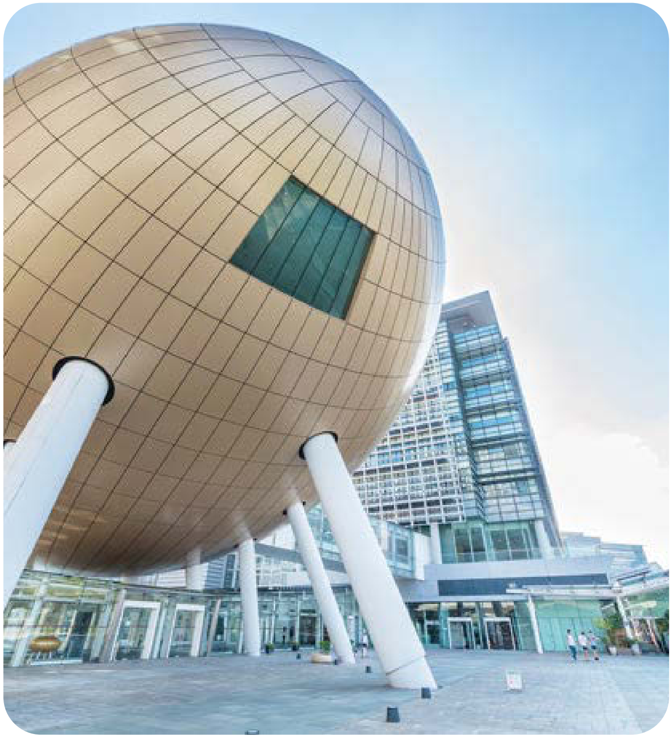
But the new park is only one element in an investment programme that has seen the Government become more involved in industrial development. In a speech earlier in 2018, the Secretary for Innovation and Technology, Nicholas Yang, signalled the change.

The Government, he said, was now "deeply committed" to an active role in promoting the city's future as a tech centre. "The prospects are very exciting indeed. Let's make use of innovation and technology to open up new frontiers for Hong Kong and for the world."

In the 2017 Policy Address, the Government pledged not only to double spending on R&D as a percentage of GDP to 1.5% within five years but also to build a new Data Technology Hub and an Advanced Manufacturing Centre on its Tseung Kwan O industrial estate.

Indeed, 2018's budget allocated a total HK$50 billion for the development of Innovation and Technology (I&T). In addition, it's giving HK$200 million to the Government backed incubator Cyberport – a creative digital community – with the aim of promoting more start-ups. Cyberport will also receive HK$50 million to promote itself as a centre for the world's billion dollar e-sports industry and build a dedicated venue for computer game events.

The present Hong Kong Science Park, home to more than 680 companies employing some 13,000 people, can expect a welcome boost too. The budget promised HK$7 billion in direct support and other allowances to the park's tenants as well HK$3 billion to build new R&D facilities.



But can Hong Kong really transform itself into a major player in the hugely competitive world of smart technology? The best opportunity, says the Government, lies with investing in four existing areas of excellence that it has identified for support.

The four are Financial Technology (FinTech), Biotech, Artificial Intelligence (AI) and Smart City, which helps urban communities anywhere to maximise the benefits of ICT.

"To shine in the fierce I&T race amid keen competition, Hong Kong must optimise its resources by focusing on its key areas of strengths," said Finance Secretary, Paul Chan Mo-Po, introducing the 2018-19 budget. "Our targeted effort must be underpinned by adequate resources."

In some fields Hong Kong's advantages are plain to see. As a long established world financial centre, for example, it is well placed to take a lead role in the developing FinTech market: already 48 of the world's top 100 FinTech companies are operating in the city, according to the Hong Kong Trade Development Council (HKTDC).

As a densely populated city with world-class ICT and internet connectivity, Hong Kong also makes a near perfect testbed for trialling Smart City applications. Relying on those strengths, the Government in 2018, published its Hong Kong Smart City Blueprint, outlining plans for the next five years: multi-functional 'smart lampposts' have already arrived.

Apart from financial support, the city itself can offer a generous tax regime, a sound legal system and a trustworthy administration, all vital attributes for the new businesses. In a report in 2018, the HKTDC stated that there were 2,000 start-ups in Hong Kong's thriving eco-system, a figure up 16% on the previous year.

What's more, the city is keen to help meet the infrastructure needs of new companies. The authorities have plans to adapt buildings on the three government-owned industrial estates it manages to assist start-ups seeking smaller units. In 2018, the city ranked first for infrastructure out of the 126 economies surveyed for the Global Innovation Index 2018.

Furthermore, much academic collaboration is already underway with institutions on the Mainland – several use research labs at Hong Kong universities. In 2016, the Massachusetts Institute of Technology (MIT) established its first overseas 'innovation node' in Hong Kong praising the city's "ready access to a unique manufacturing culture that encourages proto-typing and scale-up."


Oculus
GammonBot

Gammon Construction: celebrating 60 years in Hong Kong

The rise of one of Hong Kong's leading construction companies, and how it is evolving to meet the challenges of the future

In 2018, Gammon Construction Limited (Gammon) celebrated 60 years of operation in Hong Kong. Establishing its presence with a runway extension contract at Kai Tak airport, the company has since flourished to become a leading contractor with 7,000 employees, an annual turnover of US$2.5 billion and operations in Singapore, Mainland China, Macau and Vietnam.

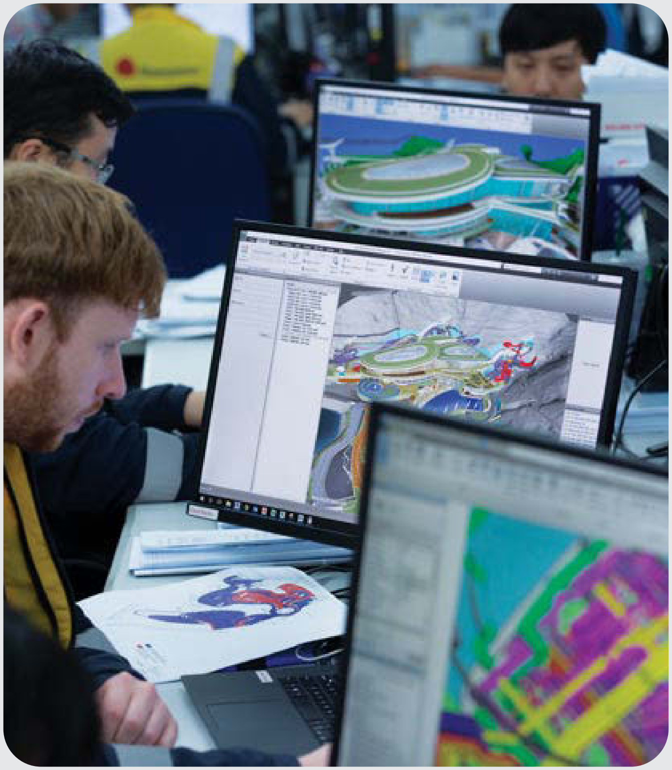
Gammon's growth over the past 60 years has been inextricably linked to the development of Hong Kong, with the company delivering many of the landmark projects that have contributed to the transformation of Hong Kong into the dynamic international hub it is today.

Gammon projects in Hong Kong run the full gamut, from airport, road, rail, tunnels and bridges through to power stations, learning institutions, residential and commercial high rises, data centres and luxury refurbishments. Like Hong Kong itself, Gammon has evolved continuously and its diversification has seen the company become more self-performing with its principle activities now including civil, building, foundation works, electrical and mechanical installation, façade and interiors construction, manufacturing and supply of fabricated steel and concrete, and rental of plant and machinery. It is truly a total-solutions provider.

Innovating for prosperity and posterity

The company may have a rich history, but in no way does it cling to traditional practices. In fact, Gammon credits much of its longevity to its strength in innovation and the pioneering use of new technologies. And as the construction industry faces labour shortages and an aging workforce, rising costs and strain on natural resources, Gammon is meeting these challenges with an even greater focus on innovation and technology. It is using this approach to drive change within both its own business and the industry itself, rethinking how the construction sector approaches engineering design and project delivery in order to improve safety and productivity, reduce waste and provide increasing value to clients so that it will continue to thrive in a competitive market.

One of the key priorities for the company is the adoption of Integrated Digital Project Delivery (IDPD) which brings together the design, planning management and tracking of an entire project to ensure its efficient and safe delivery. Driven by a central Innovation Team,



Gammon's IDPD strategy covers themes of Building Information Modelling (BIM), digital transformation, robotics, and Modular integrated Construction (MiC).

A virtual world

Gammon is already well-advanced in the use of BIM which is implemented by its ever-expanding Virtual Design and Construction Team. BIM uses the latest digital technologies to generate a 'virtual twin' design, which is then optimised for the entire asset lifecycle, prior to procurement, construction and operations. The company's 10D BIM roadmap has been adopted to further dimensions of time, cost, sustainability, facilities management, open collaboration, robotics and artificial intelligence (AI) to ultimately improve safety, quality, efficiency and reduce environmental impacts.

Of particular importance to Gammon is safety and it continuously seeks ways to drive down risk. It was the first of Hong Kong's contractors to carry out safety training in the virtual world using adapted video games technology, allowing workers and subcontractors to learn from mistakes in a simulation before they encounter the same situations on site. It has proved so effective the company has extended the practice to other areas of learning, such as welding training. It also plans to increasingly use virtual reality walkthroughs of building spaces which provides the opportunity to work with clients to fix design issues early and avoid abortive works.

