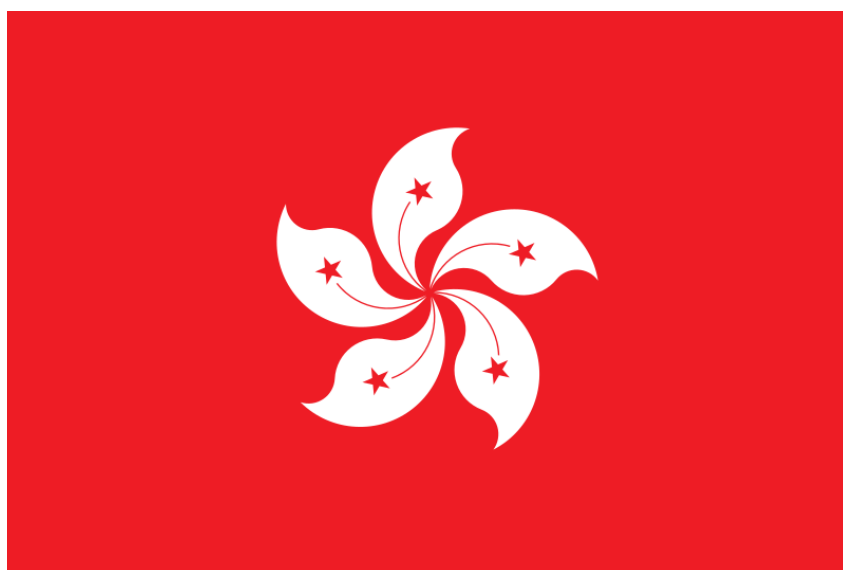


Visit to Hong Kong

by

**Lord Johnson of Lainston CBE
Minister for Investment**

7 - 9 May 2023



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CONTACTS

Name	Title	Contact details
UK-based officials		
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██████████	Ministerial Programmes Officer, Asia Pacific Team	████████████████████ ████████████████
██████████	Ministerial Programmes Manager, Asia Pacific Team	████████████████████ ████████████████
██████████	Press Secretary to Lord Johnson	████████████████████ ████████████████
██████████	Head of China and Hong Kong	████████████████████ ████████████████
██████████	Regional Adviser (China and Hong Kong)	████████████████████ ████████████████
Post		
Brian Davidson	Consul General	Brian.davidson2@fcdo.gov.uk ██████████
██████████	Deputy Head of Mission	████████████████████ ████████████████
██████████	Director General, Trade and Investment, DBT Hong Kong	████████████████████ ████████████████
██████████	Director, Trade and Investment, DBT Hong Kong	████████████████████ ████████████████

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██████████	Deputy Director, Trade and Investment, DBT Hong Kong	████████████████████ ██████████
██████████	Events & Communications Manager, DBT Hong Kong	██████████████████ ██████████
██████████ ██████	Consul, Politics & Communications, FCDO	████████████████████ ██████████
██████████ ██████████	Consul, Economic & Global Issues, FCDO	████████████████████ █ ██████████
██████████	Vice Consul Communications, FCDO	██████████████████ ██████████
██████████	Regional Overseas Security Manager	██████████
██████████	Driver	██████████
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VISIT OBJECTIVES, DELIVERABLES AND PROGRAMME

Objectives

- To represent the UK Government as the first, in-person Ministerial visit to Hong Kong since 2018. Engage in face-to-face discussions with senior Hong Kong SAR Government officials and re-engage on dialogue including trade and investment, clean growth and future bilateral visits and discussions.
- To meet with key British and Hong Kong business leaders to discuss the current challenges of doing business in and with both; more specifically on investing in the UK and working with Hong Kong as an IFC.
- To engage in a series of media and marketing activities to promote Hong Kong/UK collaboration in trade and investment post COVID and post imposition of the National Security Law.

[REDACTED]

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Saturday 6 th May		
Timings	Engagement	Accompanied by
22:15	Depart UK Flight: CX254, London Heathrow CX254 departing Heathrow Saturday 6 th May at 22:15, arriving Hong Kong Sunday 7 th May at 17:45 Flight duration: 12hrs 30mins	[REDACTED] Deputy Principal Private Secretary

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Sunday 7th May			
Timings	Engagement	Accompanied by	
17:45	Arrive Hong Kong To use VIP Lounge upon arrival. Brian Davidson, Consul General will attend.	Brian Davidson, Consul General [REDACTED], Deputy Principal Private Secretary	S 40
18:30 - 19:15	Depart Airport for Conrad Hotel, Admiralty, Hong Kong Island	Brian Davidson, Consul General [REDACTED], Deputy Principal Private Secretary	S 40
19:15 - 20:00	Arrive Conrad Hotel, Admiralty, Hong Kong Island Down time for the rest of the day		

Monday 8th May			
Timings	Engagement	Accompanied by	
09:55 - 10:00	Walk to British Consulate General Meet [REDACTED] in hotel lobby.	[REDACTED] Director General, DBT [REDACTED] Deputy Principal Private Secretary	S 40 S 40

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10:00 - 10:55	<p>Hong Kong and Programme Briefing</p> <p><u>Objectives</u></p> <ul style="list-style-type: none"> • Provide a political, economic, social Briefing on Hong Kong. • View from the UK – update from Lord Johnson on current Whitehall thinking and views on Hong Kong. • Programme run-through, objectives and outcomes. <p><u>Venue</u></p> <p>8th Floor, British Consulate General</p>	<p>Brian Davidson, British Consul General</p> <p>██████████, Director General, DBT</p> <p>██████████ Director, DBT</p> <p>██████████ Deputy Principal Private Secretary</p>	<p>S 40</p> <p>S 40</p> <p>S 40</p>
11:00 - 11:45	<p>Meeting with James Mitchell, Chief Strategy Officer, Tencent</p> <p><u>Objectives</u></p> <ul style="list-style-type: none"> • To hear on Tencent's current national and international operating strategy • To gain a view on China's economic environment and current geo-political issues. <p><u>Venue</u></p> <p>British Consulate General, 6th Floor, Admiralty</p>	<p>██████████, Director General, DBT</p> <p>██████████, Deputy Principal Private Secretary</p>	<p>S 40</p> <p>S 40</p>
11:45 - 12:30	<p>Downtime and travel to 8 1/2 Otto E Mezzo Bombana, Shop 202, Landmark Alexandra, 18 Chater Road, Central</p>		

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<p>12:30 - 14:15</p>	<p>Lunch with Far East Consortium (FEC)</p> <ul style="list-style-type: none"> • David Chiu, Chairman and CEO • Wendy Chiu, Managing Director, Global Project • Alexis Adamczyk, Head of Business Development and M&A <p><u>Objectives</u></p> <ul style="list-style-type: none"> • Reinforce HMG's positive investment environment for FEC and Hong Kong investors. • Receive an update on FEC's UK and wider investment plans. • Discuss where HMG and further support FEC in the UK. <p><u>Venue</u></p> <p>8 1/2 Otto E Mezzo Bombana, Shop 202, Landmark Alexandra, 18 Chater Road, Central</p>	<p>██████████, Director General DBT (TBC)</p> <p>██████████, Deputy Director, DBT</p> <p>██████████, Deputy Principal Private Secretary</p>	<p>S 40</p> <p>S 40</p> <p>S 40</p>
<p>14:15 - 14:30</p>	<p>Travel to HKSARG Offices, 24th Floor, Tamar, Admiralty</p>		

<p>14:30 - 15:15</p>	<p>Meeting with HKSARG Secretary for Financial Services and the Treasury, Chris Hui</p> <p><u>Attendees</u></p> <ul style="list-style-type: none"> • Chris Hui, Secretary for Financial Services and the Treasury • Eric Kwan, Assistant Private Secretary • Crystal Yip, Assistant Private Secretary <p>██</p> <p>████████████████████</p> <p><u>Objectives</u></p> <ul style="list-style-type: none"> • To represent on behalf of HMG as the first Minister to visit Hong Kong since 2018. • Discuss areas for greater UK/HK collaboration in areas of trade (fintech and financial services), clean growth, arts and culture and broader bilateral political and economic discussion. • Follow up on the meeting with Chris Hui in the UK during Fintech week <p><u>Venue</u></p> <p>HKSARG Offices, 24th Floor, Tamar Park, Admiralty</p>	<p>Brian Davidson, Consul General</p> <p>████████████████████, Director General, DBT</p> <p>████████████████████, Deputy Principal Private Secretary</p>
<p>15:15 - 15:30</p>	<p>Travel to British Consulate</p>	

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<p>18:15 - 19:15</p>	<p>Cyberport Tour and Hong Kong Fintech Company Roundtable</p> <ul style="list-style-type: none"> • Mr Simon Chan, BBS, JP, Chairman • Mr Peter Yan, JP, Chief Executive Officer • Mr Victor Yim, Head of FinTech • Miss Rebecca So, Head of Marketing • Miss Cybella Chan, Senior Manager, FinTech • Mr Charles Chow, Senior Manager, Corporate Communications • [REDACTED] <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p><u>Objectives</u></p> <ul style="list-style-type: none"> • To visit Cyberport and tour the facilities. • Understand the operating model and opportunities for collaboration with the UK • Meet with ZA Bank and selected Hong Kong fintech companies. <p><u>Venue</u></p> <p>Cyberport, Pok Fu Lam</p>	<p>[REDACTED], Director General, DBT</p> <p>[REDACTED] Director, DBT</p> <p>[REDACTED] Deputy Principal Private Secretary</p> <p>[REDACTED] Head of Marketing and Communications</p>	<p>S 40</p> <p>S 40</p> <p>S 40</p> <p>S40</p>
<p>19:15 - 19:45</p>	<p>Travel to Residence</p>		

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19:45 - 21:30	Key UK Capital Investors' Dinner <u>Objectives</u> <ul style="list-style-type: none"> Meet with a small, key group of High-Net-Worth Capital Investors in the UK to discuss their current and future projects including where HMG can assist further. To provide HMG's view on overseas investment, specifically from Hong Kong, at the current time. <u>Venue</u> British Consul General's Residence	Brian Davidson, Consul General ██████████, Director General, DBT ██████████, Deputy Director, DBT ██████████ Deputy Principal Private Secretary	 S 40 S 40 S 40
22:00 - 22:15	Travel to Conrad Hotel		
	Overnight at Conrad Hotel		

Tuesday 9 th May			
Timings	Engagement	Accompanied by	
08:05 - 08:10	Travel to British Consulate General	██████████ Director General, DBT	S 40

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08:10 - 09:00	Launch of BCG FinTalks: [REDACTED] [REDACTED]	[REDACTED] Director General, DBT	S 40
	[REDACTED] [REDACTED]	[REDACTED] Associate Director, Banking, Financial and Professional Services, DBT	S 40
	[REDACTED] [REDACTED]		
	[REDACTED]	[REDACTED] Deputy Principal Private Secretary	S 40
	<ul style="list-style-type: none">• [REDACTED] [REDACTED]• [REDACTED] [REDACTED] [REDACTED] [REDACTED]• [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED]• [REDACTED] <p>[REDACTED]</p> <ul style="list-style-type: none">• [REDACTED] [REDACTED] [REDACTED]• [REDACTED] [REDACTED] [REDACTED] [REDACTED] <p>[REDACTED] [REDACTED] [REDACTED] [REDACTED]</p>		
<u>Venue</u> British Consulate General, 4th Floor			

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09:00 - 09:15	<p>Photo Op – Michael Smith (Chef, Moxie)</p> <p><u>Objectives</u></p> <ul style="list-style-type: none"> To showcase local British chef and entrepreneur and his focus on delivering sustainable menus. 	<div>[REDACTED], Director General, DBT</div> <div>[REDACTED] Deputy Private Secretary</div> <div>[REDACTED] Head of Events & Communications, DBT</div> <div>[REDACTED] Trade & Investment Adviser, DBT</div>	S 40 S 40 S 40 S 40
0915			
09:30 - 10:15	<p>Peter Wong, Non-Executive Chairman, HSBC</p> <p><u>Objectives</u></p> <ul style="list-style-type: none"> [REDACTED] [REDACTED]. For Peter to brief on current challenges and opportunities pertaining to UK/China regulator engagement. To discuss HSBC’s regional opportunities and risks. <p><u>Venue</u></p> <p>British Consulate General, 7th floor, Consul General’s Office</p>	<p>Brian Davidson, Consul General (TBC)</p> <div>[REDACTED] Director General, DBT</div> <div>[REDACTED] Deputy Private Secretary</div>	S 40 S 40

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10:15 - 10:30	<p>DBT 'Huddle'</p> <p><u>Objectives</u></p> <ul style="list-style-type: none">• To visit DBT Hong Kong offices and meet with DBT staff.• To hear from DBT Staff about current opportunities and challenges.• Provide a few comments on DBT from a UK and HQ point of view, current thinking and strategy.• To thank DBT Hong Kong staff for delivering their targets during COVID and operating during some of the strictest lock-down restrictions. <p><u>Venue</u></p> <p>British Consulate General, DBT Offices, 6th Floor</p>	<p>██████████ Director General, DBT</p> <p>██████████ Deputy Principal Private Secretary</p>	<p>S 40</p> <p>S 40</p>
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<p>10:30 - 11:15</p>	<p>All Staff Meeting with British Consulate Staff</p> <p><u>Running Order</u></p> <ul style="list-style-type: none"> • Introduction by Brian Davidson, British Consul General x 5 minutes • Opening remarks by Lord Johnson x 5-10 minutes • Q &A led by country-based staff x 25 minutes • Photo with All Staff x 5 minutes <p><u>Objectives</u></p> <ul style="list-style-type: none"> • To meet with British Consulate staff across all departments. • To provide a view from the UK Government on Hong Kong, and China, across different agendas including trade and investment, economic, political, arts and culture. • To take part in a Q & A with British Consulate Staff <p><u>Venue</u></p> <p>British Consulate General, 6th Floor</p>	<p>All Staff at the British Consulate General</p> <p>██████████ Deputy Principal Private Secretary</p>
<p>11:15 - 11:30</p>	<p>Travel to HKSARG offices, 22/F, West Wing, 2 Tim Mei Avenue, Tamar</p>	

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<p>11:30 - 12:15</p> <p>S 27</p> <p>S 43</p> <p>S 40</p>	<p>Meeting with Algernon Yau, HKSARG Secretary for Commerce and Economic Development</p> <p><u>Objectives</u></p> <ul style="list-style-type: none"> To understand the Secretary's priorities for Hong Kong's economic and commercial development (including international meetings such as APEC). Identify specific areas of co-operation with the UK [REDACTED] To convey the UK's ongoing commitment to Hong Kong's economic prosperity; promoting specific areas of collaboration including: <ul style="list-style-type: none"> UK participation in the HKSARG's future public works programme Promoting UK expertise in sustainable technologies, including the development of the hydrogen economy [REDACTED] <p>[REDACTED]</p> <p>[REDACTED]</p> <p><u>Venue</u></p> <p>HKSARG Offices, Tamar Park, Admiralty</p>	<p>Brian Davidson, Consul General.</p> <p>[REDACTED] Director DBT.</p> <p>[REDACTED] Deputy Principal Private Secretary</p>	<p>S 40</p> <p>S 40</p>
<p>12:15 - 12:30</p>	<p>Travel to Nicholini's Restaurant, 8th Floor, Conrad Hotel</p>		

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12:30 - 14:00	<p>Lunch with British Chamber General Committee Members</p> <p><u>Objectives</u></p> <ul style="list-style-type: none"> To hear from senior members of the British Chamber and British business community on Hong Kong, its' economic, social and political environment and on doing business. <p><u>Venue</u></p> <p>Nicholini's, 8th Floor, Conrad Hotel</p>	<p>██████████ Director General DBT.</p> <p>██████████ Deputy Principal Private Secretary</p>
14:00 - 15:15	Downtime and Travel to The Peninsula Hotel	
15:15 - 16:30	<p>Visit to the Peninsula Hotel</p> <p>The Peninsula is an iconic Hong Kong hotel ██████████ ██ ██ ██ ██ ██</p> <ul style="list-style-type: none"> ██ ██ ██ Photo opportunities with the iconic hotel, including a stunning view across Victoria Harbour from the helipad. <p><u>Venue</u></p> <p>Peninsula Hotel, Tsim Sha Tsui</p>	<p>██████████, Director, DBT</p> <p>██████████ Deputy Director, DBT</p> <p>██████████ Head, Events and Communications</p> <p>██████████ Deputy Principal Private Secretary</p>
16:30 - 17:15	Travel to Conrad Hotel	

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17:15 - 17:45	Meeting with Consul General <u>Venue</u> Conrad Hotel, Ground Floor Coffee Area/Executive Lounge	<div>██████████</div> Director General, DBT <div>██████████</div> Deputy Principal Private Secretary	S 40 S 40
17:45 - 20:30	Downtime <u>Venue</u> Conrad Hotel	<div>██████████</div> Deputy Principal Private Secretary	S 40
20:30 - 21:30	Travel to Airport	<div>██████████</div> Director, DBT (TBC)	S 40
23:05 - 0620+1	Depart Hong Kong CX255 Duration 14hrs 15min		

MEETING/EVENT BRIEFS

**BRIEFING ON HONG KONG AND VISIT PROGRAMME BY BRITISH CONSULATE
SENIOR LEADERSHIP TEAM**

8TH MAY 2023, 8th FLOOR, BRITISH CONSULATE GENERAL, 10:00 - 10:55

S 40 **Clearing SCS: [REDACTED] Director General, DBT**

Context

An opportunity to run through the visit programme and meet the British Consulate Senior Leadership team. This will include a wider briefing on Hong Kong in a secure location.

Attendees

Brian Davidson, Consul General

S 40 [REDACTED], Director General, DBT

[REDACTED] Deputy Head of Mission

[REDACTED] Consul, Political and Communications

[REDACTED] Director, DBT

[REDACTED] Consul, Economic and Global Issues

MEETING WITH JAMES MITCHELL, CSO, TENCENT

8TH MAY 2023, British Consulate, 11:00 - 11:30

S 40 Clearing SCS: [REDACTED], Director General, DBT Hong Kong

Context

Meeting with James Mitchell, Chief Strategy Officer and Senior Executive Vice President, Tencent. This meeting will continue your senior engagement with Tencent to support existing investment in the UK and to encourage further expansion. You most recently met with Brent Irving (VP, General Counsel and Head of Tencent America) and Tim Stok (Public Affairs, Tencent Europe) in London on 7 April 2023. This meeting was proposed then.

Agenda item 1 - Tencent global outlook


➤ **Ask about Tencent's global strategy and outlook following end of zero Covid in China**

- Tencent Holdings Ltd. is a Chinese multinational technology and entertainment conglomerate and holding company headquartered in Shenzhen. It is one of the highest grossing multimedia companies in the world based on revenue.
- The company surpassed a market value of US\$500bn in 2018, becoming the first Asian technology company to cross this valuation mark. It has since then emerged as the most valuable publicly traded company in China, and is the world's tenth most valuable company by market value as of February 2022. Tencent's valuation approached US\$1 trillion in January 2021 before it plummeted. In September 2022, Tencent bought back US\$2.3bn worth of stock.

S 43 **Agenda item 2 – Tencent in UK**

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Biography

	<p>James Mitchell joined Tencent in 2011. He serves as the Chief Strategy Officer and Senior Executive Vice President. He is responsible for various functions, including strategic planning and implementation, investor relationships, and mergers, acquisitions and investments activity. Prior to joining Tencent, James was a managing director at Goldman Sachs in New York, leading the bank's communication, media and entertainment research team, which analysed Internet, entertainment and media companies globally. James Mitchell received a degree from Oxford University and holds a Chartered Financial Analyst Certification.</p>
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LUNCH MEETING WITH FAR EAST CONSORTIUM (FEC)

8TH MAY 2023, 8 ½ OTTO ET MEZZO BOMBANA, LANDMARK, 12:30 - 14:15

S 40 Clearing SCS: [REDACTED], Director General, DBT Hong Kong

Attendees

- David Chiu, Chairman
- Wendy Chiu, Managing Director, Global Projects
- Alexis Adamczy, Head of Business Development and M&A
- S 40 • [REDACTED] Director General, DBT
- [REDACTED] Deputy Director, DBT
- [REDACTED] Deputy Principal Private Secretary, DBT

Context

FEC is a Hong Kong headquartered conglomerate specialised in property development and investment, hotel management and leisure across the Asia Pacific region and Europe. [REDACTED]

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Agenda item 1


- Reaffirm the UK's commitment to supporting international investment to the UK emphasising that the UK is open for investment from Ching & Hong Kong.

Agenda item 2



Annex A: Biographies

<p>David Chiu – Chairman</p> 	<p>Mr Chiu has been a Managing Director at FEC since 1978, and Chairman since 2011, when he succeeded his late father and company founder, Deacon Chiu. He is a member of the 13th Chinese People's Political Consultative Conferences. One of his brothers, Dennis Chiu, is an Executive Director of the company, and another, Duncan Chiu, is a member of the Hong Kong legislative council. His daughter, Winnie Chiu, is the President & Executive Director of Dorsett Hotels.</p>
<p>Wendy Chiu – Managing Director, Global Projects</p> 	<p>Wendy Chiu is a managing director and head of Global Projects for Far East Consortium, and is Senior Vice President of the Dorsett Hospitality International chain, a subsidiary of FEC. Ms. Chiu has extensive experience in hotel and residential development projects, and is actively involved in the 65 story 'Consort Place' project in Canary Wharf and the 'Northern Gateway' joint venture project with Manchester City Council. Ms. Chiu attended the University of Southern California where she was awarded a BSc in Business administration and is the daughter of David Chiu, group Chairman & CEO.</p>
<p>Alexis Adamczyk, Head of Business Development and M&A</p>	<p>Alexis joined FEC as Head of Business Development and M&A in August 2019. His duties include reviewing investment opportunities, partnerships and disposals. Alexis also undertakes capital raising</p>

	<p>exercises for the Group with his strong corporate finance and capital markets skills and an extensive network of contacts in the financial industry. Prior to joining FEC, Alexis was the co-head of Equity Capital Markets at HSBC in Hong Kong, where he led on a number of high-profile transactions in the Asia-Pacific region, such as the IPO of China Life Insurance, Link REIT, l'Occitane and Samsonite. You met with Alexis on 7th February 2023 at OAB alongside several of his UK colleagues and their Managing Director, Chris Choong.</p>
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MEETING WITH HKSARG SECRETARY FOR FINANCIAL SERVICES AND THE
TREASURY, CHRIS HUI

8TH MAY 2023, HKSARG OFFICES, TAMAR, 14:30 - 15:15

S 40

Clearing SCS: [REDACTED] **Director General, DBT Hong Kong**

Context

This is an opportunity to follow up on the recent meeting in the UK with Secretary Hui that took place during Fintech Week. To hear from the Secretary his overall reflections on the UK visit and identify any specific areas for future UK/Hong Kong collaboration.

Agenda Item 1: Hong Kong's Re-opening After COVID

- **What is the Hong Kong Government's strategy for opening up to the Mainland and internationally post-COVID?**
- **Ask in what areas Secretary Hui feels collaboration, internationally, and with the U.K. can support this strategy, particularly upon reflection of his recent UK visit.**
 - On 23rd January 2020, Hong Kong announced its first case of the coronavirus. Since then over 2.8million cases have been confirmed with 13,466 deaths over five waves (total Hong Kong population is roughly 7.4million people).
 - On 29th December 2022, Hong Kong removed all restrictions, including testing requirements before and upon arrival, apart from the wearing of face masks.
 - On 1st March 2023, Hong Kong removed the need to wear face masks.
 - In February 2023, Chief Executive John Lee announced the 'Hello Hong Kong' campaign to promote Hong Kong's reopening and welcome back visitors, including the provision of 500,000 free air tickets.
 - Covid has had a significant impact on Hong Kong's economy but a strong rebound is expected in 2023 – GDP contracted by -3.5% in 2022, the third recession in the past four years. Hong Kong's population also dropped by 0.9%.

Agenda item 2: The U.K. / Hong Kong Trading Relationship

- **To ask in what areas the Secretary feels Hong Kong can best open up commercially, with specific reference to the UK?**
- Hong Kong is open for business and understand the Chief Executive is taking a pragmatic approach to the rebuilding of Hong Kong's economy, with trade and investment being the main driver.

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- Hong Kong is important for global financial services and the UK economy and a vital market as the primary access point to China for financial services. There is significant potential for cooperation in areas of shared interest such as green finance, fintech, financial services, healthcare, education, and culture.
- **Hong Kong SAR was the UK's 13th largest trading partner in the four quarters to the end of Q4 2022 accounting for 1.7% of total UK trade.**
- Total trade in goods and services (exports plus imports) between the UK and Hong Kong SAR was £28.5 billion in the four quarters to the end of Q4 2022, an increase of 15.0% or £3.7 billion in current prices from the four quarters to the end of Q4 2021.
- Of this £28.5 billion:
Total UK exports to Hong Kong SAR amounted to £18.2 billion in the four quarters to the end of Q4 2022 (an increase of 40.4% or £5.2 billion in current prices, compared to the four quarters to the end of Q4 2021)

Total UK imports from Hong Kong SAR amounted to £10.2 billion in the four quarters to the end of Q4 2022 (a decrease of 13.0% or £1.5 billion in current prices, compared to the four quarters to the end of Q4 2021).

- In 2021, the outward stock of foreign direct investment (FDI) from the UK in Hong Kong SAR was £77.6 billion accounting for 4.4% of the total UK outward FDI stock.
- In 2021, the inward stock of foreign direct investment (FDI) in the UK from Hong Kong SAR was £16.3 billion accounting for 0.8% of the total UK inward FDI stock

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- [REDACTED]

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- [REDACTED]

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- [REDACTED]

S 27

- [REDACTED]

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- **To ask which areas of mutual interest the UK and HK should strengthen collaboration on? (e.g. green finance, FinTech, and infrastructure financing)**
 - On FinTech, Hong Kong has seen rapid growth in the number of FinTech firms from 180 to 800 in five years. Asking about factors and policy measures that have contributed to the sector's growth could shed some light on UK's policy.
 - On green finance, Hong Kong is successfully raising capital for green projects, but behind on making transition planning. UK as a forerunner could push Hong Kong to stick to its climate goals, make transition plans, and align standards with UK.
 - On infrastructure financing, the development of Northern Metropolis and Kau Yi Chau Artificial Islands could create many business opportunities for UK firms.
- **To ask how UK firms, in particular virtual banks, can enter the Hong Kong market and use it as a launchpad for operations in the Greater Bay Area.**
 - Currently there are 8 virtual banks operating in Hong Kong. Hong Kong Monetary Authority previously informed the Consulate staff that 8 licenses have been given out to test the market but there is no limit. [REDACTED]
[REDACTED]
[REDACTED]

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Biography



Mr Hui has been Secretary for Financial Services and the Treasury since 2020. He serves on the boards of Mass Transit Railway Corporation Limited, Hong Kong Airport Authority and also as the Chairman of the Kowloon-Canton Railway Corporation.

He was an Administrative Officer in the Government from 1999 to 2003 and served in the Economic Development Branch, the Office of the Government of the Hong Kong Special Administrative Region in Beijing and the Home Affairs Department. After leaving the Government, Mr Hui spent 13 years at the Hong Kong Exchanges and Clearing Limited, having been the Managing Director for Market Development and Head of Project Management and also in various senior roles in Listing and Market Development. He worked for a number of multi-national companies in the private

	<p>sector as well. He was appointed the Executive Director of the Hong Kong Financial Services Development Council from 2019 to 2020.</p> <p>Mr Hui previously held a number of public roles including Councillor of the City University of Hong Kong, Member of the Mandatory Provident Fund Authority Process Review Panel, Hong Kong Stock Exchange Listing Review Committee and also Hong Kong Institute of Certified Public Accountants Disciplinary Panel.</p> <p>Mr Hui holds Bachelor and Master (Hon) Degrees in Philosophy, Politics and Economics from the University of Oxford, and Master of Business Administration Degree from INSEAD. He also attended the Stanford Executive Programme (SEP).</p>
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MEDIA ENGAGEMENT: INTERVIEW WITH THE HONG KONG ECONOMIC JOURNAL

8th MAY 2023, BRITISH CONSULATE GENERAL, 15:30 - 15:55

S 40 Clearing SCS: [REDACTED], Director General, DBT Hong Kong

Context

An opportunity for a 1-2-1 interview with local trade and investment publication, The Hong Kong Economic Journal.

Interviewer

Kevin Li, Political and General News

About Hong Kong Economic Journal (HKEJ)

Founded in July 1973, HKEJ is a leading business and economic publication widely read by business executives and professionals. It is one of the most trustworthy publication known for its neutral reporting style. HKEJ focuses in Business, Financial, and political

news in the region. It has a combined daily reach of 382,000 through its print and online editions.

Interview Questions: (TBC)

UK-HK Bilateral Relationship

- In 2021, the bilateral merchandise trade between HK and the UK amounted to HK\$138 billion. Could you name a few ways to strengthen the trading partnership between HK and the UK? How could HK improve its role as an entrepot for Sino-UK trade?
- Paul Chan, HK's Financial Secretary, mentioned in his latest Budget that the government would accelerate the development of HK into an international centre for green technology and finance. How could HK and the UK cooperate on green tech and finance policies?
- Despite the 2019 social unrest, the Covid-19 pandemic and other challenges faced by HK in recent years, are you still confident HK could maintain itself as one of the biggest financial and trading centres in the world?
- The HKSAR government recently launched the "Hello HK" and "Happy HK" campaigns. Have you heard of those campaigns? Could you share with us your thoughts on those campaigns?
- The National 14th Five-Year Plan, an official document of the People's Republic of China (PRC), stated that the country supports Hong Kong(HK) to develop as an "East-meets-West centre for international cultural exchange". How could the UK government help to boost HK's reputation as an "East-meets-West centre of international cultural exchange"? Is there room for cooperation between HK and the UK in cultural policies?

National Security Law (NSL)

- Many Western countries have been concerned about the Beijing-imposed National Security Law (NSL) in HK. Do you agree that HK's business environment has been undermined to a certain extent by the NSL?
- A free flow of information is crucial to the success of a business and trade hub. With the NSL, does HK still maintains a free flow of information that allows the marketplace to weigh both bad and good news?

Regional Developments

- The HKSAR government always stresses that HK should integrate into the growing development of the Greater Bay Area (GBA). How would the GBA benefit the business and trade sectors of the UK? What are the concerns of British people running their businesses in the GBA?
- HK and Singapore have been competitors in the Asia-Pacific region for years. In what aspects do you think HK is still more competitive than Singapore?
- The UK has recently joined the CPTPP (Comprehensive and Progressive Agreement for Trans-Pacific Partnership), which the PRC applied to join last year. Is the UK government in favour of the PRC joining the CPTPP? Will the PRC's participation in the CPTPP strengthen the trading partnership between HK and the UK?