Big data and robotics

The contractor is also steadily working to digitise all its data, turning all construction activities into digital information that can be processed and analysed to improve construction efficiency, safety and productivity. Its Digital Transformation Team has already made extensive use of sensors and Radio Frequency Identification Technology to collect information from plant, labour and materials, allowing it to better evaluate performance, worker and key component location, and structural behaviour. These valuable insights into the way the company's assets operate will allow it to become more efficient and safer.

Gammon already leads the way in the introduction of robotics to the Hong Kong construction industry, which includes Hong Kong's first curtain walling installation robot. It is also the pioneer in the industry to introduce Assist Suit Exoskeleton and the magically invisible chair – Chairless Chair Exoskeleton to improve construction health and safety; Welding robots are being adopted in the company's steel fabrication factory in Mainland China to help address the industry-wide shortage of welders, and tiling and painting robots are currently under development.

> Like Hong Kong itself, Gammon has evolved continuously and its diversification has seen the company become more self-performing.

And while operations use physical robots to increase productivity, the company's central services have begun using virtual robots to carry out tasks that are repetitive and rule based, such as comparing workers' licence records with the Construction Industry Council website, to increase data accuracy, streamline operations and reduce cost.

The company has even developed its own software powered by AI, Gambot™, which has artificial intelligence to capture and utilise large amounts of everyday site information intelligently. While the possibilities for its use are considerable, it has been particularly popular for automating weekly safety reports, intelligent dynamic risk assessments and safety observations.

Changing the face of construction

The company is also working to optimise offsite construction and related standardisation, mechanisation and MiC to address labour shortages, reduce environmental impacts and improve overall safety. MiC focuses on ease of manufacture and assembly, integrating construction plans through BIM to allow production and prefabrication to be undertaken off-site and streamlining installation processes on site to enhance safety and efficiency. The company already provides a number of precast and prefabricated solutions on its projects, taking construction work off-site to factory-controlled conditions that are safer, allow greater quality control and provide better working conditions for labour.

In 2018, the company also delivered Hong Kong's first MiC demonstration building to showcase the safety, productivity and environmental benefits of building modular units complete with fixtures and fittings off-site, before delivering to site for installation as a whole. An increasing use of MiC will be central to achieving the company's bold 'Responsible Growth - 25 by 25' sustainability strategy that includes 25% reductions in carbon intensity and a 25% increase in off-site construction by 2025.

Diamonds are forever

As Gammon celebrates its diamond anniversary, the construction industry stands on the cusp of enormous change. It is a change the company relishes and in many instances is instigating, as it becomes more innovative and embraces new and better ways of doing things, welcoming new expertise and new methods, all of which will help it become a better and stronger business.

There are some things, however, that remain unchanged at Gammon – a commitment that every project undertaken will achieve excellence founded on safety, quality and absolute integrity.

New trade ties: laying the foundations

As a hub for world trade, Hong Kong depends on sound connections with its major partners whether by road, rail or air, and a slew of recent projects means those ties have rarely looked so strong: the territory is now linked to the Mainland and the wider world as never before.

In the space of a few momentous months in 2018, Hong Kong saw the opening both of the high-speed Express Rail Link with Shenzhen and Guangzhou, and of the world's longest sea crossing taking traffic by road and tunnel across the Pearl River Delta to Macau and Zhuhai on the Mainland.

For rail passengers that means Guangzhou is now just a 50 minute ride from the shiny new terminus in West Kowloon, and long distance travellers can expect speedier journeys to cities across the Mainland through connections to China's extensive network of high-speed lines.

For road traffic, the new 55km crossing should mean a dramatic fall in some travel times, putting Zhuhai, one of China's first Special Economic Zones and an aspiring centre for hi-tech industry, within 45 minutes of Hong Kong International Airport rather than four hours as in the past.

Together the two projects, make a powerful statement about China's ambitious plans to create a Greater Bay Area (GBA), a single economic hub integrating Hong Kong, Macau and nine mainland cities, allowing each to draw on the others' particular strengths.

In time, those new road and rail links will hasten communication between a cluster of cities with a total population of around 70 million, that already form a vital centre for high-end manufacturing and research. Small wonder the GBA's champions talk of building a powerhouse to rival Silicon Valley.

No less important, better communications should ensure the fullest possible role for Hong Kong in Beijing's mega-project for the 21st Century, the Belt and Road Initiative aimed at developing a global trading network with China at its centre, emulating the fabled Silk Road.

Of course, Hong Kong can already lay claim to the world-class infrastructure that it needs to maintain its competitive status. The 2018 World Competitiveness Index, which uses infrastructure as one of its criteria, put Hong Kong in seventh place worldwide, one place ahead of the UK.

One measure of its infrastructure's sophistication is the sheer volume of business it can handle. For eight consecutive years, Hong Kong International Airport (HKIA) has been ranked the world's busiest cargo airport by Airports Council International. In 2017, it handled a record 4.94 million tonnes, a year-on-year increase of 9.2% .

Connections are particularly strong with most of Asia's big urban centres and half the world's population is within five hours flying time. More than 100 airlines operate about 1,100 flights daily, linking HKIA to over 200 destinations worldwide including 50 on the Mainland.

The authorities are preparing for further growth, envisaging a permanent future for Hong Kong as the principal gateway hub for the Mainland and Asia. Work on a third runway at HKIA began two years ago and the project is due for completion in 2024.

That's no small challenge. The project involves reclaiming 650 hectares of land beside the existing site, the construction of a new passenger concourse, and more than 100 new parking stands for aircraft, at a total cost of HK$141 billion.

But aviation is the foundation on which the four main elements of Hong Kong's economy – finance, trade and logistics, tourism and professional services – are built, as well as supporting more than 260,000 jobs, according to a study by the Chinese University of Hong Kong. Its airport cannot afford to slip behind its competitors.

But Hong Kong, blessed with a silt-free natural, deep-water harbour, still looks to the sea for much of its trade and an efficient port is vital to a territory where logistics and transport account for more than 20% of the economy.

Ever since the opening of the first berth at Hong Kong's purpose-built container port at Kwai Tsing, the container trade has been a mainstay of the territory's prosperity, holding its own even as competition intensifies from ports on the Mainland and elsewhere. In 2017, Hong Kong has reclaimed its place as the world's fifth busiest container port.

Businesses can enjoy reliable and secure communications throughout the territory, thanks to substantial investments by the city in its broadband and fibre-optic infrastructure. Indeed in 2017, Hong Kong was ranked third in the world for broadband download speeds, according to Speedtest, the web service that monitors internet access.

Digital technology is changing the landscape of engineering and construction

Paul Roberts, Partner, HKA

Paul Roberts

HKA's global presence confirms that the digital challenge is proving daunting for contractors across all territories. "There are still some construction companies struggling to configure their businesses to operate in a digital environment. They need digital transformation programmes to best serve clients' needs," explains HKA Partner, Paul Roberts.

Building Information Modelling's (BIM) potential goes beyond sharing design information, Paul stressed. HKA is using BIM in the management of projects and contractual disputes. "We're now taking BIM records from site as well as costing information and linking it all into programmes to produce visual models of a project through its life."

Visual models make it much easier to understand the implications of delays without having to interpret the written word and bar charts, especially where clients and partners do not share the same first language. Presenting the impact visually, when a complex project is running six months behind, is far more powerful and persuasive, said Paul, a Chartered Quantity Surveyor who has specialised in dispute avoidance and resolution for the last decade.

Reality capture and 3/4/5D modelling provide advantages across risk management and commercial negotiation. Models with 4D and 5D links to time (eg. through programmes) and costs (eg. through pricing documents and/or accounts) are not only more readily understood by non-experts, they can also be extended through operations and beyond, and help clients focus on value rather than cost, Paul added.

This change of mindset is urgently needed as lowest-price tender awards drive margins even lower. Given the added risks of cyclical swings in workload, firms are reducing their investment in innovation, just as they need to invest more to reap the rewards of digital and other technological advances.

"This continual focus on price reduces investment by providers and stifles innovation," Paul warned. "There is no short-term fix for this. The client's perspective should extend all the way from a project's conception to completion and into its operational life." Rather than focus on capital expenditure (CAPEX), often without fully considering the operational (OPEX), the client needs to focus on long term value to drive TOTEX (total expenditure) solutions.

An unprecedented boom in investment across the Asia-Pacific region is going to test the capabilities of clients and their suppliers. "There is a global uptake in infrastructure activity, which is increasing the squeeze on skills and resources. Careful planning and supply chain management will be key to ensuring that the right skills are provided at the right time."

Many major projects are underway or coming to market across the region. Singapore's Changi Airport Terminal 5 will be the country's most valuable project ever, to be followed by a high-speed rail link to Kuala Lumpur. HKA is working on Taiwan's metro project, and with Chinese main contractors delivering the growing super-power's Belt and Road strategy in Asia and on other continents. Emerging economies too – including Indonesia, Malaysia, Sri Lanka and Vietnam – are poised for massive infrastructure spending, not least in energy.

The complexity of such projects demands innovation and a breadth of capabilities that large consultancies may not be able to meet, especially in a buoyant market. Agile, tailored solutions are called for, said Paul.