OFFICIAL - SENSITIVE
MEETING WITH CHEUNG KONG HUTCHISON

8TH MAY 2023, CONRAD HOTEL, HUMPHREY ROOM, 7TH FLOOR, 16:00 - 16:45

Clearing SCS: Paul McComb, Director, UK Exports and CKH Senior Official

Attendees

- Victor Li, Chairman
- Canning Fok, Group Co-Managing Director
- Andrew Hunter, Deputy Managing Director, Infrastructure
- Chiu Yue Seng, CK Asset Holdings
- [REDACTED] Director General, DBT
- [REDACTED] Deputy Director, DBT
- [REDACTED] Deputy Principal Private Secretary, DBT

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Context

CK Hutchinson (CKH) is one of the largest single investors in the UK. with businesses spanning ports, retail, infrastructure, telecommunications, finance and investments and others, creating over 80,000 jobs in the UK. The retail arm of the group owns the chains Superdrug, Savers and Perfume Shop, the Group also owns and operates Hutchinson Ports that owns Felixstowe, Harwich, and Thames Ports. Both Felixstowe and Harwich have been designated as Freeports and the joint entity is called Freeports East. CKH holds a 75% stake in CK Infrastructure (CKI). CKI own Northumbrian Water, Northern Gas Network, Southern Water Services, UK Power Network, Wales and West Utilities and Eversholt Rail. CKH also own Three telecoms in the UK, [REDACTED]

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[REDACTED] CKA also own the Greene King Pub chain, who employ over 39,000 people in the UK. In addition to these investments CKH has numerous other holdings and interests in the UK.

Speaking points

Agenda item 1: CK Hutchinson UK Investment's

- Thank CK Hutchinson for their ongoing investment in the UK, [REDACTED]
- [REDACTED]
 - [REDACTED]

Agenda item 2: [REDACTED]

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Biographies**Victor Li, Chairman CK Hutchinson**

Victor Li is Chairman of the CK Hutchinson (CKH) group, he was Chairman of the Company in May 2018. Mr Li is the eldest son of Mr Li Ka-shing, the Senior Advisor and a substantial shareholder of CKH. Mr Li joined the company in 1985 and is Chairman, Managing Director and Executive Director of CK Asset Holdings Limited ("CKA"), Chairman of CK Infrastructure Holdings Limited ("CKI") and CK Life Sciences Int'l., (Holdings) Inc., a Non-executive Director of Power Assets Holdings Limited and HK Electric Investments Manager Limited ("HKEIML") as the trustee-manager of HK Electric Investments and a Non-executive Director and Deputy Chairman of HK Electric Investments Limited. Except CKA, the aforementioned companies are either subsidiaries or associated companies of the Group of which Mr Li has oversight as Director of the Company. Mr Li serves as a member of the 14th National Committee of the Chinese People's Political Consultative Conference of the People's Republic of China and he is the Honorary Consul of Barbados in Hong Kong.).

Canning Fok, Group Co-Managing Director

Mr Fok has been Co-Managing Director of the CK Hutchinson (CKH) group since 2015, having served at the Company for over 30 years. He is also the Chairman of many of the groups businesses, including Hutchison Telecommunications Hong Kong Holdings Limited, Hutchison Telecommunications (Australia) Limited and Hutchison Port Holdings. Mr Fok is Deputy Chairman of CKI, and Deputy President Commissioner of PT Indosat Tbk , as well as serving on the boards of several other subsidiaries of CKH. **Mr Fok is known as Li Ka-Shing's right hand man** and renowned for being an astute

	<p>negotiator, he originally comes from an accountancy background, and got his first job with Li by writing to him directly while working as an auditor. He joined the Hutchison board in 1984 and the Cheung Kong board in 1985 and became managing director of Hutchison in 1993; he has been Li's top advisor ever since, and was behind the reordering and streamlining of the family businesses into CK Hutchison in 2015.</p>
<p>Andrew Hunter, Deputy Managing Director, CK Infrastructure Holdings</p> 	<p>Mr Hunter joined the Group in 1988, having served in many capacities he is currently the Chairman of Northumbrian Water, UK Power Networks, Northern Gas Networks, Wales & West Utilities and Eversholt Rail Group in the UK, as well as serving as director of all the other CK Infrastructure interests in Australia, New Zealand, the Netherlands, Portugal and Canada. Presently Mr Hunter devotes the majority of his time to CK Infrastructure as Deputy Managing Director, overseeing the businesses that they own around the world and leading the Group's acquisition activities. .</p>
<p>CHIU Yue Seng, Head of Special Projects CK Asset Holdings Limited</p> 	<p>Mr Chiu is head of Special Projects for CK Assets Holdings. He joined the CK Group in January 2017 and is also the Head of Corporate Finance for CK Infrastructure Holdings. Mr Chiu has over 20 years of experience in investment banking and finance. He holds a Bachelor of Arts degree and a master's degree in business administration from Dartmouth and an MBA from the Wharton School.</p>

Annex A

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TOUR OF CYBERPORT AND MEETING WITH HONG KONG FINTECH COMPANIES

8TH MAY 2023, CYBERPORT, 18:15 - 19:15

S 40

Clearing SCS: [REDACTED] **Director General, DBT Hong Kong****Context**

With over 1,900 start-ups and technology companies, Cyberport is arguably the most dynamic incubator in Hong Kong with fintech being a key area of focus. A tour of the facility, to include meeting some of the companies, will provide a practical insight into how Hong Kong's next generation of entrepreneurs are developing.

Running Order

18:15	<u>VIP guests arrive Cyberport</u> Greeted by Cyberport representatives <ul style="list-style-type: none"> • Simon Chan, Chairman • Victor Yim, Head of FinTech • Rebecca So, Head of Marketing
18:20-18:35 (15 mins)	<u>Tour at ZA Bank Office</u> <ul style="list-style-type: none"> • Wayne Xu, President of ZA, will give a tour and a sharing
18:40-18:55 (15 mins)	<u>Cyberport introduction Presentation</u> <ul style="list-style-type: none"> • By Peter Yan, CEO of Cyberport
19:00-19:15 (15 mins)	<u>Discussion with several FinTech representatives</u>
19:15	<u>Departure</u>

Attendees

Mr Simon Chan, BBS, JP, Chairman
Mr Peter Yan, JP, Chief Executive Officer
Mr Victor Yim, Head of FinTech
Miss Rebecca So, Head of Marketing
Miss Cybella Chan, Senior Manager, FinTech
Mr Charles Chow, Senior Manager, Corporate Communications
Wayne Xu, President of ZA Bank

Agenda item 1: Overview of Cyberport and its operation

- **To ask about the creation and operation of Cyberport, nature of its companies and plans for the future – including international collaboration.**
 - The overall vision is to establish Cyberport as a global leading innovation and digital technology hub, there are three strategic pillars, each advancing development in a specific focus area in nurturing local industry start-ups.
 - **Cyberport Youth** aims to inspire and foster the next generation in innovation and digital technology.
 - **Cyberport Entrepreneurs** nurtures the entrepreneurial spirit through the provision of resources and support.
 - **Cyberport Partners** helps local start-ups leverage on cross-border and global business opportunities through strategic partnerships and global network.
- **To specifically ask about and understand the funding system for Cyberport.**
 - The Cyberport Macro Fund with a total value of HK\$400m provides companies with seed funding to Series A stage as well as funding to assist digital entrepreneurs to accelerate. It also acts to support promotion of the venture capital ecosystem in Hong Kong for technology companies.
 - The Macro Fund Investment Committee, comprises experts from the financial and tech industries in the region to oversee the CMF. Investment decisions are made upon an in-depth study in the following area:
 - Thorough business assessment including, but not limited to, compliance, governance, financial position and business viability
 - Potential return on investment
 - Proven involvement in the Cyberport community

Agenda item 2: Meeting with Cyberport resident fintech and other technology companies

- **Ask how the companies originally set up in Cyberport; their experiences to date; plans for the future.**
 - Building companies from great ideas to profitable, sizeable and impactful enterprises is a core objective of Cyberport. Providing entrepreneurs with the support and guidance they need to go the extra step in their career. Cyberport seek to nurture the entrepreneurial spirit by facilitating start-ups with access to their entrepreneurship programmes, talent meet-ups and strong community of budding entrepreneurs. In addition, they make know-how available to their community of technology businesses and provide access to technology, business matching and marketing support.

Background

Cyberport is an innovative digital community with over 1,900 start-ups and technology companies. It is managed by Hong Kong Cyberport Management Company Limited, which is wholly owned by the Hong Kong SAR Government. With a vision to be the hub for digital technology thereby creating a new economic driver for Hong Kong, Cyberport is committed to nurturing a vibrant tech ecosystem by cultivating talent; promoting entrepreneurship among youth; supporting start-ups on their growth journey; fostering industry development by promoting collaboration with local and international partners; and integrating new and traditional economies by accelerating digital adoption in the public and private sectors.

Cyberport is focused on facilitating the growth of major technology trends such as FinTech, smart living, digital entertainment/e-sports and cybersecurity, as well as the emerging technologies of artificial intelligence (AI), big data and blockchain, to foster the transformation of Hong Kong into a smart city. With a team of committed professionals providing all-rounded, value-added services, state-of-the-art facilities and smart workspaces to support our digital community, Cyberport is now the flagship for Hong Kong's digital technology industry.

Simon CHAN Sai-ming, BBS, JP, Chairman of Hong Kong Cyberport Management Company Limited



Mr Simon Chan is the Vice Chairman and Executive Director of Nanyang Commercial Bank Limited, where he is a member of the Strategy and Development Committee, the Risk Management Committee and the Connected Transaction Committee. Mr Chan has been in the banking industry for more than 30 years, with solid

experience in the financial industry, information technology industry and bank-wide operations. Before assuming his current role, Mr Chan was a senior executive of Group Audit of Bank of China (Hong Kong) and Nanyang Commercial Bank in different functions, responsible for information technology audit and the management of various areas of the bank.

Mr Chan is currently also a director of Cinda Financial Holdings Company Limited, Nanyang Commercial Bank (China) Limited, Nova Credit Limited, Hong Kong Interbank Clearing Limited (“HKICL”), HKICL Services Limited and Hong Kong Trade Finance Platform Company Limited.

Mr Chan actively participates in community service, including serving as the Chairman of Hong Kong Internet Registration Corporation Limited, the Chairman of the Banking & Finance Training Board of the Vocational Training Council of Hong Kong and a Member of the Banking Industry Training Advisory Committee of the Education Bureau. He is the past President of Information Systems Audit and Control Association China Hong Kong Chapter and is at present the Vice-chairman of Hong Kong Information Technology Joint Council Limited. He also serves as a director in the Hong Kong Chinese Enterprises Association, a committee member of the Chinese General Chamber of Commerce, Hong Kong, a member of the Financial & Treasury Services Committee of Hong Kong General Chamber of Commerce and an advisor of Our Hong Kong Foundation.

Mr Chan graduated from The Chinese University of Hong Kong with a Bachelor’s degree in Social Science and obtained a Master’s degree in Science from the University of Ulster and a Master’s degree in Commerce in Accounting from the University of New South Wales. He is also a Certified Information Systems Auditor and a Certified Internal Auditor.

Company Briefs:

ZA Bank Limited (“ZA Bank”)

Licensed by the Hong Kong Monetary Authority (“HKMA”) on 27 March 2019, is one of the first batch of virtual banks in Hong Kong. On 24 March 2020, ZA Bank officially launched its services to the public, making it the first fully-operating virtual bank in

Hong Kong. On 22 March 2021, ZA Bank officially launched Business Banking to deliver an innovative banking experience to local small and medium-sized enterprises. ZA Bank was established by ZhongAn Technologies International Group Limited (“ZA International”). With its “Community-Driven” approach, ZA Bank encourages users to directly contribute to its product development and design processes, helping the bank create innovative services that better serve the needs of Hong Kong customers. ZA Bank is Hong Kong’s No.1 virtual bank. Based on market data as of 30 June 2022, ZA Bank has gained the support of more than 600,000 users, becoming the largest virtual bank in terms of user base in Hong Kong with a leading position in the virtual banking industry in terms of customer deposits, and loans & advances. ZA International was established in Hong Kong in December 2017, by ZhongAn Online P&C Insurance Co., Ltd. (HKEX stock code: 6060), an online-only insurtech company in China, to explore international business development, collaboration and investment opportunities in the area of fintech and insurtech in overseas markets.

CoverGo Limited

CoverGo is the insurance industry’s first out-of-the-box, modular, no-code insurance platform enabling insurance companies to transform digitally in the most flexible, scalable and cost-effective way. CoverGo’s platform is powered by a comprehensive set of insurance APIs (500+) in the market allowing companies to integrate with other systems and create a robust insurance ecosystem. Growing number of P&C, health and life insurance companies and innovative insurtechs have adopted CoverGo’s platform to build and launch all types of insurance within days, develop omni-channel distribution, streamline policy admin and automate claims processes. CoverGo is already working with insurance companies and delivery partners in Asia, USA, Canada, Latin America, MENA and other markets across the globe.

Awards:

- HKICT Fintech Grand Award 2019 & HKICT Gold Award in Banking, Insurance and Capital Markets 2019
- Grand Prize at the Financial Innovation Business Conference (FIBC) 2019
- FinTech Award 2018 for the Best B2B Insurance Integration Solution

Diginex Solutions (HK) Ltd

Diginex is a disruptive impact tech business helping organisations to address the world’s most pressing ESG, climate and sustainability issues, utilising the latest blockchain technology to lead change and increase transparency.

Diginex’s frontier-pushing SaaS products are used by both companies and governments to tackle challenges including supply chain management, labour rights, due diligence, data management and corporate environmental responsibility. Their solutions have been adopted by some global FMCG corporates and one of the largest banks in Hong Kong.

FundFluent Limited

FundFluent solves the information asymmetry, providing banks, alternative lenders, and financial institutions the most dynamic and current view of an SME's creditworthiness. The company has launched subscription-based service model with 369 SMEs onboard, 10+ partnership with Banks and FIs and FinTech partners to deliver loans and different financial products (e.g., ByFin, Money Lender - Konew, Easy Money, Fortune Capital Strategy, Ocean Allied Finance, REAP, Choco Up, Paysmart Capital) and facilitate business development (e.g., Sleek, D&B).

Gateway Private Markets (HK) Limited

Gateway is a direct secondaries specialist in late-stage private technology companies. Gateway works hand in hand with Asian institutional investors to provide simple, transparent direct secondary access and end to end execution to build out tailored portfolios. The company on-boarded famous investment institutions; created the first non-regulated Segregated Portfolio Company in BVI and able to provide SPV administration services. Their investment inventory has close to 100 companies in pre-IPO / late stage and connects with over 50 investors.

Transwap Limited

Transwap was founded in 2015, offers global banking as a service, is a cross-border payments platform for businesses which allows users to seamlessly manage and execute payments globally while reducing FX costs and complexity. They provide self-serving platform which serve more than 1200 business and business owner, and they also provide banking as a service, including API-embedded payment, and white label solution. They have global partnerships with over 80 banks and technology companies, including global virtual bank accounts, global payment/ FX, master/ Visa cards, access to capital, wealth management, and banking as a service.

Global Licenses: received licenses in 6 countries, including Singapore (MPI), Hong Kong (MSO), Indonesia (FTO), Macau (MAM), United Kingdom (EMI), USA (sponsored programmed by a USA bank) Partnership references:- Meyzer Group, traditional enterprise without any technology- Global Tax Free, technology enterprise without any fintech capability- PrimeCredit, financial institution with technology but no license for cross border payments- Oxpays, financial institution with technology but no access to global licensing

Award:- Outstanding SME Cross-Border FX Platform award at Fintech Awards by ETNET, 2019- Excellence of Innovation for Retailing award, 2019- IFTA Fintech Achievement Award, 2018, 2019 (Gold Award for Payment Tech Category Startup)

Wizpresso Limited

Wizpresso is a Hong Kong-based regulatory technology company that augments capital markets workflow and empowers industry stakeholders. The company develops SaaS underpinned by NLP and deep learning to transform research, due diligence, and reporting. It delivers value to users by removing communication barriers between participants, driving growth, and enhancing market transparency. Their clients range

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from global investment banks and law firms to local enterprises. Wizpresso has received numerous accolades over the years, including the HKICT Grand FinTech Award 2021, the HKICT Gold Award in Regulatory Technology and Risk Management, the Champion of Maker in China award, HKSTP EPIC FinTech Champion, HKTDC Startup Express Winner, the IFTA Fintech Platinum Awards 2021, and the etnet's Fintech Awards 2020.