SMEs can offer the independent thinking and specialist talent that they lack. HKA is showing how highly organised yet flexible groups of specialised SMEs can outperform established mega-consultancies.

Co-opting and blending the technical expertise of SMEs can give clients the best joined-up solutions available. For example, niche skills in risk management, BIM, data analytics and other areas were a differentiating factor in HKA's successful bid for Hong Kong's third runway framework.

"As the world's leading construction claims and dispute resolution consultancy, we not only have local knowledge in most territories, we can share world-class best practice with clients across the whole project lifecycle," Paul added.

Another way HKA does this is by connecting clients with their peers around the world so they can apply lessons from similar projects.

"If we are to deliver the best possible outcomes for clients, we need to tap this global network of best practice and talented disruptors to exploit the changing landscape for engineering and construction."

Made in Hong Kong: return of a brand

Is it possible that Hong Kong can rebuild its reputation as a global manufacturing centre? For decades the question would have invited a simple 'no'. Gone, it seemed, were the days when the city ranked as one of the world's great workshops, with industry accounting for 30% of the economy and the 'Made in Kong' label a global badge of pride.

Since the 1970s, industry has largely migrated to the Mainland to take advantage of lower labour costs, abundant land and proximity to the burgeoning local markets. These days, manufacturing provides just 1% of GDP and employs fewer than 100,000 people, down from a million in its heyday.

Talk of a comeback is now prevalent. Both businesses and the Hong Kong Government see new opportunities. The economic landscape is changing fast, due to new technology and the impetus expected from the Greater Bay Area initiative, intended to create an economic powerhouse around Hong Kong, Macau and nine nearby Chinese cities. One word now being used in official circles is "re-industrialisation."

"The advancement in innovative technology and internet is driving the global economy in new directions. We put forward the initiative of re-industrialisation to capitalise on the solid foundation, resourceful talents and experience of our manufacturing industry to promote smart production," said Nicholas W Yang, Hong Kong's Secretary for Innovation and Technology, in a speech in 2017.

He went on to say, "Many advanced economies have embraced re-industrialisation as a major policy in driving new economic development. We hope that through re-industrialisation, Hong Kong's manufacturing industry will thrive again, create more quality job opportunities and expand its GDP share to a critical mass of 3%-5% or higher."

But the industry of tomorrow will be very different from that of the later 20th Century. What the Government wants to see and is prepared to back, is high-end, niche manufacturing (think nanotechnology or 3D printing) rather than the labour-intensive industries of former times.

The 2016 Policy Address spoke of promoting "smart production" and attracting "high value-added technology industries" as well as "high value-added manufacturing processes." In short, Hong Kong wants to be part of the Fourth Industrial Revolution – Industry 4.0 – that emphasises the wider use of automation, algorithms and data exchange rather than manpower and mass production.

The Financial Secretary now chairs a Committee of Innovation, Technology and Re-industrialisation, there are new tax breaks for industry-related R&D, and public funding available to companies who want to train staff resident in Hong Kong in the latest technologies.

In addition, Chief Executive Carrie Lam, used 2018's Policy Address to propose a HK$2 billion "Re-industrialisation Funding Scheme" to subsidise manufacturers, on a matching basis, to set up smart production lines in Hong Kong.

For tangible evidence of the Government's commitment, refer to the Tseung Kwan O industrial estate where the Government-owned Hong Kong Science and Technology Parks Corporation (HKSTPC) is planning a new Advanced Manufacturing Centre.

The facility due to open in 2021 includes many features designed to attract the latest generation of smart manufacturers, including shared logistics, warehousing, prototyping and low volume assembly facilities.

Indeed, HKSTPC has revised its entire letting strategy with entrepreneurs in mind. To accommodate more small companies it will now mainly build and manage specialised multi-storey buildings for rental, specifically to innovation and technology businesses.

Some support too can be expected from the Mainland as part of the Greater Bay Initiative, aimed at transforming the entire Pearl Bay Delta into a single economic hub. Beijing, for example, will be setting up two new state-backed laboratories in Hong Kong's science park and a wider cross-border co-operation pact is being prepared.

If the growth goals for industry look modest, it is partly because any revival is starting from a low base. The vast majority of the territory's remaining manufacturing companies are now SMEs, often family owned, with fewer than 100 people employed.

According to the Government there are now just 142 companies operating on industrial estates in Hong Kong. Among the most prominent sectors are food and beverages, machinery and parts, as well as biotechnology and pharmaceutical.

Start-up or expanding companies will face tough competition from those on the Mainland which enjoy generous government backing. Beijing,

for example, is running a 'Made in China 2025' campaign, which requires provincial and municipal governments across the country to use technology for innovation and to upgrade their processes.

Hong Kong manufacturers must also contend with the high prices demanded for the few industrial sites available in one of the world's most densely occupied cities. Just as important, the high cost of accommodation may persuade the best graduates either to seek work on the Mainland or in the highly paid financial sector.

That said, Hong Kong can offer some powerful advantages. The legal system is robust and offers strong copyright protection, and local designers have an international outlook not always found in the Mainland. If some of tomorrow's smartest products emerge from the city, it should be of no surprise they will have been 'Made in Hong Kong'.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Innovating one stitch at a time

Coats Shenzhen

For over two hundred years, Coats has pioneered products and solutions to meet customer needs with an innovative culture and a global team of experts. The continuous drive to understand and invest in new technology has pushed us to the forefront of the industry, bringing inventive threads, zips, trims, interlinings and digital resources to a challenging market.

Sustainability in every stitch

The recent increase in environmentally-conscious consumers is encouraging brands to release eco-friendly products at a variety of price ranges. Although technological advancements in the apparel industry gives companies more options to meet the demand for forward-thinking fashion, clothing production can have a serious effect on local ecosystems in all aspects of the process.

As the world's leading industrial thread manufacturer, we seek to build a better future through sustainability. We continually monitor our impact on the environment at all Coats facilities in over fifty countries and across six continents. Reducing and re-using materials wherever possible in the production process is a major focus for us, especially when it comes to water.

Unmanaged water scarcity can threaten ecosystems and communities, representing a serious risk to the business if consumption is higher than the local supply. Since 2013, our Vietnam facility has installed programmes to locate and fix any significant leaks and updated dye machines to conserve water, cutting down original annual usage by enough to fill 22 Olympic size swimming pools. More recently, our team in Honduras opened a state of the art wastewater treatment plant to purify water used in manufacturing.

Coats has made significant strides independently and in collaboration with established retailers to develop products that can be reused and are completely recycled as part of our environmental initiative.

A report released by the Ellen MacArthur Foundation in 2017, indicates that less than 1% of material used to produce clothing is recycled into new garments, creating a loss of over US$100 billion each year. In conjunction with a major international retailer to create fashion products, we ensured two of our most popular thread brands, Coats Dymax and Coats Epic, are compliant with the Cradle to Cradle Products Innovation Institute's standards for use in recyclable and reusable apparel.

However, some designers want every part of their garments to be sustainably sourced – down to every stitch. Currently, Coats' EcoVerde products are the only globally available, 100% recycled line of premium sewing threads on the market offering the same level of proven performance as the industry's leading non-recycled threads. Available

in both Epic EcoVerde and Gramax EcoVerde, it is made from 100% post-consumer plastic (PET) bottle flakes for use in any type of garment.

Samples at the speed of light

Along with the growing environmental trends, customers are looking for companies to innovate faster than ever before. The 2018 State of the Connected Consumer report, an international study released by Salesforce, found that 71% of buyers expect to see more product and service releases from companies than in previous years. In order to keep their business, 59% of consumers also indicated their need for "cutting-edge digital experiences."

Coats has always provided precision, accuracy, and speed in every colour matching process, whereas in prior years lab dipping and colour confirmation could take weeks. With the latest technology at our disposal, we converted our entire colour library to QTX digital format for 100% accuracy, eliminating the need for physical samples and getting the results to customers in just days.

QTX gives every colour imaginable a unique digital fingerprint. With our hand-held Coats Colour Capsure device, brands can scan samples for unique colour and structure, right down to the shadows and reflections. This information is downloaded in QTX format and sent to any of our global dye houses to be processed within the blink of an eye.

In the future, we aim to be even more efficient. Coats is teaming up with experts to create an online platform that will make colour matching even faster. Customers will compare shades digitally and upload colour demands directly, allowing dye houses to produce the first samples immediately.

We've got it all

Coats' holistic partnership approach ensures customers get the results they deserve with the latest industry advancements. Along with cutting-edge products manufactured according to the highest ethical and eco-friendly standards, Coats offers a collection of software solutions that deliver measurable cost, speed and productivity improvements. Technical Service experts are also on hand for quality testing and industry best practices at no added cost.

For more information, please visit www.coats.com.

A testbed for success

Hong Kong is placing great faith in biotech. Together with a handful of other high growth sectors, it has been identified as a key target for the official support that the Government hopes will secure its place as a regional hub for Innovation and Technology (I&T).

In her maiden Policy Address in 2017, Hong's Kong's Chief Executive, Carrie Lam, promised extra tax breaks for R&D, and the 2018 budget saw HK$50 billion set aside specifically to support the I&T industry.

More help will follow. In line with her administration's new and more active industrial policy, Lam pledged an additional HK$20 billion in 2018, for the Research Grants Council which distributes cash, as well as HK$3 billion for a matching grant scheme.

Hong Kong's attempts to nurture a thriving biotech ecosystem are also in line with Beijing views of the life sciences sector – notably including biotech – as a potential pillar of economic growth in the 21st Century.

That gives the territory a vital role in the Greater Bay Area (GBA) initiative, the drive to integrate Hong Kong, Macau and nine mainland cities in neighbouring Guangdong Province to create a single, industrial cluster taking in Shenzhen, already China's powerhouse.

Preparations for closer collaboration are already underway. With the development of the vast new Hong Kong-Shenzhen Innovation and Technology Park in the Lok Ma Chau Loop expected to provide space to be used by Hong Kong and Shenzhen companies.

Indeed, a prominent part for Hong Kong in the GBA's biotech industry already seems assured given it's record as a centre of excellence. Hong Kong has 250 to 300 biotech related companies, according to the city's Innovation and Technology Commission.

There are plenty of promising signs. One biotech company, for example, has pioneered stem cell treatment to help millions of patients suffering from Alzheimer's and Parkinson's. Oper Technology claims to be the first to successfully harvest stem cells directly from the brain and re-inject the developed neural cells back into a live subject.

Both the company and the Governments role will have been vital. Oper, linked to Baptist University, has been fostered by the Incu-Bio Programme run by the publicly-owned Hong Kong Science and Technology Parks Corporation (HKSTP), which provides select biotech start-ups with laboratory and support services.

Medical training is a strong point. Hong Kong is home to two of the region's leading medical schools, at the University of Hong Kong (UHK) and the Chinese University of Hong Kong (CUHK), which both featured among Asia's top five in the 2018 QS World University rankings for medicine.

What's more, Hong Kong is a major centre for the clinical trial of new drugs, favoured both by foreign multinationals and by China. The Hong Kong Eye Hospital, the University of Hong Kong and the Chinese University of Hong Kong were the first three institutions outside the Mainland approved by the China State Food and Drug Administration to carry out trials for drug registration purposes.

Clear recognition of it's international standing came in 2015 when Sweden's leading medical university, the Karolinska Institute, established a research branch in Hong Kong, focusing in areas where both share expertise including stem cell technology, biotech and regenerative medicine.

Another endorsement of Hong Kong's particular strengths followed in 2017, when Guangzhou Institutes of Biomedicine and Health on the Mainland set up a stem cell and regenerative medicine research facility at the Government owned Science Park.

Hong Kong is fast emerging as the region's leading money raising centre for new biotech companies in search of extra capital. In a deliberate bid to attract high-growth new businesses, it's stock exchange adapted its rules to allow the listing of technology and biotech companies before they have even registered a profit.

The healthy life: a world pace-setter

For a healthy life and good medical care, provided at little cost to the taxpayer, head for Hong Kong. The pace of urban life may be hectic but it can claim a record on public healthcare that shames many richer countries.

The 2018 International Health Care Efficiency study, published by Bloomberg, which tracks the cost of medical care against a range of other measures, put Hong Kong at the top of its list, one place above Singapore and far ahead of the United States.

Better still, life expectancy in Hong Kong is a world beating 84, three years more than the United Kingdom and a full six years above America. The infant mortality rate has plunged from 91.8 per 1,000 live births in 1951 to 1.5 in 2015, among the lowest in the world.

By international standards, longevity comes at a low price. Healthcare in Hong Kong costs just HK$2,200 a year per capita to provide, barely half the equivalent figure for the UK and less than a quarter of the sum that the average Americans must find, according to Bloomberg.

As to the reasons, climate, diet, education and exercise all play a part but much of the credit belongs to a system of public health that offers comprehensive and almost free medical care to its seven million citizens from the cradle to the grave.

Contrary to its reputation as a bastion of free market principles where citizens learn not to depend on the state, the Government today takes pride in ensuring the well being of its population, as Chief Executive, Carrie Lam, made plain in her Policy Address in 2018.

The present administration saw no conflict, she insisted, between the whole-hearted "practice of capitalism" in Hong Kong and actively pursuing policies intended to "improve people's lives" through better health and education.

"With our ample fiscal reserves, it is the Government's responsibility to use the resources derived from the community for the good of the community, invest for the future, relieve people's burdens and enable people from different walks of life to share the fruits of our economic growth."

Like all other developed societies, Hong Kong has been forced to meet the steadily rising healthcare bills that go with an ageing population, and a limited number of hospital staff must cope with an ever higher number of patients. But the Government has responded by raising healthcare spending by an annual average 7% over the past ten years.

Today's healthcare system in Hong Kong loosely resembles Britain's National Health Service. More than 40 public hospitals as well as a network of clinics look after the needs of the vast majority of citizens. Modest charges must be paid for medication and the use of hospital beds but the service is otherwise free, except for dentistry.

To ease pressure on the overstretched public hospitals, the Government is also proposing to offer tax breaks to any citizen who is willing to contribute to a voluntary health insurance scheme that would allow them access to the city's 12 private hospitals (a 13th is set to open in 2020).

Medical training is a strong point. Hong Kong is home to two of the region's leading medical schools, at the University of Hong Kong (UHK) and the Chinese University of Hong Kong (CUHK), which both featured among Asia's top five in the 2018 QS World University rankings for medicine.

With support from the Government, Hong Kong is also a regional centre for medical research and a burgeoning centre for the biotech industry – one of four key areas identified by the authorities for financial backing – that encompasses more than 250 companies, largely working in areas connected with healthcare.

Not that Chinese Traditional Medicine (TCM) is forgotten. In 2018's Policy Address a dedicated HK$500 million was promised to promote TCM and the Government plans to open Hong Kong's first ever TCM hospital, to be run by a not-for-profit organisation.

The project has loud echoes in neighbouring Macau, where the authorities propose to tap the commercial potential of traditional medicine and encourage health tourism. In time, they hope it could become a TCM hub, helping Macau to diversify its economy.

Such ambitions fit neatly with China's plans to promote the Greater Bay Area, including Hong Kong, Macau and nine mainland cities, as a showcase for Chinese industry and culture. And Macau is already a partner in a Traditional Chinese Medicine Science and Technology Industrial Park just across the frontier in Guangdong Province.

Schooling for the smart generation

When British rule came to an end in Hong Kong in 1997, a university education was still a privilege enjoyed only by a small minority. Today more than half of school leavers go on to study for a degree or further qualification, many of them with some financial support from the Government.

A range of reforms has transformed the education system over the past 20 years as the Government seeks to emulate other successful economies, not only by producing a better educated workforce but also by recasting itself as a regional education hub.

Today there are 21 degree-awarding institutions, eight of them funded by the Hong Kong taxpayer through the University Grants Committee, and their academic record puts them squarely among the region's leaders.

When the Times Higher Education published its annual Asia University Rankings in 2018, Hong Kong had three universities among the top ten – more than any other territory in the region – and six of its universities featured in the top 60.

Leading the field were the University of Hong Kong and Hong Kong University of Science and Technology (HKUST), which both rose one place to fourth and joint fifth respectively, while the Chinese University of Hong Kong entered the top ten for the first time after climbing four places to seventh.

Such success serves as a fitting advertisement for the Government's campaign to sell the merits of a Hong Kong education to the world, trading on its reputation as a meeting place for East and West, where students can study in English at the same time as acquiring a knowledge of Chinese culture and business culture.

Despite high fees and competition from Mainland colleges, Hong Kong's top business schools still attract many foreign students in search of courses and a location with a strong international flavour. HKUST Business School, is a particular favourite, ranking among the world's top 20.

To promote such internalisation, Hong Kong now offers research funds and scholarships for the brightest talents from beyond its borders, while also relaxing employment and immigration restrictions and raising the quotas for 'non-local' students seeking to study in the city.

The policy connects with China's wider strategic goals. In particular, special scholarships are on offer to students from countries linked to Beijing's great Belt and Road Initiative. Education, say the policy-

makers, provides a useful means of fostering closer ties among the next generation.

The universities' success forms only one part of a wider picture of transformation. At an earlier stage, the flurry of post-1997 initiatives has also seen the end of entrance tests for primary and secondary schools, new curriculums and the reform of school management.

Exams too have been modernised. No longer do students prepare for tests modelled on Britain's 'A' levels. Today they work towards the single Hong Kong Diploma of Secondary Education, typically taking six subjects including English and Chinese languages, maths, liberal studies and two electives.

Most radical of all, in 2009 Hong Kong overhauled the entire structure of the academic system, phasing in a new "3+3+4" arrangement – three years each of junior and secondary education followed by four years of university, rather than three.

Today spending on education accounts for 20% of the total. Compulsory education begins at the age of six and the Government has recently announced a new subsidy system to encourage the development of private kindergartens taking children from the age of three.

The reforms continue. In 2017, Hong Kong's Chief Executive, Carrie Lam, pledged a sweeping re-examination of the education system with eight taskforces looking at key areas such as research funding, the role of private 'self-financing' colleges, and vocational education.

"My vision for education is to nurture the future generation into quality citizens who are socially responsible and equipped with our sense of our national identity, a love for Hong Kong and an international perspective," she said, while also promising an increase in education spending.

The Government has already improved teacher-pupil ratios, and has promised a greater focus on out-of-classroom experiences through a new Life Wide Learning grant for schools to fund a range of activities such as sport or community service that will help to broaden children's horizons and foster "whole person development."