CAPITAL INVESTORS IN THE UK DINNER

8TH MAY 2023, BRITISH CONSUL'S RESIDENCE, 19:45 - 22:00

S 40 Clearing SCS: [REDACTED] Director General, DBT Hong Kong

Context

This is a dinner with key UK investors who have active projects that are going through planning permission or are in development. There is no set agenda for this dinner however setting out key HMG messages for investors is required. [REDACTED]

S 43 [REDACTED]
[REDACTED]
[REDACTED]
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Attendees & Bios

HMG

- Brian Davidson CMG, HM Consul General
- [REDACTED] Director General of Trade and Investment
- [REDACTED] Deputy Director of Trade & Investment
- [REDACTED] Deputy Principal Private Secretary

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Investors

- [REDACTED]
- [REDACTED]
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Speaking points

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- Open with welcomes and thanks for attendance.
- Talk about your current priorities in DBT as Minister for Investment and emphasise that the UK government welcomes Hong Kong and Chinese investment into the UK.
- Emphasise the UK government's open-for-business agenda and provide positive views on HK/Chinese investments and your further support.
- Suggest you outline your role and discuss your priorities in engaging with international investors to stimulate investment amidst the current and future economic climate.
- Highlight the UK's strong position in being a safe place for investment underpinned by its institutions and rule of law.
- Highlight the UK's key investment opportunities across, residential, lab and innovation space, NetZero energy supply & storage and industrial site developments.

Dinner discussion points

S 43

- [REDACTED]
[REDACTED]
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- Mention your attendance at UKREIIF next week and your hope to see them all at next years if not this. [REDACTED]
- Encourage attendees to join our programs and events during MIPIM Asia, MIPIM Cannes & UKREIIF next year.
- See the UK Investment Environment briefing on page 76 for further key messages.

Biographies

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- | Response | Percentage |
|---|------------|
| Yes, the current administration is responsible | 85% |
| No, the current administration is not responsible | 15% |

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LAUNCH OF BCG FINTALKS:

9TH MAY 2023, 4TH FLOOR BRITISH CONSULATE GENERAL, 08:15 - 09:00

Clearing SCS: Director General, DBT Hong Kong

Context

Running order

- Introduction by DBT (2 minutes)
- Opening remarks by Lord Johnson on the launch of BCG FinTalks, UK asset management industry and the wider UK investment environment (5 minutes).

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Speaking points

Launch of the first BCG FinTalks

- **Welcome to the first BCG FinTalks**, a new initiative led by the Department for Business & Trade at the British Consulate-General Hong Kong, to **kick-start a regular exchange of dialogue between the UK and Hong Kong financial sectors** to discuss the latest market trends, outlooks and areas for collaboration.
- Catering for the roundtable today will be by award winning **British chef, Michael Smith of the Arcane Collective**.

UK as a leading international FPS FDI centre and asset management hub

- **UK FPS:** The UK is a world-leading and top destination for financial and professional services investment. The UK is an international FPS hub that is open to businesses from across the world with a strong track record in attracting FDI. The **UK is Europe's most popular destination for FPS FDI and the third most popular globally. London has continued to be the world's number one destination city for FPS investment over the past 5 years** (ahead of Dubai, Singapore, Paris and NYC).
- In 2022, the **UK saw its highest FPS FDI in recent years; 263 projects involving 228 foreign companies from 65 countries valued at £2bn across London, Manchester, Belfast, Birmingham and Edinburgh** (+68% value of investment YOY, +39% number of projects YOY).
- The UK offers:
 - Access to global markets
 - Deep, liquid pools of capital for growth
 - Research and innovation capability
 - A diverse and international workforce; access to world-leading talent (with 2.5M people employed in the FPS sector, equivalent to 1 in 13 UK residents)
 - A stable, fair and transparent regulatory regime
- **UK Asset Management:** The UK is a leading and diverse centre of asset management expertise with an outstanding global reputation; it is a hotspot for global investment managers to place funds, operate in and service global clients.
- Asset management firms are integral to the UK financial ecosystem; they were the largest source of financial services FDI projects in 2022. With **£11.6tn of assets under management in the UK**, it is the second largest centre overall, after the USA.
- The UK industry serves a wide range of retail and institutional clients globally, **46% of total assets managed in the UK (£4.6tn) are on behalf of international clients.**
- The UK is by far the largest European centre, with **37% of all European assets managed in the UK – bigger than the next three European centres combined (France, Germany and Switzerland).**
- **The UK offers opportunity for diversification and return growth: UK fund managers helped to protect and grow £11.6tn in financial assets (a 5% YOY increase) and UK private equity funds invested £34.8bn in more than 1,800 UK companies.**

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ALL STAFF MEETING WITH BRITISH CONSULATE GENERAL STAFF

9TH MAY 2023, 6th FLOOR BRITISH CONSULATE GENERAL, 10:30 - 11:15

S 40

Clearing SCS: [REDACTED] Director General, DBT Hong Kong

Objectives

- Engage staff from across all teams in the British Consulate General.
- Set out your vision for trade and investment in the UK and the cross-HMG effort needed.
- Understand key issues, opportunities and challenges on the minds of Diplomats and Country Based Staff at post.

Agenda

This will be an informal and internal session (not recorded)

- **Welcome/introduction:** Brian Davidson, British Consul General
- **Lord Johnson's Remarks:** Brian will invite you to say a few words about your priorities, role and vision for UK/Hong Kong relations, trade and investment.
- **Q&A:** Two Country Based Staff will facilitate Q&A from the team (see background section for likely questions). Additional questions from staff in the audience if time permits.

Speaking Points

- Excited to be the first UK Minister to visit Hong Kong since 2018.
- Recognise that Hong Kong, and Mainland China, endured COVID restrictions longer than most other nations with staff showing amazing resilience and support to each other.
- Your role as a DBT Minister, the importance of cross-Department/cross-Consulate collaboration to deliver trade and investment.
- Priorities for trade and investment with the UK including green growth, science superpower and levelling up.
- Pass back to Brian to introduce the two CBS staff to lead the Q&A.

Background

The Consulate-General opened on 1 July 1997. There are around 100 staff across several PAGs, of whom 68% are CBS. 70% of staff are in bilateral delivery and local operations, with DBT accounting for 40% of the bilateral staff. 30% of staff have regional responsibilities and include: DBT Global Marketing Hub, HMRC, NCA, SDI, FCDO(S)/RTSS. There are also c.50 facilities management staff supporting both the BCG and the British Council, including technicians, cleaning and security. Programme funding is dominated by GREAT campaign funds (£102K in 21/22, down to £68k in 22/23 (Challenge Fund)). The British Council is located on the same platform and is a strong presence in Hong Kong with 2 UKB; c60 teachers; 140 country-based staff; 70 regular part-timers.

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British Consulate staff have worked under considerable strain during the past four years following the social unrest in 2019 and then almost three years of varying levels of COVID related restrictions. The latter saw severe restrictions on travelling in and out of Hong Kong mean both CBS and UKB staff not seeing family members on the Mainland, the UK and elsewhere during this time. Hong Kong is now fully open with no restrictions with the HKSARG putting huge stock in promoting Hong Kong as open for business again, particularly as an IFC and bridge to the mainland for international companies.

Likely moderated Q&A questions

Hong Kong/Personal:

- We know that you used to work in Hong Kong in the early 2000s, in your brief time back on this visit how does it compare? What have you missed (food, places, 'ding dings')? What's changed?
- Most of us haven't been able to travel to the UK for a long time now because of COVID. How do people view Hong Kong at the moment (publicly, politically)? What views will you be taking back to the UK that you can talk about?

Work:

- We work hard in the BCG across all the departments to operate as 1HMG. When it comes to trade and investment, how would you say 1HMG can best work together to deliver this agenda?
- Creating an environment of dignity and respect is a key objective within the Consulate as well. Given that we are always asked to do more with less, be it targets, budgets or other resources, what would you say are the best ways that we can work together in challenging times, whilst maintaining dignity and respect?

Corporate:

- As you'll be aware, Hong Kong and Mainland China suffered from COVID restrictions longer than most other places, including the UK. Do you think HMG does enough to handle the wellbeing of its employees? Have you got any examples of how HMG/DBT delivers wellbeing in the UK that we could learn from?
- Given that you've worked in the private and public sector now, where would you say we can learn more from the private sector and vice versa?

Additional, possibly at the end:

- Given that you don't have much time on this visit for 'fun', what one thing do you wish you could have done? What should we include in your next visit here?

**MEETING WITH HKSARG SECRETARY FOR COMMERCE & ECONOMIC
DEVELOPMENT, ALGERNON YAU
9TH MAY 2023, HKSARG OFFICES, TAMAR, 11:30 - 12:15**

S 40

Clearing SCS: [REDACTED] **Director General, DBT Hong Kong**

Context

This is the first opportunity for a UK Minister to engage with the Secretary and his wider team since his appointment last year. Yau's background in aviation, and wider business background, will provide a good starting point to discuss how Hong Kong is opening up commercially after COVID, to segue into issues linked to bilateral trade.

Attendees

Algernon Yau: Secretary for Commerce & Economic Development

Bruce Lee: Private Secretary

Agenda Item 1: Hong Kong's Re-opening After COVID

- **What is the Hong Kong Government's strategy for opening up to the Mainland and internationally post-COVID?**
- **Ask in what areas Secretary Yau feels collaboration, internationally, and with the U.K. can support this strategy.**
 - On 23rd January 2020, Hong Kong announced its first case of the coronavirus, since then over 2.8million cases have been confirmed with 13,466 deaths over five waves (total Hong Kong population is roughly 7.4million people).
 - On 29th December 2022, Hong Kong removed all restrictions, including testing requirements before and upon arrival, apart from the wearing of face masks.
 - On 1st March 2023, Hong Kong removed the need to wear face masks.
 - In February 2023, Chief Executive John Lee announced the 'Hello Hong Kong' campaign to promote Hong Kong's reopening and welcome back visitors, including the provision of 500,000 free air tickets.
 - Covid has had a significant impact on Hong Kong's economy but a strong rebound is expected in 2023 – GDP contracted by -3.5% in 2022, the third recession in the past four years. Hong Kong's population also dropped by 0.9%.

Agenda item 2: The U.K. / Hong Kong Trading Relationship

- **To ask in what areas the Secretary feels Hong Kong can best open up commercially, with specific reference to the UK?**
- **Hong Kong SAR was the UK's 13th largest trading partner in the four quarters to the end of Q4 2022 accounting for 1.7% of total UK trade.**
- **The UK would like to work with HK to remove market barriers. For example, reducing the 100% duty placed on spirits over 30% proof to 70% to boost HK employment, support HK as a re-exporting hub and support the F&B and hospitality industries. This would demonstrate the mutually beneficial opportunities we are looking to cooperate on.**

- UK exporters of spirits with an alcoholic strength of over 30% by volume receive a 100% duty on their products, while beer, wine and spirits under 30% are entitled to 0% duty. This has had a negative impact on UK exporters of spirits.
- Hong Kong is open for business and understand the Chief Executive is taking a pragmatic approach to the rebuilding of Hong Kong's economy, with trade and investment being the main driver.
- Hong Kong is important for global financial services and the UK economy and a vital market as the primary access point to China for financial services. There is significant potential for cooperation in areas of shared interest such as green finance, fintech, financial services, healthcare, education, and culture.
- Total trade in goods and services (exports plus imports) between the UK and Hong Kong SAR was £28.5 billion in the four quarters to the end of Q4 2022, an increase of 15.0% or £3.7 billion in current prices from the four quarters to the end of Q4 2021.

Of this £28.5 billion:

- Total UK exports to Hong Kong SAR amounted to £18.2 billion in the four quarters to the end of Q4 2022 (an increase of 40.4% or £5.2 billion in current prices, compared to the four quarters to the end of Q4 2021)
- Total UK imports from Hong Kong SAR amounted to £10.2 billion in the four quarters to the end of Q4 2022 (a decrease of 13.0% or £1.5 billion in current prices, compared to the four quarters to the end of Q4 2021).
- In 2021, the outward stock of foreign direct investment (FDI) from the UK in Hong Kong SAR was £77.6 billion accounting for 4.4% of the total UK outward FDI stock.
- In 2021, the inward stock of foreign direct investment (FDI) in the UK from Hong Kong SAR was £16.3 billion accounting for 0.8% of the total UK inward FDI stock

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Biography



Mr Yau assumed the post of the Secretary for Commerce and Economic Development on 1 July 2022. His portfolio covers policy areas from trade, commerce to telecommunications and broadcasting, and from promotion of intellectual property and consumer protection to boosting inward investment.

Before joining the Government, Mr Yau held key managerial positions in the aviation and logistics sector. He was Chief Executive Officer of Greater Bay Airlines, and prior to this, Chief Executive Officer of Cathay Dragon, Executive Director of Cathay Pacific Board, and Director Service Delivery of Cathay Pacific. Mr Yau managed different aspects of business operations throughout his career in the private sector whilst serving on various advisory bodies of the Government.

Mr Yau holds a Bachelor of Business degree in Transport and Logistics from the Royal Melbourne Institute of Technology University. He is also a fellow of the Chartered Institute of Logistics and Transport in Hong Kong.

LUNCH MEETING WITH SENIOR MEMBERS OF THE BRITISH CHAMBER

9TH MAY 2023, Nicolinis, Conrad Hotel, 12:30 - 14:00

S 40

Clearing SCS: [REDACTED], Director General, DBT Hong Kong

Context

S 43

An informal, Chatham House Rules lunch with senior members of the British Chamber

[REDACTED] Attendees will be interested to hear current HMG thinking towards Hong Kong, and China, whilst providing an overview of doing business in and with Hong Kong.

Running Order

- Welcome and introduction to Lord Johnson – Chris Woodward
- Opening Remarks – Lord Johnson
- Introduction to the Chamber and attendees – Chair of BritCham

Agenda item 1: British Chamber Members View on Hong Kong

➤ **Ask Members' views on doing business in and with Hong Kong**

- Specific areas of recent interest include cross-boundary, GBA operations linked to data sharing, establishing a business in the GBA, accreditation of qualifications and arbitration; operating within the parameters of the National Security Law; talent acquisition and retention; more broadly on housing supply and education.
- The British Chamber Hong Kong has over 1000 members from over 400 companies. They organise over 100 events, in person and online, each year ranging from specific issue webinars to their annual conference which is opened by the Chief Executive. They have regular and high-level access to HKSARG including informing upon the annual Policy Address.

Agenda item 2: Overview on UK Government Hong Kong Strategy

➤ **Provide an update on current HMG thinking and attitudes to Hong Kong and more broadly, China, and discuss where HMG can support UK/Hong Kong trade.**

- Likely to be asked about and respond on the Integrated Review Refresh, meeting with HKSARG Secretary Chris Hui in London, James Cleverly's Mansion House Speech - broader HMG China strategy will undoubtedly be raised.

➤ **Points to Note.**

- China's imposition of the National Security Law on Hong Kong has seen opposition stifled and dissent criminalised. Alternative voices in Hong Kong's executive, legislature, civil society and media have been all but extinguished. Changes to

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electoral rules have further eroded the ability of Hong Kongers to be legitimately represented at all levels of government.