> Hong Kong's top business schools still attract many foreign students in search of courses and a location with a strong international flavour.

Other activities might be linked to the so-called STEM subjects – Science, Technology, Engineering and Mathematics – an area seen as especially important, if Hong Kong is to achieve its goal of becoming a "Smart City" where cutting edge industries can flourish.

Besides, the Government recognises that children need more than the rigorous rote learning, prevalent in the past. In Lam's words, the "enriched learning experiences" offered by the new scheme outside the school gates will not only "enhance their interest in learning, but also help them develop positive values and attitudes."

At a higher level, a new HK$7 billion civil service college is planned, where tomorrow's civil servants can study everything from the arts of leadership to the best use of IT. A site has already been earmarked and the college is slated to open in 2026.

The Government is also out to challenge the widespread perception that practical training is in some way inferior to studying for a degree. In 2017, Lam promised an "in depth review" of Vocational and Professional Education and Training (VPET) and has been implementing the recommendations of a 2015 taskforce.

A range of full and part-time courses is already on offer through the Vocational Training Council, promising formal qualifications – certificates, diplomas and in some cases even degrees – in everything from catering and retail to accountancy and digital marketing.

Among recent initiatives, for example, is a two year part-time course in aviation studies run jointly with the Hong Kong airport authority and the city's aviation academy offering free, on-the-job training in areas such as air cargo handling and technology.

To dispel remaining prejudices and sell the idea of vocational training, the authorities have turned to social media and online platforms to reach both parents and children. Inducements offered to possible students include subsidised tuition in practical areas such as construction, engineering and technology.

"Talent is the most important element in Hong Kong's continued development, and education is the key to nurturing talent," said Lam in her 2017 Policy Address. "Given the benefits that a wider pool of talent can bring to our economic and social development, the Government should assume a more active role in establishing our position as a talent hub."

Case Study

Is British curriculum best?

Ann McDonald, Principal of Kellett School, the British International School in Hong Kong

Ann McDonald

There is much debate surrounding the benefits of an A-level versus an International Baccalaureate (IB) curriculum for the final years of education in the international school scene in Hong Kong. When Kellett, the British International School in Hong Kong, opened up its senior school in 2013 after 40 years of providing primary, there was no such debate. And not just because a large number of our students are British, indeed, a great many of our families have no ties to the UK.

A-levels are the UK's gold standard for university entrance and seen as a rigorous, tried and tested method of assessment. They are also widely recognised internationally as one of the best routes into top universities around the world. Our alumni, known as Old Kellettonians or OKs, are testament to that. Our most recent cohort of sixth form graduates are headed to the leading universities of the USA, Australia, France, Canada, Hong Kong and China, alongside the best of British tertiary establishments. A-levels have currency worldwide.

Some argue that A-levels allow those who are clear on their career or study path to specialise and therefore better prepare for university. I don't buy into that school of thought. Whilst that is certainly true for some of our students, we do have plenty of others who simply want to study what they love with no clear roadmap ahead. A-levels provide the discipline of self-study, deep levels of investigation and rigorous exams that I believe prepare students for the rigours of both university study and the workplace.

I don't write this to reignite the ongoing debate that is happening in Hong Kong, as I am sure it is in many of the other geographical locations where there are large numbers of Brits abroad. Ultimately a curriculum is only as good as the teachers that deliver it. We are fortunate to have the best, recruited direct from the UK.

Kellett was opened by a group of British parents back in 1976 who sought a high-quality British-style education. Nothing has changed. This is what our parents, who come to Hong Kong from all corners of the world, are after.

Case Study

Positive education - fad or fundamental?

Ann McDonald, Principal of Kellett School, the British International School in Hong Kong

In a world of rapidly changing social and communication patterns, children are exposed to both the benefits and shortfalls of this new order at every turn. As an educator I am acutely aware that the models of pastoral care we offer our students need to remain apace with this ever-evolving context.

At Kellett School, The British International School in Hong Kong, we have a strong tradition of enhanced pastoral care spanning our four-decade history, but there is no room for complacency. Assisting our students to take their places in society equipped with a robust emotional skill set so they can flourish, has never been more important or more challenging.

The incredible speed with which change takes place now is both exciting and exhausting, requiring each individual to develop specific characteristics to help them handle the uncertain twists and turns of life.

To keep apace, Kellett has joined a growing number of schools worldwide who are adopting Geelong Grammar School's Positive Education Model. Positive Education combines Positive Psychology (the scientific study of the strengths that enable individuals and communities to thrive) with best practice in teaching.

It is a truly powerful combination and at participating schools, including Kellett, it has proven not only to build students' confidence, sense of worth and community, but also academic results.

PosEd, as it often referred to, seeks to enable students to develop specific skills, which enable them to strengthen their relationships, build resilience, and enhance their mindfulness, among other things.

We are working to embed PosEd across our school and curriculum, at every level, with a whole community approach. Staff are being trained, parents brought on board through workshops and students are being guided both through the curriculum and beyond.

There is no doubt in my mind that this approach is fundamental to the preparation we owe our students to best equip them for the challenges ahead, both those we know they are likely to face as well as those we cannot begin to predict.

Cultivating the creative

For those who think of Hong Kong as no more than a commercial centre, it's time to rethink. In the words of the Government agency specifically charged with promoting creativity, it intends to become "a regional creative capital."

Like governments around the developed world, the Hong Kong administration has come to appreciate the value – both cultural and economic – of a lively creative industry, and has taken action to help maximise its potential.

In 2009, it established Create Hong Kong to co-ordinate government policy and since then it has invested millions of dollars through its CreateSmart initiative to support local creative businesses and foster new talent and start-ups.

If the value of such support is hard to measure, it is clear that Hong Kong can now lay claim to a thriving creative sector which employs more than 135,000 people and contributes around HK$110 billion to the economy, equivalent to around 5% of GDP – double the figure in 2005.

There is plenty in its past to encourage optimism. The city was once Asia's leading producer of film – remember only Bruce Lee - back in the 1970s and it gave the world, Canto-pop, the Cantonese variant of western pop that helped to establish a cultural identity.

Proof of its success came when Hong Kong took 21st place among the 139 countries rated on the Global Creativity Index for 2018, above Italy and only just below Spain. In Asia, only Singapore was ranked higher.

In the case of publishing and the media, thanks in part to freedom of expression and a liberal approach to the media, Hong Kong is home to a large Chinese language industry and a press which still produces 78 newspapers. More than 80 international media organisations have a base there.

The design sector has trebled in size between 2005 and 2014. Art buyers can choose between 92 galleries and 42 auction houses, and the art market is now the world's third largest behind only London and New York.

Digital entertainment is booming – the Mainland provide some of the world's most enthusiastic gamers – with some financial encouragement from the Government. Gamers are to get their own international events venue at Cyberport, the publicly-owned business park and retail entertainment complex.

Symbolic of its wider aspirations, Hong Kong has also set aside 40 acres of prime waterfront land for the HK$24 billion West Kowloon Cultural District, where many international architects are working on an arts complex that will include theatres, museums, education facilities and a concert hall.

Other government backed ventures include the Hong Kong Design Centre which runs an annual Business of Design Week, now a major fixture on the region's cultural calendar. Past partners in hosting the event have included Germany, Denmark, Belgium, Sweden and Chicago.

The co-operation of the Mainland authorities is one obvious boon. Under the Closer Economic Partnership (CEPA), for example, Chinese language films produced by Hong Kong companies and approved by the Mainland authorities are not subject to the usual import quota for foreign productions.

This helps explain why Hong Kong has recaptured a place among the world's largest film exporters: in 2017, box office takings in China exceeded America's for the first time in history after climbing by 13% in a single year.

The benefits are mutual, with the Mainland using Hong Kong as a showcase for its own products. The annual FILMART event in Hong Kong ranks as the largest film market in Asia, attracting more than 8,700 visitors from around the world.

Not that the Mainland is the only target market for the creative industries. Old ties live on. Over the past two years, some 30 UK production companies have used Hong Kong for locations. And in 2016, Hong Kong looked to the UK for some HK$3.8 billion worth of creative goods.

Beijing's economic ambitions may also be good news for Hong Kong's architects who see huge potential in its Belt and Road Initiative, which

aims to recreate ancient trade routes across Asia and elsewhere. Billions of dollars will be spent on new infrastructure projects, offering a great opportunity to Hong Kong professionals.

The wider international links promised by the initiative should benefit Macau too, where the Government is seeking to diversify its economy away from casinos and gambling, and has explicitly targeted the creative sector for development. Five years ago it established its own Cultural Industries Fund to support promising businesses.

At the same time, the new Greater Bay Area, incorporating both Macau and Hong Kong, offers the chance of deepening collaboration with the Mainland. Already the Hong Kong Government and the authorities in Shenzhen have struck a deal with an ambitious goal: to create "Asia's first class twin cities in design."

Hong Kong raises its game

As a symbol of sporting ambition, the planned HK$32 million Kai Tak project is hard to beat. By 2023, the multi-purpose sports complex in Kowloon should be home to a 50,000 seat stadium with retractable roof, a smaller outdoor venue with 5,000 seats, and an indoor arena with room for a further 4,000.

The 28 hectare complex on the site of the former Kai Tak airport, will provide not only a prime destination for spectators but also space for the city's aspiring athletes to train, facilities to promote the Government's 'Sport For All' campaign, and a landscaped park for local residents.

With final approval in 2017, the new showcase facility could still mean Hong Kong will be a contender in any race to host world-class international events.

One of the world's most densely populated territories, Hong Kong is short on open space but still currently offers opportunities for a range of sports from soccer, cricket and golf – the city has ten courses – to local favourites such as martial arts and dragon-boat racing.

It already has the 40,000 seat Hong Kong Stadium, the 12,500 seat Hong Kong Coliseum, and the 3,500 seat Queen Elizabeth Stadium as well as the vast Asia World-Expo complex and the Hong Kong Convention and Exhibition Centre, both adaptable for sporting occasions.

Horse racing has been a fixture since 1841 and enthusiasts can head either for the venerable Happy Valley track on Hong Kong Island, where the seven-storey stands can accommodate 55,000 people, or to the Sha Tin track in the New Territories. Both are run by the Hong Kong Jockey club (HKJC), one of the city's oldest institutions with a history dating back to 1884.

The HKJC has created state-of-the-art training facilities for thoroughbreds and a new race track at Conghua on the Mainland. Opened in 2018, the complex has been billed as a future centre for the equine industry for the whole Greater Bay Area.

Highlights of the city's 2017 sporting calendar included the Hong Kong E-Prix at the Central Harbour Front circuit for the motors sports crowd, the Longines Masters for show-jumping fans, the DTC Hong Kong

T20 Blitz for cricket lovers, the UCI Track Cycling World Championships, the Cathay Pacific/HSBC Rugby Sevens and the Asian Fencing Championships.

Nor are more purely cerebral sports forgotten. In 2017, the tourist board sponsored a Hong Kong e-sports festival for video gamers, and the Government is providing cash to create an international e-sports venue in the atrium of Cyberport, the publicly owned technology incubator.

For the city's economy, this represents a useful financial boon. A report by KPMG China put the value of major sports events held in Hong Kong in 2017 at HK$2.1 billion. As a bonus, there is also positive publicity from media coverage. According to KPMG, the 2017 T20 Blitz attracted almost 12 million viewers.

That is a benefit the Government has been quick to acknowledge. In a speech in 2017, Chief Executive, Carrie Lam, spoke of "enhancing Hong Kong's image as an Asian sports city", and the official Sports Commission runs its own Major Sports Events Committee to promote Hong Kong as a host city.

Bolstering the territory's reputation, the Hong Kong team returned from 2018 Asian Games in Indonesia with their best ever total medal haul of 46, including eight golds. Still better performances are possible through closer collaboration with sports bodies on the Mainland.

Furthermore, there is extra cash on offer. In 2017, the Government created a HK$7 billion Elite Athlete Fund, topped up with a further HK$1 billion in 2018, with the aim of improving coaching facilities and providing the next generation with better scientific and medical support.

But the Government sees other benefits to building a local sports culture that go beyond international prestige. Lam has also spoken of using sport to "promote healthy lifestyles and foster a strong sense of community identity" and her words are supported by government policy.

Every two years, for example, the Sports Commission organises the Hong Kong Games where teams from the territory's 18 different District Councils compete in a range of sports, a deliberate attempt to promote community cohesion and encourage public participation in sport.

In addition, the Government has now set aside funding for a five year programme to create or enhance sports grounds, football pitches, swimming pools and recreation grounds. If Hong Kong's presence on the global sports scene is small, it is still determined to be involved and competitive.

From malls to markets: the shopper's choice

When the first Vibrant Express high-speed train arrived at its new terminus at West Kowloon in October 2018, it was happy news for Hong Kong's retailers. A city famous as a shopping magnet is now just a 20 minute ride from the Mainland, home to some of the world's keenest consumers.

Add the opening of the 55km highway linking Zhuhai on the Mainland to Macau and Hong Kong across the world's longest sea bridge, and business prospects look more optimistic still for everyone in the territory's retail sector, from street traders to the operators of the glitziest malls.

After all, for some of the 68 million people in the Greater Bay Area – the new economic superzone that embraces nine mainland cities – the Hong Kong shopping experience is suddenly within easy reach for a day trip with no need to pay for expensive overnight accommodation.

No longer are the shoppers of Guangdong Province so dependant on their own cities, Hong Kong, with its distinctively cosmopolitan flavour, now beckons.

Better still, the Mainland authorities have eased travel restrictions for visitors to Hong Kong and platforms such as WeChat, owned by Chinese giant Tencent, or Alipay have smoothed the process of online payment for the tourists.

Certainly, Hong Kong has much to entice high-spending Chinese millennials, now the world's most sought after shoppers, whether it's the ritzy boutiques of Pacific Place or Landmark or the local eateries. The city now boasts six restaurants with three Michelin stars.

And Hong Kong appears to have lost little of its attraction, with visitor numbers rising even before the completion of the new rail and road links. The total for the first quarter of 2018 climbed 9.6% over the 2017 figure to 15.6 million, with the Mainland accounting for around 75%.

Retails sales are rising too. A two year downturn came to an end in 2017 and the market is returning to robust health. For the first eight months in 2018, the value of retails sales rose by 12.2%, according to the Hong Kong Retail Management Association.

With consumer sentiment remaining strong in both Hong Kong and the Mainland, auditing firm PwC has forecast an overall 8% rise in retail sales for the whole year to HK$484 billion. Luxury goods, especially jewellery and watches, are the best performing sector.

It's not only Hong Kong that is on the rise. The second quarter of 2018 saw retail sales in Macau surge by 21%, with the sale of communication equipment jumping by 70% and motor vehicles by 22%.

Nor is there any obvious shortage of investor confidence. In Hong Kong, developers are pushing ahead with the construction of Sky City, a vast entertainment complex on a site beside the international airport, which will incorporate the largest ever shopping centre.

The developers say the HK$20 billion project is specifically intended to take advantage of the opportunities offered by the new transport links to the Mainland as well as the expansion of the airport where a third runway is planned to boost capacity.

Hong Kong's traders – like retailers everywhere - must contend too with the growth of online shopping, and the emerging preference of Mainland visitors for mid-priced products means that the retail sector can no longer depend so heavily on luxury sales.

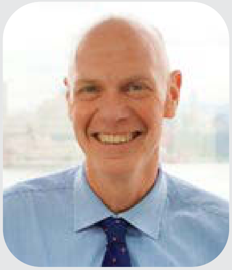
To counter any such trend, agile mall operators are already switching their focus away from stores and providing more restaurants instead. Having abolished duties on wine in 2008, Hong Kong is also becoming a regional wine trade hub, serving the booming Mainland market.

Furthermore, local retailers can still depend on the buying habits of the native Hong Kong consumer who now has more money available for discretionary spending: 2018's budget included major cuts in income taxes, benefiting almost two million Hong Kong taxpayers.

At the same time, rising property prices, as well a strong performance by the Hang Seng in 2017, have benefitted the super-rich. Hong Kong now has almost 180,000 US Dollar millionaires, a rise of 9% over 2017, according to a study by Credit Suisse Research Institute.

Supporting Hong Kong's evolution to a Smart City

John Hesketh, Managing Director - Hong Kong, Serco Group (HK) Ltd



John Hesketh

The Hong Kong Smart City blueprint calls for close collaboration between the public sector, private sector, academia and citizens over the whole cycle of implementation – from concept initiation to city-wide implementation.

Hong Kong's evolution to a successful Smart City requires:

- using innovation and technology to address urban challenges
- enhancing the effectiveness of city management
- raising people's quality of living
- improving sustainability, efficiency and safety
- enhancing attractiveness to global businesses and talents
- inspiring continuous city innovation and sustainable economic development.

The 'smart' outsourcing of public services can support and accelerate meeting these requirements – providing innovative solutions, improving living standards, improving service quality, increasing scale and reducing costs. Some of the key characteristics of smart outsourcing include: a procurement process that encourages private sector innovation and process improvement; a focus on service outcomes rather than inputs; and, especially in the case of new assets, the earliest possible involvement of the private operator. Whilst outsourcing is well established in Hong Kong, in comparison to many other countries, often the procurement process and commercial models used do not reward investment in innovation and are closer to labour hire agreements than the more commonly used outcome focused models. The following case studies illustrate these key characteristics and highlight some of the beneficial public service outcomes that have been gained.

Outsourcing benefits

- better value for money
- stimulates implementation of innovative new solutions
- transfers risks better managed in the private sector
- increases accountability
- professionalises vital support services

Case Study

- releases highly trained staff to concentrate on other public services
- provides specialist capabilities
- provides rapid scale-up capacity and flexibility to cope with demand
- setting performance indicators and service outcomes with direct financial consequences creates strong incentives for exceptional service delivery.

Serco was commissioned to support the US Government in the implementation of the Affordable Care Act, extending healthcare to millions of citizens with no previous access to healthcare insurance. Working closely with the Department of Health and Human Services, the outsourced services cover the routing, automated processing, reviewing, records management and troubleshooting of applications submitted for enrolment into a Qualified Health Plan. Serco has adapted a number of technologies to reduce processing time and improve data accuracy including advanced image processing capabilities to auto-associate documents to consumers and the development of algorithms that help use effectively a database containing 20 million records.