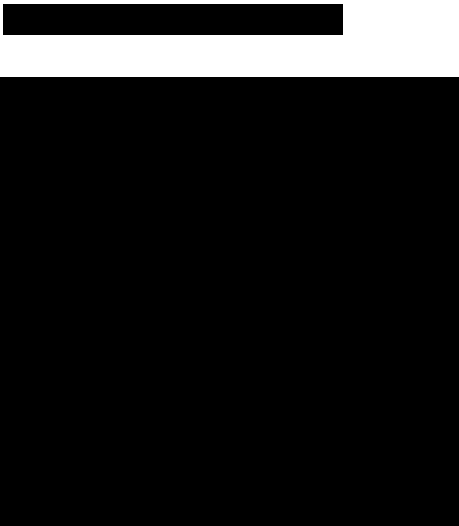
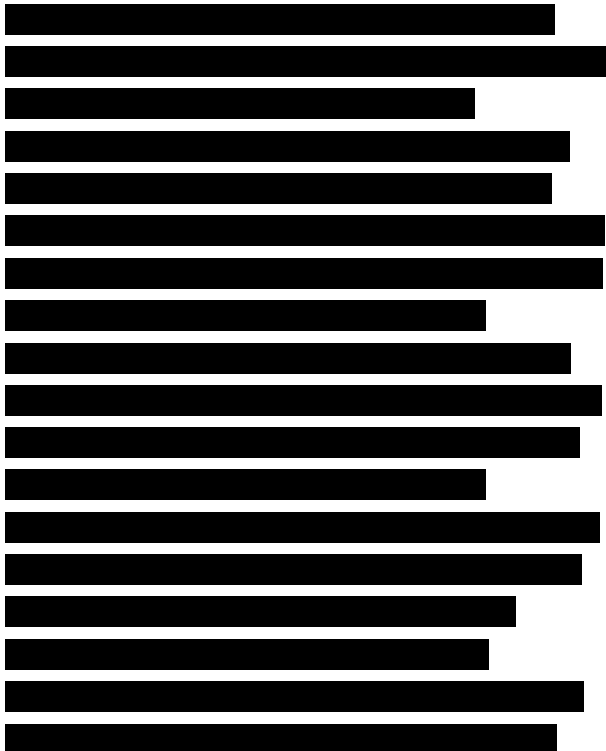
- The UK is clear that China remains in an ongoing state of non-compliance with the Sino-British Joint Declaration. China must uphold the commitments made under this legally binding, UN registered, international agreement. The world is watching how China behaves on the international stage.
- The UK will continue to stand up for the rights of the people of Hong Kong, as we have demonstrated by introducing the bespoke immigration route for British National (Overseas) (BN(O)) status holders and their eligible family members. As of 31 December 2022, there were 160,700 applications and 153,708 visas granted.
- We will continue to act as a convening power, bringing our international partners together to stand up for the people of Hong Kong, call out violations of their rights and freedoms and hold China to its international obligations.

Biographies

Anne Kerr – British Chamber Chair and Mott MacDonald



As Chairman of the Environment and Energy Committee (2007 – 2016), Anne has assisted in the preparation of submissions to the government on climate change, air and water quality objectives, sustainable development, the CE's policy addresses and participated in the debates on a wide range of topics of interest to Committee Members and the Community at large. She took up the Vice Chair role on the General Committee in 2016 and has continued to support various Committees including Environment and Energy Committee. In recognition of the cross-cutting nature of the smart cities agenda, which is being promulgated by HK Government, Anne established the Smart City Forum which draws its membership from across the Chamber with the express intent of sharing information, informing, showing leadership and providing direction in this diverse and fast-growing sector of interest, too both the public and private sectors. Her Chamber priorities for 2017/18 include focused lobbying of government in terms of ensuring an integrated approach is adopted for development initiatives and

	<p>particularly those around the Smart City Agenda, as well as recognition and action on climate change and energy and water resource issues. As Managing Director Greater China and Global Head of Cities at Mott MacDonald Anne has access and engages with city leaders and officials in many parts of the globe and she works as an informal “ambassador” for Hong Kong’s achievements as well as bringing examples of best practice back to Hong Kong.</p>
<p>David Graham – British Chamber Executive Director</p> 	<p>David is the Executive Director of the Chamber and is responsible for the Chamber’s overall management, its financial status and staff. David has over 30 years of experience in legal and financial services.</p>
	

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**MEETING WITH CLEMENT KWOK, CEO OF HONGKONG AND SHANGHAI HOTELS
LIMITED (HSH)**

9 MAY 2023, THE PENINSULA HOTEL, 15:15-16:30

S 40

Clearing SCS: [REDACTED] **Director, DBT Hong Kong**

Running Order

- To be met for a picture opportunity in front of the hotel and potentially on the helipad overlooking Victoria Harbour.
- Escorted to meeting with Clement Kwok for afternoon tea.

Context

This is a meet and greet event with Clement Kwok, CEO of HSH, which is the owner and operator of the Peninsula Hotels. Clement will be joined by Lynne Mulholland, Director, Group Corporate Affairs,

Incorporated in 1866 and listed on the Hong Kong Stock Exchange (00045), with a diverse portfolio of HK\$49 billion in assets, HSH is the owner and operator of a small number of the world's finest luxury hotels under The Peninsula brand, as well as a number of strategic real estate and tourism assets including The Repulse Bay, The Peak Tower and The Peak Tram, one of Hong Kong's most popular tourism attractions.

Established in 1928, the Peninsula Hotels now operate prestigious luxury properties in eleven major cities. These include the flagship in Hong Kong, plus Shanghai, Beijing, Tokyo, New York, Chicago, Beverly Hills, Paris, Istanbul, Bangkok and Manila [REDACTED]

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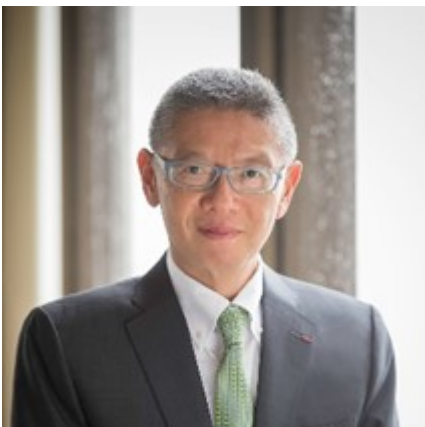
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Biography

Clement Kwok – CEO, HSH



Mr Kwok has over two decades of hospitality and real estate experience as the Managing Director and Chief Executive Officer of the company, as well as board and committee experience for other listed entities. Mr Kwok's prior experience was in accounting, investment banking, and corporate and financial management. After qualifying as a Chartered Accountant with Price Waterhouse London in 1983, he had over 10 years of investment banking experience with Barclays de Zoete Wedd in London and Schroders Asia in Hong

	<p>Kong, where he was appointed as Head of Corporate Finance in 1991. Mr Kwok then served as Finance Director of the MTR Corporation from 1996 to 2002.</p> <p>Graduated with a degree of BSc in Economics from London School of Economics, Mr Kwok's knowledge of international markets, accounting, corporate risk management and compliance is enhanced by his experience serving on prominent regulatory bodies such as the Hong Kong Stock Exchange Listing Committee, the Hong Kong Takeovers and Mergers Panel and the Interpretations Committee of the International Accounting Standards Board. He was previously an Independent Non-Executive Director of Swire Pacific Limited and Orient Overseas (International) Limited.</p>
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BACKGROUND BRIEFS

Access to Finance

- The UK has established financial systems and a range of targeted options (including grants, incentives, and loans) to enable all businesses to raise finance.
- The UK offers a range of investment schemes designed to provide companies with access to equity finance by encouraging investment in SMEs. They do this by offering tax reliefs to individual investors who buy new shares in a company. This includes:
 - **Enterprise Investment Scheme (EIS):** is designed so that a company can raise money to help grow their business by offering tax reliefs to individual investors who buy new shares in a company.
 - **Seed Enterprise Investment Scheme (SEIS):** is designed to help very early-stage companies raise money by offering 50% income tax relief on their investment to individual investors into newly issued equity. From April 2023, companies will be able to raise up to £250,000 of SEIS investment, a two-thirds increase. To enable more companies to use SEIS, the gross asset limit will be increased to £350,000 and the age limit from 2 to 3 years. To support these increases, the annual investor limit will be doubled to £200,000. These changes will help over 2,000 companies a year that use the scheme to grow.

Tax

S 40

- **Corporation Tax:** The UK's current main corporation tax rate of 25% is the lowest in the G7 and competitive relative to international peers. This applies to taxable profits of more than £250,000. Companies with less than £50,000 of taxable profits will continue to pay at 19%.
- **First Year Allowance:** The government is now introducing full expensing, a 100% First Year Allowance, from 1 April 2023 until 31 March 2026. It means companies across the UK will be able to write off the full cost of qualifying main rate plant and machinery investment in the year of investment. Companies investing in special rate (including long life) assets will also benefit from a 50% first-year allowance during this period.
- **Sovereign Immunity from Direct Taxation:** The government has decided that there will be no change to the current exemption.
- **Research & Development Tax Reliefs:**
 - Additional tax relief for R&D intensive SMEs – From 1 April 2023, the government will introduce an increased rate of relief for loss-making R&D intensive Small and Medium size Enterprises (SMEs). Eligible companies will receive £27 from HMRC for every £100 of R&D investment. Namely, companies for which qualifying R&D expenditure constitutes at least 40% of

total expenditure will be able to claim a higher payable credit rate of 14.5% for qualifying R&D expenditure.

- Delay to restrictions on overseas expenditure in R&D tax reliefs – The previously announced restriction on some overseas expenditure will now come into effect from 1 April 2024 instead of 1 April 2023.
- Update on ongoing R&D tax relief review - The government closed its consultation on merging the R&D Expenditure Credit (RDEC) and SME schemes. They are currently considering the responses. The intention is to keep open the option of implementing a merged scheme from April 2024.

Innovation and Research

S 40

- As set out in the 2023 Spring Budget, the government will turn its vision for UK enterprise into a reality by supporting growth in the sectors of the future. There are opportunities to accelerate the progress of the technologies that will define this century by encouraging investment and smarter regulation. This will support the government's aim to capture a share of growing global markets in:
 - green industries
 - digital technologies
 - life sciences
 - creative industries
 - advanced manufacturing.
- The Department for Science, Innovation and Technology will focus on positioning the UK at the forefront of global scientific and technological advancement. It brings together the five technologies of tomorrow under one department for the first time: Quantum, AI, Engineering Biology, Semiconductors and Future Telecoms, together with life sciences, space and green technologies.
- The Innovation Strategy, published in July 2021, set out the government's vision to make the UK a global hub for innovation by 2035, placing innovation at the centre of everything we do. It aims to boost private sector investment across the whole of the UK, creating the right conditions for all businesses to innovate and giving them the confidence to do so.
- The government has recommitted to increasing public expenditure on R&D to £20bn per annum by 2024/2025. This represents the largest ever increase in public R&D allocation over a Spending Review (SR) period.

Domestic Talent (Skills)

S 40

- The government continues to build a skills system that is employer focused, high quality, and fit for the future – so skills training is aligned to the needs of employers to enable communities to thrive.

Returnerships

- The 2023 Spring Budget introduced [Returnerships](#); a new offer which brings together three programmes to help get older workers back to work. These include Apprenticeships, Skills Bootcamps and Sector-Based Work Academy Programmes (SWAPs). 'Returnerships' will raise awareness of these pathways, providing a clear route back into work and encouraging employers to hire older workers.

Apprenticeships in England

- There are now over 660 high-quality apprenticeship standards designed by employers, and the government is increasing funding for apprenticeships to £2.7bn by 2024-25.
- The Department for Education (DfE) has created flexible training models, like [flexi-job](#) and [accelerated apprenticeships](#), to make apprenticeships more accessible for sectors with short-term employment models. In addition, the DfE is supporting employers to make greater use of their levy funds and has improved the [transfer system](#) to make it easier to find employers who wish to take on apprentices with transferred funds.

T Levels

- There are now 16 T Levels available, with 164 providers delivering T Levels across all regions of the country. In March 2023 the DfE published the 2022/23 [T Level Action Plan](#) which gives details of the rollout. To help employers with the potential additional costs of organising and delivering industry placements, the government has set up a new £12m [T Level Employer Support Fund](#).

Local Skills Improvement Plans (LSIPs)

- DfE has made excellent progress on the national rollout of LSIPs, with **employer representative bodies (ERBs)** designated to lead the development of LSIPs in all 38 areas of England. The [Local Skills Improvement Fund \(LSIF\)](#) will support providers to make the changes identified in the LSIPs. Following approval and publication of the LSIPs in summer 2023, the Plans will be reviewed regularly to ensure they remain up to date and relevant.

International Talent (Migration)

S 40

- Since its launch in January 2021, the [Points Based immigration system](#) has supported businesses by giving them access to talent from around the world. 96% of all work-related visa applications were granted in year ending June 2022.
- Our immigration system is adapting to meet the needs of a changing labour market. For example, the [Skilled Worker Visa](#) has expanded to include occupations such as electrical engineers, chefs and butchers. There is a [range](#) of different visas available for whatever stage a business or individual is at, and all are open to EU citizens on the same basis as non-EU citizens. New routes launched recently include:

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- The updated [Innovator Founder](#) visa, for people that want to set up and run an innovative business in the UK.
- The sponsored Global Business Mobility routes, which will enable workers to undertake assignments connected to a business's [expansion to the UK](#).
- New provision for [Secondment Workers](#), which is a world-first in enabling collaboration between UK and international businesses.
- The [Scale-Up](#) visa, a bespoke visa offer for high growth businesses needing talent to expand.
- The [High Potential Individual](#) visa, an elite points-based route to attract the brightest and best graduates to the UK for at least 2 years.
- The Electronic Travel Authorisation (ETA) scheme is part of the transformation and digitisation the UK border. The scheme will require visitors who do not need a visa for short stays or who do not have any other UK immigration status prior to travelling to apply for permission to travel. It will launch for Qatari visitors from October 2023, followed by visitors from Saudi Arabia, Oman, Bahrain, Kuwait, the United Arab Emirates and Jordan from February 2024, with further worldwide expansion throughout 2024.

Immigration and Trade

- The UK's existing arrangements for facilitating the inward movement of personnel employed by overseas businesses, whether for temporary business visits or longer-term intra-company transfers, are competitive internationally.
- The UK fully respects its international commitments and remains strongly committed to free trade. The UK is an open economy actively looking to agree new trade deals.
- The temporary movement of highly skilled business professionals accounted for 10% of UK service exports (£32.1bn) and 10% of UK imports (£19.2bn) in 2021.¹
- It is a top ask for businesses in the UK's FTAs and is important for regulated services, such as professional and financial services as well as unregulated sectors.
- In its FTAs, the UK has made commitments to facilitate temporary entry of highly skilled professionals or service suppliers through specific immigration arrangements. This enables the temporary movement of key personnel to facilitate trade in services.
- The 2023 Spring Budget made several announcements related to migration:
 - Alongside investments to support people into work, the government will ensure that the UK labour market has access to skills and talent from abroad where needed, to help businesses tackle immediate labour shortages and ease business visits to the UK.
 - To help ease immediate labour supply pressures, the government commissioned the Migration Advisory Committee (MAC) to undertake a rapid Shortage Occupation List (SOL) assessment for the construction and hospitality sectors, ahead of its full review of the SOL concluding later in 2023. The government has accepted the MAC's interim recommendations, to initially add five construction occupations to the SOL, which will take effect

¹ Source: ONS <https://www.ons.gov.uk/releases/importsofservicesbycountrybymodesofsupplyuk2021>

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before summer recess. The government will also review the SOL more regularly, based on recommendations from the MAC, so that the legal migration system is quicker and more responsive to the needs of businesses and the economy.

- To make it easier and more attractive to do business in the UK, the government will simplify business visitor rules. This includes expanding the range of short-term business activities that can be carried out for periods of up to 6 months and reviewing permitted paid engagements. These changes will be implemented from autumn 2023. In addition, the government will consider further enhanced provisions linked to negotiations with trade partners, including a wider range of activities.

UK EXPORT FINANCE BRIEF

S 43

[REDACTED]

- The full range of UKEF facilities are available to support UK exports to and investments in Hong Kong.