In Australia, Serco makes commuters' lives easier and more efficient through the Integrated Transport Information Services (ITIS) contract with the NSW Government. Under this contract Serco's contact centre provides services to travellers 24 hours a day, 7 days a week, including:

- Real time transport service information, maps, and ticketing
- Multi-modal information - trains, buses, ferries, light rail and taxis
- Crisis incident, disruption and track works alerts
- Major event transport information
- Accessible travel information.

The contact centre utilises innovative technologies including Interactive Voice Response (IVR), integration with real time disruption messaging, teletypewriter (TTY), which enables hearing and speech impaired people to use telephone and web-chat. In addition, as part of providing critical, real-time travel information to travellers, IVR and text to speech functions are directly integrated with the range of technology platforms that support the Transport for NSW website. The community benefits of this service are illustrated in its high utilisation with over 37 million website hits, 1.7 million callers and 125,000 customer comments.

Our final case study, from the UK, illustrates the benefits of early operator involvement in the procurement process. The Forth Valley Royal Hospital (860 bed facility opened in 2010), is one of the most advanced and well-equipped hospitals in Europe. Through Serco's involvement in the hospital's master planning and design, our facility management (FM) expertise has enabled better operational and economic outcomes. By providing a design FM brief, value engineering and adopting a whole of life economic analysis, benefits such as greater cleaning productivity, reduced infection risk, and enhanced reliability of critical building systems have been achieved. This contributed to an estimated overall £30 million saving in the construction and maintenance of the hospital over 30 years, compared to a conventional procurement route.

To segregate patient and logistics flows and promote infection control, Serco proposed the use of Automated Guided Vehicles (AGVs) for the first time in the UK. These transport materials and waste invisibly around the building via dedicated lifts and subterranean corridors. Additional cleanability measures such as interstitial blinds, disposable curtains, microfibre cleaning technology and washable bedside televisions were included to optimise disinfection processes. These enable the hospital to achieve high standards of cleanliness and infection control recognised through National Health Service cleaning audits and external awards. The hospital won the Golden Service Award for Best Cleaned Healthcare Establishment twice in 2013/14 and 2015/16; while reducing cleaning times for a faster turnaround of beds. The use of AGVs also frees up staff from manual jobs and reduces the risk of heavy lifting work-related injuries while improving the patient and staff environment, as hospital users do not share lifts and corridors with waste or materials trolleys.

Automated guided vehicles docked at charging station

These examples illustrate how smart outsourcing partnerships between government and the private sector can improve public services and create service efficiencies that free up valuable resources.

John Hesketh, Managing Director – Hong Kong,
Serco Group (HK) Limited
Tel: +852 2892 9098
Email: john.hesketh@serco-ap.com
Web: serco.com

Going global: Investment migration as a pathway to a more stable future

Henley & Partners Hong Kong Ltd

Economically, ecologically, and politically, the world we live in is unpredictable. Moreover, as any savvy financial advisor knows, merely having wealth does not automatically insulate one from global instability. In today's climate, one may find one's freedom limited, not necessarily by a lack of money but by a lack of alternatives. This is especially true when it comes to one's nationality, which can be either a gateway to international opportunity or a ceiling on one's potential.

It is easily understandable, then, that demand for alternative residence and citizenship is today driving thousands of individuals to investment migration programmes each year. These programmes offer wealthy individuals and their families a means of gaining greater safety and security as well as greater travel freedom. Essentially, they facilitate the interaction between individuals and governments, by allowing qualified, financially independent candidates to make a significant economic contribution to a country, in exchange for which they are granted full residence or citizenship rights in that country.

In addition to expanded global mobility and a reduction in risk exposure, alternative residence and citizenship provide a host of other benefits to individual clients, including access to career, educational, business, and cultural opportunities on a broader scale. It is little wonder that this is one of the fastest growing industries of the modern world, with an ever-expanding community of individuals now considering themselves to be genuine global citizens, with multiple passports or residence permits.

Mirroring the trend of growing demand, the number of available programmes is increasing steadily, as governments tap into their potential to boost capital and talent inflows. There are currently around 60 active residence and citizenship-by-investment programmes in as many countries, and, this year alone, two new high-calibre citizenship programmes – in Moldova and Montenegro – have been introduced.

Looking ahead, the International Monetary Fund expects continued growth in the investment migration industry: "These programmes are increasingly being mainstreamed, as high-net-worth individuals consider citizenship/residency as a means of improving international mobility, tax planning, and family security while also seeking investment opportunities."

Passport to the world

Widely recognised as the world's most successful and credible programme, the Malta Individual Investor Programme (MIIP) offers access to the world's seventh strongest passport, according to the Henley Passport Index (as of September 2018). The Maltese passport provides visa-free or visa-on-arrival access to 182 destinations, including Australia, the US, the UAE, Hong Kong, Japan, and all the countries in Europe's Schengen Area.

Malta's strategic location at the crossroads of North Africa, the Middle East, and Southern Europe, along with its reputation for stability and security, has made it a thriving European financial hub. Residents are also within close reach of top business destinations: London is a short three hour flight away, while Dubai can be accessed in five hours. The minimum contribution for the MIIP is approximately EUR 1 million.

Additional European offerings in the citizenship space include the Cyprus Investment Programme and the above noted Moldova and Montenegro programmes, all of which offer travel access to Europe's Schengen Area as well as a tapestry of other unique benefits for investors and their families.

Further afield, the Caribbean is home to a number of countries offering successful and well-established citizenship-by-investment programmes. St. Kitts and Nevis, for example, is home to one of the world's oldest and most renowned citizenship programmes, with citizens enjoying visa-free or visa-on-arrival access to 151 destinations, among them Russia, Hong Kong, the UK, and the countries in Europe's Schengen Area.

Antigua and Barbuda, meanwhile, offers visa-free or visa-on-arrival access to 149 destinations, including Hong Kong, Singapore, the UK, and Europe. Finally, Grenada is the only citizenship programme in either Europe or the Caribbean that provides visa-free access to China; Grenadian citizens can also travel visa-free to Russia, the UK, and Europe's Schengen Area.

Placing trust in experience and excellence

As the pioneer of the investment migration industry, Henley & Partners envisioned and created the concept of residence and citizenship planning in the 1990s. The firm was the first to globally specialise in this area, at a time when most international lawyers and wealth-planning professionals did not consider it to be of much relevance.

Alongside its successful private client practice, Henley & Partners offers a bespoke business service to professionals in the finance, law, and taxation industries, providing them with the expertise needed to offer their clients the best investment migration options.

With a presence in all the countries whose programmes it endorses, Henley & Partners is the only firm capable of providing clients with a seamless, fully customised service both in their current location and in their target country for residence or citizenship.

Safety and security architects

Clement Shield

Clement Shield (CS) is a leading security consultant and event organiser, providing a comprehensive suite of innovative and high standard professional services ranging from security consultancy, specialised training programmes, risk analysis, investigations and provision of close protection operatives.

The company was first formed in 2015 by CEO and Founder Mr. Clement Lai, who served for over 20 years in the Hong Kong Police. During this time, he was the Commander of various specialist and elite units, including the VIP Protection Unit (VIPPU), the Airport Security Unit (ASU) as well as the Counter-Terrorism Response Unit (CTRU), which he also founded in light of the prevailing terrorism threat.

The key personnel of the Company are also all former police officers from various elite units within the Hong Kong Police Force, including the VIPPU, ASU, CTRU, Criminal Intelligence Bureau (CIB), Commercial Crime Bureau (CCB), the Hostage Negotiation Unit (HNU), the Counter-Terrorism Task Force as well as INTERPOL, and bring a wealth of extensive law enforcement and specialist unit experience to their assignments.

Despite being a fledgling company, CS has quickly been extending its reach within Asia, with successful operations completed in Hong Kong, China, Japan, Cambodia, Laos and Thailand, Canada and Europe. CS has also established excellent business ties in Bosnia, Belarus and Cambodia, with CS Cambodia, a subsidiary of CS, recently opening an office in Phnom Penh. Further expansion is now being considered and plans are in place to open offices in Manila, Jakarta, London, Los Angeles, New York and Toronto.

As safety and security architects, CS works in very close partnership with clients and customers to ensure that their security needs and concerns are carefully understood and met. CS staff very much value a close working relationship with their clients and stand ready to provide a personal and value-added service whatever the project or assignment.

CS also prides itself on being able to provide a one-stop solution to many of the client's needs and will go out of its way to ensure that the right solution is matched with their requirements and expectations. This responsible and responsive approach translates into extremely satisfied clients who repeatedly return to CS for their trusted and valued advice, commitment and support.

Adopting this very agile and versatile approach to business means that CS personnel stand ready to fly anywhere in the world to meet the client's needs or requirements. It also means that they will commit to an assignment until the mission has been fully accomplished. This can-do attitude and commitment to service excellence ensures that clients are always fully satisfied with the final outcome and results.

This is particularly true of the investigation and due diligence work undertaken by CS, which requires a high-level of both discretion and determination. With extensive investigative experience in the CS ranks, including staff who were previously attached to INTERPOL and regularly involved in high-level international and multi-national investigations, the quality of the work and the reliability of the analysis is always of the highest standards.

With their specialised expertise and experience, CS have also been successfully providing advanced level training and consultancy to regional law enforcement organisations in the region. CS has very recently provided high-level strategic advice to the Cambodia National Police (CNP) on a number of key policing issues, including the development of an effective public relations strategy for community engagement, and operational planning and readiness for the coming East Asia Games in 2023, which will be hosted by Cambodia for the very first time.