S 43

[REDACTED]

- The UK welcomes inward investment by Hong Kong companies and UK-based Hong Kong companies selling goods and services of UK origin are eligible for UKEF support.
- UKEF is able to provide guarantees for Hong Kong Dollar financing in any sector. This means that Hong Kong buyers buying from the UK can finance purchases in their own currency.
- Jiang Wu, based in Beijing, is UKEF's international export finance executive (IEFE) for Hong Kong, who is focused on securing and helping overseas opportunities for UK exporters through facilitating the provision of finance and UKEF support.
- UKEF's premium rates are competitive with other OECD Export Credit Agencies (ECAs).
- All OECD ECAs must observe minimum premium rates for medium/long-term export credit support. Hong Kong is classified as **CAT 2** out of 7 (0 being the lowest risk and 7 the highest)

S 43

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UK Export Finance
April 2023

S 43

POLITICAL BRIEF

- The UK has deep and longstanding ties with Hong Kong. We want Hong Kong to succeed and thrive. The most effective way to protect Hong Kong's way of life and the best path to long-term prosperity is through respect for fundamental rights and freedoms, access to justice, and genuine political participation by the full breadth of Hong Kong's society.
- China's imposition of the National Security Law on Hong Kong has seen opposition stifled and dissent criminalised. Alternative voices in Hong Kong's executive, legislature, civil society and media have been all but extinguished. Changes to electoral rules have further eroded the ability of Hong Kongers to be legitimately represented at all levels of government.
- The UK is clear that China remains in an ongoing state of non-compliance with the Sino-British Joint Declaration. China must uphold the commitments made under this legally binding, UN registered, international agreement. The world is watching how China behaves on the international stage.
- The UK will continue to stand up for the rights of the people of Hong Kong, as we have demonstrated by introducing the bespoke immigration route for British National (Overseas) (BN(O)) status holders and their eligible family members.
- We will continue to act as a convening power, bringing our international partners together to stand up for the people of Hong Kong, call out violations of their rights and freedoms and hold China to its international obligations. We, along with partners, have urged the Chief Executive, John Lee, to respect protected rights and freedoms in Hong Kong.

S 43

S 43

- National Security Law: Following widespread political unrest in 2019-20, Beijing imposed the National Security Law (NSL) on Hong Kong (HK) in June 2020.
- UK policy responses: The UK took three major policy steps following the imposition of the NSL. In July 2020, we suspended our extradition treaty with HK indefinitely and extended the arms embargo on China to cover HK. On 31 January 2021, we launched a bespoke immigration route for BN(O)s and their dependents.

S 43

S 43

[REDACTED]

S 43

- UK judges in Hong Kong: UK Supreme Court and retired judges sat on HK's Court of Final Appeal (CFA) on a rotating basis until March 2022, along with some of their counterparts from other common law jurisdictions. The UK Supreme Court took the decision that it was no longer tenable for sitting UK judges to remain on the CFA, [REDACTED]

[REDACTED]

- [REDACTED]

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S 43

[REDACTED]

S 43

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- [REDACTED]

[REDACTED] 31 December 2022, there were 160,700 applications and 153,708 visas granted.

- **Approx 10,260/2,600 people have been arrested/charged in relation to 2019 protests.** Around 7,000 remain on bail awaiting charge/trial.
- **249 people have been arrested under the NSL**, with 149 charged with endangering national security so far (this includes wider crimes such as sedition). 5 companies have been charged.

S 43

[REDACTED]

Joint Declaration and Basic Law

- The Sino-British Joint Declaration is a legally binding international treaty between the UK and China, which set out the terms of the 1997 handover of Hong Kong. Under this, China committed to uphold HK's high degree of autonomy and protect the rights and freedoms of its people for at least 50 years. [REDACTED]

S 27

[REDACTED] Many of the provisions of the JD, which collectively are referred to as the 'One Country, Two Systems' framework, were also reflected in the HK Basic Law - a Chinese law. 'One Country, Two Systems' is a Chinese concept, formulated in the 1980s under Deng Xiaoping for the post-handover future of Hong Kong and Macau.

S 27

- [REDACTED] Reflecting our commitment to the JD's implementation, the FCDO submits Six-monthly Reports to Parliament, including a foreword by the Foreign Secretary. The next one is due for publication imminently.

S 27

National Security Law (NSL)

- The imposition of the NSL was a breach of the Sino-British Joint Declaration (JD) because it undermined Hong Kong's autonomy and threatened the rights and freedoms of its people. This, and other continuing action by the Chinese authorities, led the then Foreign Secretary, Dominic Raab, to announce in March 2021 that China is in a state of ongoing non-compliance with the JD.

S 27

- The NSL includes offences of succession, subversion, organisation and perpetration of terrorist activists, and foreign collusion, all of which carry a maximum penalty of life imprisonment. [REDACTED]

[REDACTED]

- The HK authorities have arrested and charged a small number of UK/Chinese dual-nationals under the NSL, including Jimmy Lai including Jimmy Lai. HK and mainland China do not recognise dual-nationality, so we are unable to secure consular access to them. Our officials in HK attend trials, follow cases closely, and have raised concerns about individuals privately with the authorities. [REDACTED]

[REDACTED]

S 27

[REDACTED]

- [REDACTED]
- [REDACTED]

British Nationals (Overseas)

- BN(O) status is a form of British nationality created for people from HK so they could retain their ties to Britain after handover in 1997. The BN(O) visa enables BN(O)s and their families to come to the UK on a pathway to citizenship. With FCDO support, the Home Office lead on implementation of the route and DLUHC on the BN(O) 'Welcome Programme', backed by £43m to support community integration.

TRADE POLICY BRIEF

The UK has deep and longstanding ties with Hong Kong. We want Hong Kong to succeed and thrive. The most effective way to protect Hong Kong's way of life and the best path to long-term prosperity is through respect for fundamental rights and freedoms, access to justice, and genuine political participation by the full breadth of Hong Kong's society.

S 27

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

The last DBT (ex-DIT) senior ministerial trade engagement took place in 2018, when former DIT SoS Liam Fox met with his then counterpart Commerce and Economic Development Secretary Edward Yau. Both sides published a high-level joint statement on closer collaboration on trade and economic matters. However, since the anti-extradition protests and passage of the National Security Law, there has been limited official-led capital-to-capital dialogue on trade.

S 27

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As a customs territory, Hong Kong is responsible for its own bilateral and multilateral economic and trade relations. Hong Kong has historically been a strong advocate for free trade and open markets in fora including the WTO, where it has taken part separately from mainland China. In other multilateral fora, such as the G20, Hong Kong participates as part of the Chinese delegation. Hong Kong is currently seeking accession to the

Regional Comprehensive Economic Partnership, which would further boost economic integration in the region.

There is an active WTO dispute between Hong Kong and the [DS597](#): United States — Origin Marking Requirement. Hong Kong challenges several US measures through which goods produced in “Hong Kong” must be marked to indicate that their origin is “China” for the purposes of the US's origin marking requirement. Hong Kong alleges that the measures are inconsistent with the United States' obligations under multiple provisions of the GATT 1994, the Agreement on Rules of Origin, and the Agreement on Technical Barriers to Trade. The UK has not reserved third party rights and has not intervened.

British companies continue to choose Hong Kong for a variety of reasons. These include:

- the absence of capital controls
- a currency pegged to the US dollar
- a Common Law legal system based on English law which provides effective dispute resolution systems in commercial cases to international standards
- the ease of setting up a business
- a free port with no tariffs for goods on entry
- a low-tax regime
- access to finance as a global financial centre
- strong connectivity to mainland China and to the rest of the Asia Pacific region
- access to investment opportunities in the Greater Bay Area

Trade and Investment Statistics

Total trade in goods and services (exports plus imports) between the UK and Hong Kong SAR was £28.5 billion in the four quarters to the end of Q4 2022, an increase of 15.0% or £3.7 billion in current prices from the four quarters to the end of Q4 2021. Of this £28.5 billion:

Total UK exports to Hong Kong SAR amounted to £18.2 billion in the four quarters to the end of Q4 2022 (an increase of 40.4% or £5.2 billion in current prices, compared to the four quarters to the end of Q4 2021);

Total UK imports from Hong Kong SAR amounted to £10.2 billion in the four quarters to the end of Q4 2022 (a decrease of 13.0% or £1.5 billion in current prices, compared to the four quarters to the end of Q4 2021).

Hong Kong SAR was the UK's 13th largest trading partner in the four quarters to the end of Q4 2022 accounting for 1.7% of total UK trade.¹

In 2021, the **outward stock of foreign direct investment (FDI) from the UK in Hong Kong SAR was £77.6 billion** accounting for 4.4% of the total UK outward FDI stock.

In 2021, the **inward stock of foreign direct investment (FDI) in the UK from Hong Kong SAR was £16.3 billion** accounting for 0.8% of the total UK inward FDI stock. (DBT Trade and Investment Factsheet, 3 May 2023).

The top 5 goods exported from the UK to Hong Kong SAR in the four quarters to the end of Q4 2022 were:

- 9 - Unspecified goods (£5.6 billion or 44.0% of all UK goods exported to Hong Kong SAR)
- 71MI - Mechanical power generators (intermediate) (£2.2 billion or 17.2%)
- 68 - Non-ferrous metals (£886.8 million or 7.0%)
- 77I - Miscellaneous electrical goods (intermediate) (£340.9 million or 2.7%)
- 897C - Jewellery (£290.2 million or 2.3%)

The top 5 goods imported to the UK from Hong Kong SAR in the four quarters to the end of Q4 2022 were:

- 76K - Telecoms & sound equipment (capital) (£1.1 billion or 18.0% of all UK goods imported from Hong Kong SAR)
- 77I - Miscellaneous electrical goods (intermediate) (£815.8 million or 13.3%)
- 75K - Office machinery (capital) (£691.9 million or 11.3%)
- 89OC - Other manufactures (consumer) (£449.8 million or 7.3%)
- 84 - Clothing (£299.3 million or 4.9%)

The top 5 service types exported from the UK to Hong Kong SAR in the four quarters to the end of Q4 2022 were:

- Financial (£2.1 billion or 36.8% of all UK services exported to Hong Kong SAR)
- Other Business Services (£1.6 billion or 28.6%)
- Travel (£693 million or 12.4%)
- Transportation (£558 million or 10.0%)
- Telecommunications, computer and information services (£387 million or 6.9%)

The top 5 service types imported to the UK from Hong Kong SAR in the four quarters to the end of Q4 2022 were:

- Other Business Services (£2.4 billion or 59.5% of all UK services imported from Hong Kong SAR)
- Financial (£991 million or 24.3%)
- Transportation (£276 million or 6.8%)
- Travel (£173 million or 4.2%)
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DIT TRADE AND INVESTMENT FACTSHEET

Total trade in goods and services (exports plus imports) between the UK and Hong Kong SAR was **£28.5 billion** in the four quarters to the end of Q4 2022, an increase of 15.0% or £3.7 billion in current prices from the four quarters to the end of Q4 2021. Of this £28.5 billion:

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Summary trade and investment statistics for Hong Kong SAR

UK trade with Hong Kong SAR, in current prices (based on the latest four quarters):

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Total trade	£28.5 billion	an increase of 15.0% or £3.7 billion
Ranking out of all the UK's trading partners	13th	
Total UK exports	£18.2 billion	an increase of 40.4% or £5.2 billion
Ranking out of all the UK's export partners	9th	
UK exports in goods (percentage of total UK exports that were goods)	£12.6 billion (69.4%)	an increase of 72.1% or £5.3 billion
UK exports in services (percentage of total UK exports that were services)	£5.6 billion (30.6%)	a decrease of 1.0% or £54 million
Total UK imports	£10.2 billion	a decrease of 13.0% or £1.5 billion
Ranking out of all the UK's import partners	18th	
UK imports in goods (percentage of total UK imports that were goods)	£6.1 billion (60.1%)	a decrease of 18.0% or £1.4 billion
UK imports in services (percentage of total UK imports that were services)	£4.1 billion (39.9%)	a decrease of 4.1% or £176 million

UK market share in Hong Kong SAR⁴:

UK market share for total trade	Value in 2021	Change from 2020
Total UK market share	2.4%	a decrease of 0.3 percentage points
UK market share for goods only	1.5%	a decrease of 0.4 percentage points
UK market share for services only	12.6%	an increase of 1.1 percentage points

UK Foreign Direct Investment (FDI) with Hong Kong SAR⁵:

UK FDI	Value in 2021	Change from 2020
Total UK outward FDI	£77.6 billion	an increase of 0.2% or £142 million
Total UK inward FDI	£16.3 billion	a decrease of 37.2% or £9.7 billion

Economic statistics and projections using gross domestic product (GDP) for Hong Kong SAR⁶:

Economic statistics	2020	2021	2022	2023
Economic growth, using GDP in real terms, compared to the previous year	-6.5%	6.4%	-3.5%	3.5%
GDP per capita in \$USD (in thousands)	46.4	49.8	49.2	52.4

Hong Kong SAR was the 41st largest economy in 2021, in terms of gross domestic product (GDP).

Trade with Hong Kong SAR, in current prices (ONS)

UK exports - Goods and services that were produced or sourced in the UK, which were sold to Hong Kong SAR.

UK imports - Goods and services that were sold to the UK, which were produced or sourced by Hong Kong SAR.

Total or 'bilateral' trade - The value of total trade between the UK and Hong Kong SAR (exports plus imports).

Trade balance - The difference between exports and imports, calculated by UK exports minus UK imports.

Trade surplus - This occurs when the value of UK exports to Hong Kong SAR is greater than the value of UK imports from Hong Kong SAR.

Trade deficit - This occurs when the value of UK exports to Hong Kong SAR is less than the value of UK imports from Hong Kong SAR.

Headline trade statistics include trade in non-monetary gold (reported within the unspecified goods category), which can significantly affect trends for some partners. Please see the factsheet quality and methodology report for more information. These statistics are given on a balance of payments (change of ownership) basis.

***Note:** The latest data include trade between January 2021 and December 2022. Trade has been affected by the COVID-19 pandemic and the associated lockdown measures globally. Consequently, data quality has been affected and may be subject to larger revisions than normal. All figures are reported in current prices (not adjusted for inflation), unless otherwise stated. We recognise that some of the recent increases in UK trade values will be partly due to price increases.*

Total trade in goods and services (exports plus imports) between the UK and Hong Kong SAR was £28.5 billion in the four quarters to the end of Q4 2022, an increase of 15.0% or £3.7 billion in current prices from the four quarters to the end of Q4 2021. In the four quarters to the end of Q4 2022, **total UK exports** to Hong Kong SAR amounted to £18.2 billion (an increase of 40.4% or £5.2 billion in current prices, compared to the four quarters to the end of Q4 2021).

Of all UK exports to Hong Kong SAR in the four quarters to the end of Q4 2022, £12.6 billion (69.4%) were **goods** and £5.6 billion (30.6%) were **services**. In the four quarters to the end of Q4 2022, UK **exports of goods** to Hong Kong SAR increased by 72.1% or £5.3 billion in current prices, compared to the four quarters to the end of Q4 2021 while UK **exports of services** to Hong Kong SAR decreased by 1.0% or £54 million in current prices, compared to the four quarters to the end of Q4 2021.

In the four quarters to the end of Q4 2022, **total UK imports** from Hong Kong SAR were £10.2 billion (a decrease of 13.0% or £1.5 billion in current prices, compared to the four quarters to the end of Q4 2021).

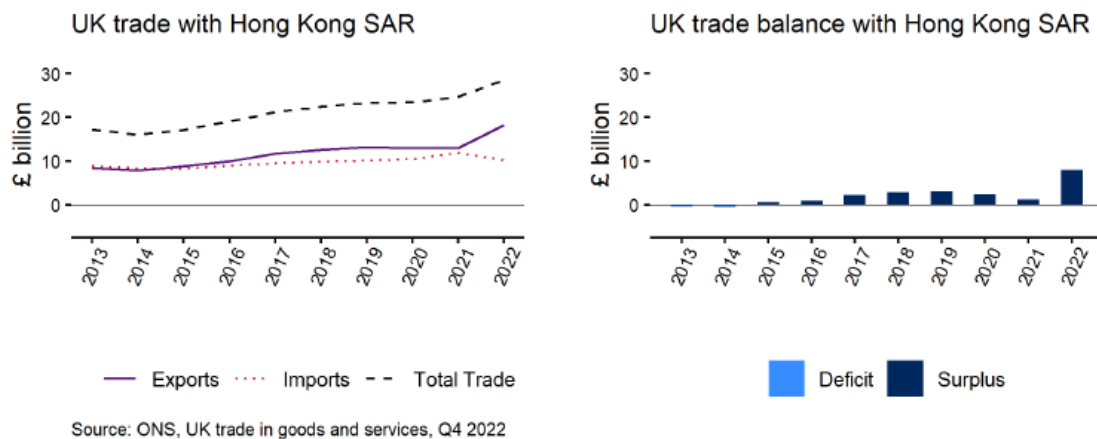
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Of all UK imports from Hong Kong SAR in the four quarters to the end of Q4 2022, £6.1 billion (60.1%) were **goods** and £4.1 billion (39.9%) were **services**. In the same period, UK **imports of goods** from Hong Kong SAR decreased by 18.0% or £1.4 billion in current prices, compared to the four quarters to the end of Q4 2021 while UK **imports of services** from Hong Kong SAR decreased by 4.1% or £176 million in current prices, compared to the four quarters to the end of Q4 2021.

This means the UK reported a **total trade surplus** of £8.0 billion with Hong Kong SAR, compared to a trade surplus of £1.2 billion in the four quarters to the end of Q4 2021. In the four quarters to the end of Q4 2022, the UK had a **trade in goods surplus** of £6.5 billion with Hong Kong SAR, compared to a trade in goods deficit of £150 million in the four quarters to the end of Q4 2021. Meanwhile, in the four quarters to the end of Q4 2022 the UK reported a **trade in services surplus** of £1.5 billion with Hong Kong SAR, compared to a trade in services surplus of £1.4 billion in the four quarters to the end of Q4 2021.

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The charts below present a time series for trade between the UK and Hong Kong SAR for each year between 2013 and 2022:



The data that are presented in the charts above are given in the table below in £ billion:

Year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Value of total trade	17.2	16.1	17.0	19.0	21.2	22.4	23.3	23.4	24.7	28.5
Value of exports	8.4	7.8	8.8	10.0	11.7	12.6	13.2	12.9	13.0	18.2
Value of imports	8.8	8.3	8.2	9.0	9.5	9.8	10.1	10.5	11.8	10.2
Trade balance	-0.4	-0.5	+0.6	+1.0	+2.2	+2.8	+3.1	+2.4	+1.2	+8.0

In the four quarters to the end of Q4 2022, Hong Kong SAR was the UK's:10

- **13th largest trading partner** (accounting for 1.7% of total UK trade). – 14th largest **goods** trading partner (1.8% of UK goods trade).
- 16th largest **services** trading partner (1.5% of UK services trade).

- **9th largest export market** (accounting for 2.2% of total UK exports). – 9th largest **goods** export market (3.1% of UK goods exports).
- 20th largest **services** export market (1.4% of UK services exports).

- **18th largest import market** (accounting for 1.1% of total UK imports). – 20th largest **goods** import market (1.0% of UK goods imports).
- 17th largest **services** import market (1.6% of UK services imports).

More timely data, for trade in goods only¹¹, show that UK exports of goods to Hong Kong SAR increased by 97.0% the 12 months to February 2023 in current prices, compared to the same period the previous year. UK imports of goods from Hong Kong SAR decreased by 21.8%, in current prices, over the same period.

Note: As these data are presented for the 12 months ending February 2023, the UK and its trading partners have been affected by lockdown and other measures during the COVID-19 pandemic. Data quality has also been affected and may be subject to larger revisions than usual. Please note, these data are in current prices.

Trade in goods by commodity, in current prices (ONS)

Please note, these data are presented on a non-seasonally adjusted basis and are not directly comparable to seasonally adjusted data, including the headline trade statistics presented before.

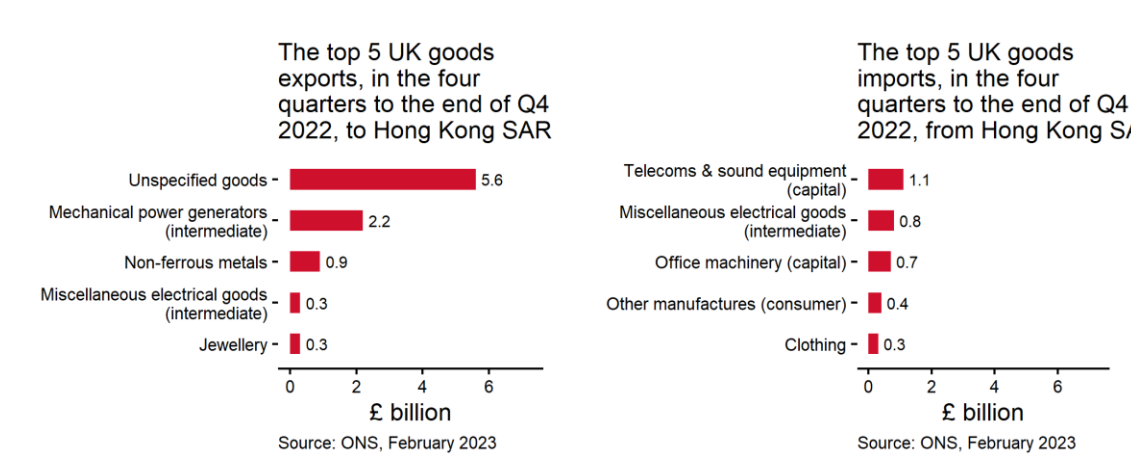
The **top 5 goods exported from the UK to Hong Kong SAR** in the four quarters to the end of Q4 2022 were:

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- 84 - Clothing (£299.3 million or 4.9%)

The chart below shows the top 5 products exported from the UK to Hong Kong SAR and the top 5 products imported to the UK from Hong Kong SAR, by value, in the four quarters to the end of Q4 2022. All data shown in the chart are provided in the text above.



Trade in services by service type, in current prices (ONS)

Please note, these data are presented on a non-seasonally adjusted basis and are not directly comparable to seasonally adjusted data, including the headline trade statistics presented before.

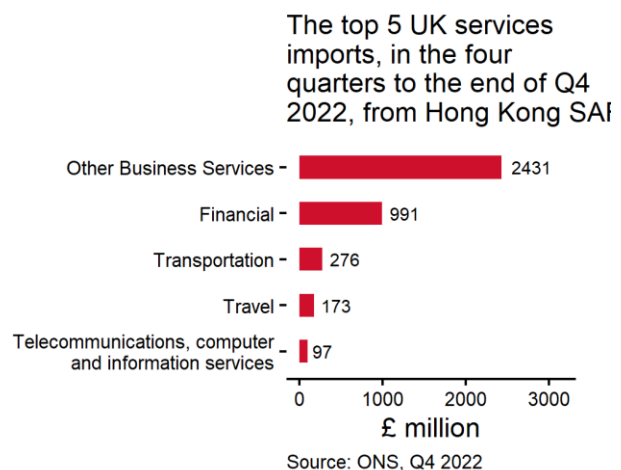
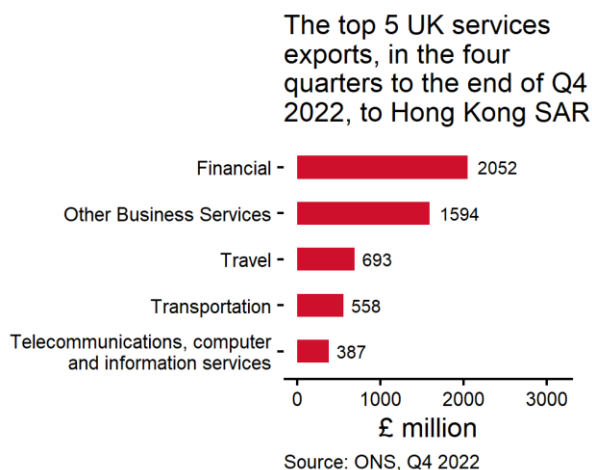
The **top 5 service types exported from the UK to Hong Kong SAR** in the four quarters to the end of Q4 2022 were:

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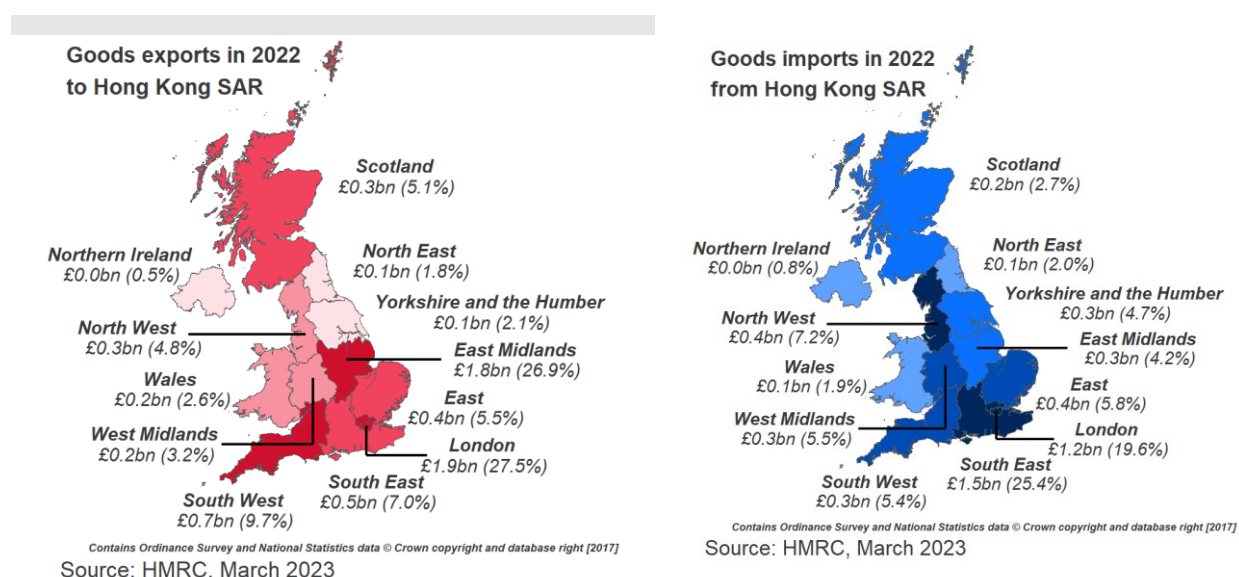


Trade in goods by UK countries and English regions, in current prices (HMRC)

UK regions - The UK is categorised into 12 regions based on the International Territorial level 1 (ITL1). This level includes 9 regions in England, as well as Wales, Scotland and Northern Ireland.

Regional trade data - The data are compiled by merging HM Revenues & Customs (HMRC) trade data with employment data from the Interdepartmental Business Register (IDBR) so a business' trade can be allocated to a UK region based on the proportion of its employees employed in that region. Where a trader is not matched with the IDBR, its trade is matched with ONS postcode data to obtain the UK region in which the Head Office of the VAT-registered business is based.

The maps below show the value of UK goods exports and imports between each UK region and Hong Kong SAR in 2022. The maps are shaded with the 3 UK regions with the highest amount of trade as the darkest colour, and the 3 UK regions with the lowest amount of trade as the lightest colour.



The data that are presented in the maps above for 2022 in £ billion are also given in the table below:

UK country or English region	North East	North West	Yorkshire and the Humber	East Midlands	West Midlands	East	London	South East	South West	Wales	Scotland	Northern Ireland
Value of goods exports to Hong Kong SAR	0.1	0.3	0.1	1.8	0.2	0.4	1.9	0.5	0.7	0.2	0.3	0.0
Percentage of total goods exports to Hong Kong SAR	1.8%	4.8%	2.1%	26.9%	3.2%	5.5%	27.5%	7.0%	9.7%	2.6%	5.1%	0.5%
Value of goods imports from Hong Kong SAR	0.1	0.4	0.3	0.3	0.3	0.4	1.2	1.5	0.3	0.1	0.2	0.0
Percentage of total goods imports from Hong Kong SAR	2.0%	7.2%	4.7%	4.2%	5.5%	5.8%	19.6%	25.4%	5.4%	1.9%	2.7%	0.8%

Note that these figures from HMRC are reported on a physical movement basis and are **not directly comparable** to trade data from ONS which are reported on a change of ownership basis. **Percentages will not total 100%** as data not allocated to a single UK country or English region are not presented.

UK Market Share (ONS and UNCTAD)

UK market share – Imports from the UK as a percentage of all the goods and services imported by Hong Kong SAR. Market share is provided for total imports from the UK, as well as for goods and services separately.

Market share methodology – These UK market share statistics are derived by the Department for Business and Trade, using publicly available data from the Office of National Statistics (ONS) and the United Nations Conference on Trade and Development (UNCTAD). These new statistics allows users to estimate the importance of UK trade on imports to each trading partner. Market share is calculated as the value of imports from the UK using data from [ONS](#), divided by the value of total imports using data from [UNCTAD](#). Data from UNCTAD are converted from US dollars into pounds sterling by using the annual average spot exchange rate²¹.

The UK's market share for Hong Kong SAR in 2021 was as follows:

- **The total UK market share in Hong Kong SAR was 2.4% in 2021 for goods and services.** This is a decrease of 0.3 percentage points from 2020.
- The UK market share in Hong Kong SAR was 1.5% in 2021 for **goods only**. This is a decrease of 0.4 percentage points from 2020.
- The UK market share in Hong Kong SAR was 12.6% in 2021 for **services only**. This is an increase of 1.1 percentage points from 2020.

Number of VAT-registered businesses trading goods (HMRC)

VAT-registered businesses - Any company with a VAT taxable turnover of more than £85,000 must be registered for VAT with HM Revenue & Customs (HMRC). These estimates do not cover unregistered businesses (those businesses who are not registered for VAT and do not have an Economic Operator Registration and Identification (EORI) number), or those businesses that trade in services.

Businesses trading with Hong Kong SAR in 2021:

- In 2021, around 11,100 UK VAT-registered businesses exported goods to Hong Kong SAR.
- In 2021, around 24,000 UK VAT-registered businesses imported goods from Hong Kong SAR.

Businesses trading with the world in 2021:

- In 2021, around 126,900 UK VAT-registered businesses exported goods to the world.

- There is no data available for world imports due to methodological changes.

Trade in Value Added (OECD)

Trade in Value Added (TiVA) - TiVA is a statistical approach to examine supply chains, which is not possible with conventional ('gross') trade statistics. This is because TiVA treats international trade flows as flows of value added rather than gross flows of final goods and services.

Domestic and foreign value added - In TiVA, gross exports are decomposed into domestic and foreign value added. Domestic value added measures the value added generated by the domestic economy in the production of its exports (e.g. the value added by UK car manufacturers and their UK supply chains in car exports). Foreign value added measures the value added contribution that foreign suppliers make to these exports (e.g. the import of foreign car parts).

TiVA statistics - Although TiVA offers advantages over traditional ways of measuring trade, these statistics are not fully developed. These results are estimates which should be considered complementary to conventional trade statistics and not be over-interpreted. In addition, the geographical detail is limited for developing countries. More information on TiVA can be found in a recent [research report](#) by the Department for Business and Trade and Cambridge Econometrics.

UK forward linkages for exports - Measures the reliance of foreign exporters on UK value added (inputs).

UK backward linkages for exports - Measures the reliance of UK exporters on foreign value added (inputs).

Employment supported by exports - This provides an estimate of the number of employees in exporting industries, and their domestic supply chains that are supported by exporting activity.

UK forward linkages for exports:

- **In 2018, 0.5% of the total value added in gross exports from Hong Kong SAR originated in the UK.**
- In 2018, 26.0% of the value added content in gross exports from Hong Kong SAR reflected foreign imports from abroad. The largest sources of foreign value added for gross exports from Hong Kong SAR were China (8.6%), United States (2.3%), and Japan (2.0%).

UK backward linkages for exports:

- **In 2018, 0.2% of the total value added in gross exports from the UK originated in Hong Kong SAR.**
- In 2018, 17.8% of the value added content in gross exports from the UK reflected foreign imports from abroad. The largest sources of foreign value added for gross

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exports from the UK were United States (2.7%), Germany (1.8%), and Norway (1.5%).