CS has also successfully completed advanced tactical training for the CNP SWAT teams and expect to continue these training programmes over the next few years in the run-up to the East Asia Games in 2023, to ensure the highest levels of preparedness and response throughout these landmark events. CS also recently made history by providing the first ever firearms training for women officers in the CNP, which is a unique accomplishment for a private company and speaks volumes about the capability and capacity of the CS team.

CS personnel are also regularly invited to share their expertise and experience at international forums or conferences on safety and security related issues. CS staff, for example, very recently presented at the first ever Global Security Philippines 2018 Conference and Expo in Manila, sharing best practices on the topic of "Safe Cities: Modern Security Threats" on how to better prevent, prepare, respond and recover from a terrorist incident, as well as the Asia Risk and Resilience Conference (ARRC) 2018 in Singapore, presenting a case study on pandemic and infectious disease outbreaks.

With their extensive background and experience in law enforcement, CS remains particularly committed to civic and corporate responsibility in order to put back into the local community. CS staff frequently provide awareness briefings and seminars to local organisations, such as schools and industry specific organisations, on how to improve and enhance their overall security arrangements and preparedness. CS also provides regular security advice and support to local NGO's and charity organisations making valuable contributions to the local community.

Clement Shield very much remains committed to bringing unparalleled service and world-class, customised security solutions and high-end security and executive-level training to businesses and organisations both in Hong Kong and globally and looks forward to being able to serve you too. If you require any further information on how CS can assist with your safety or security needs, visit us at: www.ClementShield.com or contact us at: info@ClementShield.com.


CLOSE/EXECUTIVE PROTECTION
VIP, Celebrity, High Net Worth Individuals, Corporations, Teams, Family
SECURITY RISK MANAGEMENT
Identify, Analyse, Prioritise, Minimise. Turnkey Solutions
SECURITY GUARDING SERVICES
Luxury Brands, Retail, Banks, Hotels, Medical, Office, Residential
CORPORATE AND EVENT SECURITY
Music, Sport, Film, Cultural, Flagship Stores

Asia Security and Protection Group

Martin Franks, Group Managing Director, ASAP Group

Martin Franks

Who we are

We are an international network of highly skilled security consultants, made up from former members of military and law enforcement agencies. With specialist training combined with lengthy experience, we are experts in our respective fields. Many staff have been employed as specialist instructors and have been assigned as heads of security to diplomatic missions and royalty, team leaders for European Union protection assignments and project managers for corporate businesses and within government organisations.

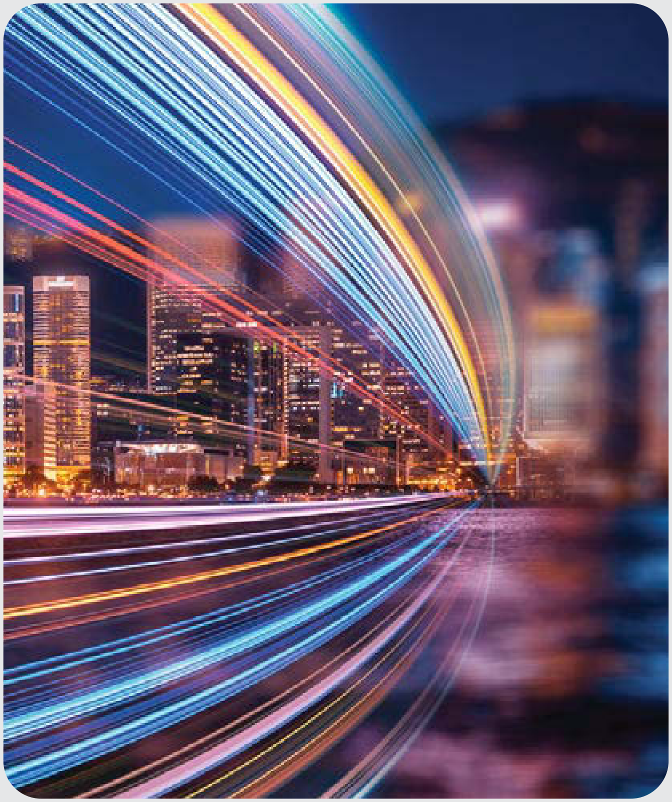
Our mission is to consistently deliver in accordance with the client's specific requirements and to try to exceed anticipated standards at all times. We aim to constantly evolve, diversify and benchmark against increasing demands at a pace which allows us to maintain our excellent reputation for quality and professionalism.

Our client base activities cover corporations, financial institutions, IT, investment houses, luxury brands, international events, global shipping, high net worth individuals, motor and aviation manufacturers, sport, law firms, pharmaceuticals, philanthropists, media and entertainment. All international assignments are constantly monitored from our Operational Control Centre in Hong Kong.

Our origins

Martin first established a bespoke security company in 2012, aimed at the business traveller around the world. In 2016, the company expanded and morphed into ASAP Group, further reflecting our operational footprint across Asia. Today we offer professional and flexible security, support and investigative services to organisations and individual clients around the world. With offices in Hong Kong, Shanghai, Dubai and Taiwan, we are a leading security services specialist built by and with highly experienced personnel. Through our network of strategic offices and partnerships across Asia Pacific, Africa and the Middle East, we provide security support to client interests.

The operational experience held within our senior management team ensures that the highest standards are



maintained and clients' needs are fully addressed. We deliver solutions that both meet the client's specific requirement and reduce ambient threats in complex or high-risk environments.

A wealth of experience

Group Managing Director, Martin Franks, has considerable tactical and corporate close protection experience, from team leader to project manager, across the military, diplomatic and corporate sectors. He has an exemplary military career and more than 35 years' experience in the security, high-threat environment, VIP protection and risk management industry.

Serving for over ten years with a Special Operations Regiment in the British Army, he was predominantly involved in close protection both as an instructor and operationally, and served as such in Northern Ireland during the conflict. He was bodyguard to a number of visiting high profile politicians and subsequently assigned as bodyguard to British ambassadors around the world.

He was later attached to the British Foreign Office as the bodyguard to ambassadors in Kampala and Beirut. His varied protective service assignments also include the RMP close protection team for the Prince and Princess of Wales during their royal visit to Hong Kong in 1989 and bodyguard to British and US senior military personnel.

Since leaving HM Armed Forces, Martin has been involved with close protection around the world including bodyguard for the Sultan of Oman, protection team member for the Saudi Royal Family and bodyguard for Mohammed Al Fayed, Chairman of Harrods. He was also involved with the security management reviews of Bank of America branches throughout London as a result of the 9/11 terrorist actions.

Martin now heads up ASAP Group, providing security services to clients including: MacAndrews & Forbes, Harvard University, Bank of New York Mellon, Versace, Canadian Tire Corporation, State Street Bank, Molson Coors, Blackrock, Go Daddy, MontBlanc, Tiffany & Co, HSBC, Google, Royal Institution of Chartered Surveyors, Abercrombie & Fitch, Uber, Vava Private Yacht, Victoria's Secret and Finmecanica.

> Hong Kong is also the perfect gateway to access the dynamic and emerging market of Mainland China, attracting many leading international businesses.

Hong Kong

Hong Kong has been a Special Administrative Region (SAR) of the People's Republic of China (PRC) since 1997, but as a leading global financial hub with an open economy, Hong Kong enjoys great autonomy from the Mainland, and has retained its reputation for ease of doing business and free trade. It's simple, low-cost tax structure has made it a natural regional hub for multi-national companies doing business in Asia.

Hong Kong is also the perfect gateway to access the dynamic and emerging market of Mainland China, attracting many leading international businesses to choose setting up their regional operations there. With the existing diverse range of foreign companies and increasing interest to invest in China, ASAP Group assists many organisations who send their personnel to the region for business purposes.

Services we offer

ASAP Group offers a wide range of services, including:

- Risk Management and Security Audits
- Security Guarding (luxury brands: retail and hotels)
- Security Training
- Site and Event Security (media, sports and corporate)
- Technical Surveillance Counter Measures
- Valuables in Transit
- Executive Protection
- Journey Management

Get in touch

To find out how ASAP Group could help you to do business in Hong Kong, please contact:

Martin Franks – Group Managing Director

Mobile: +852 9199 8657

Office: +852 2811 5899

Fax: +852 2811 5900

Email: martin@asapgroupintl.com

Asia Security and Protection Group Ltd | Suite 1803 | 18/F Global Trade Square | 21 Wong Chuk Hang Road | Hong Kong

www.asapgroupintl.com

Featured Contacts

ASAP Group Ltd: asapgroupintl.com

Ashurst HK: www.ashurst.com

British Chamber of Commerce in Hong Kong: www.britcham.com

Bryan Cave Leighton Paisner LLP: www.bclplaw.com

Clarksons Platou Asia Ltd: www.clarksons.com

Clement Shield Ltd: www.clementshield.com

Coats Shenzhen: www.coats.com

Department for International Trade: www.gov.uk

Gammon Construction: www.gammonconstruction.coml

Henley & Partners: www.henleyglobal.com

HKA: www.hka.com

Hong Kong Trade Development Council: www.hktdc.com

HSBC: www.hsbc.com

Invest Hong Kong: www.investhk.gov.hk

Kellet School: www.kellettschool.com

Serco: www.serco.com

Stephenson Harwood LLP: www.shlegal.com