Employment supported by exports:

- Data for Hong Kong SAR on employment supported by exports in 2018 are not available.
- Exporting activity in the UK supported 6.8 million persons in 2018 (20.9% of total UK employment). Data regarding the number of UK jobs supported by export activity to Hong Kong SAR in 2018 are unavailable.

Foreign Direct Investment with Hong Kong SAR (ONS):

Foreign direct investment (FDI) - Investment made by a firm or individual in one economy ('direct investor') to acquire a 'lasting interest' in an enterprise operating in another economy. The lasting interest is deemed to exist if the direct investor acquires at least 10% of equity, or equivalently 10% of the voting rights, of the company.

FDI stock - The accumulated value of all previous investments at the end of a reference period. Figures are net, that is the value of investment minus disinvestment. **UK outward FDI stock** provides the total value of FDI by UK investors in economies abroad (investment of a UK parent company in Hong Kong SAR), while **UK inward FDI stock** provides the total value of FDI by non-UK investors in the UK (investment of a Hong Kong SAR parent company in the UK).

Data disclosure - It can happen that FDI is coming from only a few investors. In that case, figures are suppressed by the ONS to avoid disclosure of information relating to individual enterprises.

***Note:** The FDI data for 2020 have been affected by changes in sampling methodology. Improvements have been made to the population which has been sampled and the way that businesses are sampled from the population, capturing a wider range of businesses. This means data from 2020 and onward are more representative of UK FDI with overseas partners and are comparable.*

More information about the methodology changes can be found on the [ONS website](#).

UK outward FDI stock:

- In 2021, the **stock of FDI from the UK in Hong Kong SAR** was £77.6 billion, 0.2% or £142 million higher than in 2020. In 2021, Hong Kong SAR accounted for 4.4% of the total UK outward FDI stock.
- In 2021, the total UK FDI abroad was £1.8 trillion. In 2021, the **top destination for UK FDI** was United States, accounting for 26.1% of the total UK outward FDI stock, followed by Netherlands (8.8%) and Luxembourg (7.2%).

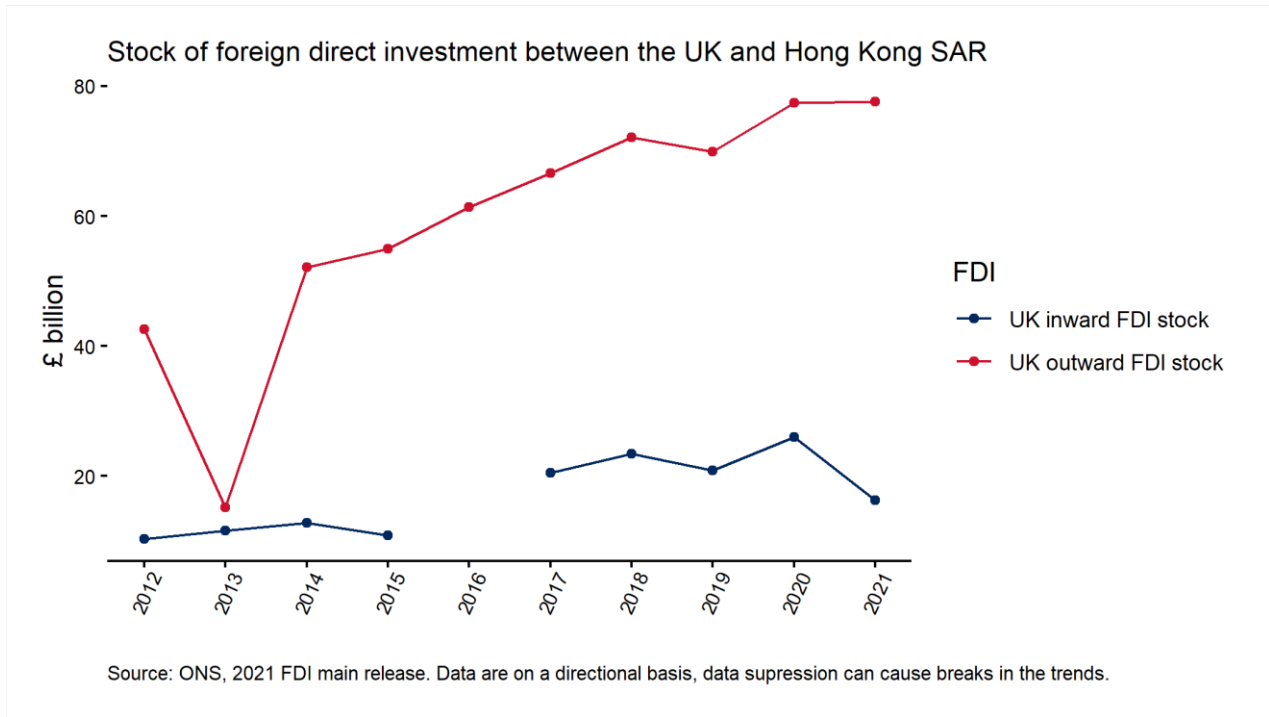
UK inward FDI stock:

- In 2021, the **stock of FDI from Hong Kong SAR in the UK** was £16.3 billion, 37.2% or £9.7 billion lower than in 2020. In 2021, Hong Kong SAR accounted for 0.8% of the total UK inward FDI stock.

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- In 2021, the total FDI in the UK in was £2.0 trillion. In 2021, the **top investor in the UK** was United States, accounting for 33.7% of the total UK inward FDI stock, followed by Netherlands (10.9%) and Jersey (9.6%).

The chart below shows FDI between the UK and Hong Kong SAR between 2012 and 2021:



The data that are presented in the charts above are given in the table below in £ billion:

Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
UK outward FDI stock	42.6	15.2	52.1	55.0	61.4	66.6	72.1	69.9	77.4	77.6
UK inward FDI stock	10.3	11.6	12.8	10.9	-	20.5	23.4	20.9	26.0	16.3

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**Economic statistics (as reported by Hong Kong SAR)
Trade and investment data for Hong Kong SAR (UNCTAD)**

The following data are reported by Hong Kong SAR and are for reference only. Whenever possible use data from UK sources for trade and investment. All data below are presented in \$USD in billions.

Year	2014	2015	2016	2017	2018	2019	2020	2021
TRADE								
Nominal exports	621.1	606.1	600.1	644.6	681.3	649.6	<i>608.1</i>	751.4
Nominal imports	620.5	598.7	592.7	641.1	682.0	644.4	<i>601.5</i>	733.5
Nominal trade balance	0.6	7.4	7.3	3.4	-0.8	5.2	<i>6.6</i>	17.8
INVESTMENT								
Inward FDI stock	1,496.1	1,591.6	1,626.0	1,943.9	1,963.3	1,867.7	<i>1,851.5</i>	2,022.2
Outward FDI stock	1,450.2	1,531.4	1,546.7	1,813.3	1,829.4	1,804.5	<i>1,920.7</i>	2,082.3

Economic data and projections for Hong Kong SAR (IMF)

The following table presents economic statistics for Hong Kong SAR. Projections include assumptions of the effects of COVID-19 and may be subject to change in the future. Estimated data, as well as projections up to 2028, are presented in italics and are subject to revision.

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Year	2020	2021	2022	2023	2024	2025	2026	2027	2028
TRADE GROWTH									
Change in exports (%)	-6.7	17.0	-12.6	-3.7	9.6	5.6	4.0	3.9	3.9
Change in imports (%)	-8.9	15.8	-12.2	-3.9	9.6	5.7	4.1	4.1	4.1
CURRENT ACCOUNT									
Current account balance (% of GDP)	7.0	11.8	10.7	8.0	6.5	6.0	5.5	5.0	4.5
GDP									
Change in real GDP (%)	-6.5	6.4	-3.5	3.5	3.1	2.9	2.8	2.7	2.7
GDP per capita (1,000 \$USD)	46.4	49.8	49.2	52.4	55.2	57.7	60.3	62.9	65.6
GDP PPP (Int'l \$billion)	441.6	491.1	507.1	544.7	574.2	602.3	630.5	659.1	689.3
INFLATION									
Inflation, year average (CPI %)	0.3	1.6	1.9	2.3	2.4	2.4	2.5	2.5	2.5
UNEMPLOYMENT									
Unemployment rate (% of total labour force)	5.8	5.2	4.2	3.4	3.3	3.3	3.2	3.1	3.0
POPULATION									
Population (million)	7.4	7.4	7.3	7.3	7.3	7.4	7.4	7.4	7.5
INVESTMENT-SAVINGS									
Total investment (% of GDP)	19.0	16.8	15.0	14.6	15.3	15.7	15.8	16.0	16.2
Gross national savings (% of GDP)	26.0	28.6	25.7	22.5	21.8	21.7	21.4	21.0	20.6
BUDGET DEFICIT-DEBT									
General government net lending/borrowing (% of GDP)	-9.2	0.0	-7.1	-3.9	-1.0	0.2	0.6	0.6	0.6
General government gross debt (% of GDP)	1.0	1.9	4.3	6.1	7.1	7.8	8.8	9.8	10.6

Hong Kong SAR was the 41st largest economy in 2021, in terms of gross domestic product (GDP). The UK was the 6th largest economy in 2021.³⁶

Top goods traded with the world by Hong Kong SAR, in current prices (UN Comtrade)

Data presented here shows the top commodities traded to the world, not solely the UK, by Hong Kong SAR. These commodities are presented on a different classification from the earlier data by commodity from the ONS and should not be directly compared.

You access more statistics about individual export and import **markets** for Hong Kong SAR by using the online UN Comtrade tool developed by the Department for Business and Trade.

Top goods exported to the world by Hong Kong SAR in 2021:

Rank	HS Commodity	\$USD billion	% of total goods exported
1	85 - Electrical machinery and equipment	395.0	58.9%
2	84 - Machinery and mechanical appliances	94.8	14.1%
3	71 - Precious stones and metals	71.7	10.7%
4	90 - Optical, photographic, cinematographic and medical equipment	20.1	3.0%
5	39 - Plastics and articles thereof	9.2	1.4%
6	91 - Clocks and watches and parts thereof	7.7	1.1%
7	33 - Essential oils and resinoids; perfumery	5.6	0.8%
8	95 - Toys, games and sports requisites	5.6	0.8%
9	61 - Articles of apparel and clothing, knitted	4.4	0.7%
10	62 - Articles of apparel and clothing, not knitted	3.8	0.6%
	All goods exported	670.9	100.0%

Top goods imported from the world by Hong Kong SAR in 2021:

Rank	HS Commodity	\$USD billion	% of total goods imported
1	85 - Electrical machinery and equipment	403.3	56.6%
2	84 - Machinery and mechanical appliances	82.6	11.6%
3	71 - Precious stones and metals	76.8	10.8%
4	90 - Optical, photographic, cinematographic and medical equipment	20.6	2.9%
5	27 - Mineral fuels or oils, products of their distillation	11.3	1.6%
6	33 - Essential oils and resinoids; perfumery	8.8	1.2%
7	91 - Clocks and watches and parts thereof	8.4	1.2%
8	39 - Plastics and articles thereof	8.2	1.2%
9	97 - Works of art, collectors' pieces and antiques	5.1	0.7%
10	08 - Edible fruit and nuts	4.8	0.7%
	All goods imported	713.2	100.0%

Top services traded with the world by Hong Kong SAR, in current prices (ITC Trade Map).

Data presented here shows the top service types traded to the world, not solely the UK, by Hong Kong SAR.

Top services exported to the world by Hong Kong SAR in 2021:

Rank	EBOPS Service Type	\$USD billion	% of total services exported
1	Transport	32.1	41.8%
2	Financial services	23.6	30.8%
3	Travel	1.8	2.3%
4	Insurance and pension services	1.2	1.6%
5	Maintenance and repair services n.i.e.	0.3	0.3%
	All services exported	76.8	100.0%

Top services imported from the world by Hong Kong SAR in 2021:

Rank	EBOPS Service Type	\$USD billion	% of total services imported
1	Transport	20.7	33.6%
2	Manufacturing services on physical inputs owned by others	12.0	19.5%
3	Financial services	7.4	12.0%
4	Travel	3.4	5.4%
5	Insurance and pension services	2.0	3.2%
	All services imported	61.7	100.0%

RUSSIA/ UKRAINE BRIEF

Top Lines

- In coordination with our allies, we have implemented the **most severe economic sanctions** ever imposed on any major economy. We will continue to maintain pressure on the Russian regime to secure peace.
- We have laid six legislative packages targeting Russian military capability and strategic industries. The total value of trade sanctions to date equates to **£20bn (96%) of UK-Russia goods trade in 2021**.
- The UK's total military, humanitarian and economic support pledged since 24 February 2022 now amounts to over £4bn.
- We have signed a pivotal **UK – Ukraine Digital Trade Agreement**, a sign of the importance of the digital economy to Ukraine's future recovery.
- The UK has now also confirmed its intention to **extend the removal of tariffs on all Ukrainian products** under our Free Trade Agreement until March 2024, to help Ukrainian businesses and producers when they need it most.
- The private sector has an important role in Ukraine's recovery. Our focus now is on mobilising UK businesses to support Ukraine's immediate energy needs, deliver infrastructure projects and build investor confidence through private finance. We are keen to work with other partner countries on these areas.
- The UK is a key partner for Ukraine in its reconstruction efforts. We will co-host the **Ukraine Recovery Conference** in London in June 2023, bringing together the international community, multilaterals, the private sector and civil society to support Ukraine's recovery and reconstruction.

Defensive lines and response to Xi going to Russia.

- The war could end tomorrow if Putin ceased all hostilities and withdrew all his forces from Ukraine, but Putin shows no signs of wanting peace.
- We believe in the principle “nothing about Ukraine without Ukraine”.
- Putin's war in Ukraine is a breach of international law, a violation of the UN Charter, and was condemned by an overwhelming majority of 141 member nations in the UNGA resolution on 23 February 2023 – a resolution we were disappointed China chose to abstain on.
- As a P5 member, we expect China to stand up for Ukraine's sovereignty and territorial integrity and uphold its commitment to the principles of UN Charter – principles that underpin Zelenskyy's peace plan.

The Integrated Review and Integrated Review Refresh:

- The 2021 Integrated Review identified that the world is becoming more contested and more volatile. Those trends have intensified in the last two years, with far-reaching consequences for the security and prosperity of the British people. From Russia's illegal invasion of Ukraine to China's aggression in the South China Sea and Taiwan Strait, the geopolitical context has become more strained.
- The Integrated Review Refresh (IR23) updates our assessment of the strategic context and sets out how the UK will meet that challenge head-on. Its main conclusion is that democracies like ours must go further to out-cooperate and out-compete states that are driving instability.
- The IR23 also identifies the epoch-defining and systemic challenge posed by China under the Chinese Communist Party (CCP), which has implications for almost every area of government policy and the everyday lives of British citizens.
- IR23 sets the direction across Government for a consistent, coherent, and robust approach to China, rooted in our national interest and values. That extends to our approach on Hong Kong. A positive trade and investment relationship is beneficial for both the United Kingdom and Hong Kong, where it is consistent with our values and national security.
- The 'engage' strand of the United Kingdom's policy towards China involves maintaining channels of communication with mainland China and Hong Kong to enable open and constructive relations in our mutual interest.

Foreign Secretary Speech – Trade and Engagement:

- The Foreign Secretary gave a speech on 25 April on the UK's China Strategy, the first time a SoS has publicly set out the UK's approach to China in several years. The Foreign Secretary outlined the UK's three pillared approach to China (Protect, Align and Engage).
- The Foreign Secretary said engaging directly with China [and Hong Kong], bilaterally and multilaterally, was necessary to preserve a positive trade and investment relationship, whilst avoiding dependencies in critical supply chains.

UK- Hong Kong relationship

- The UK has deep and longstanding ties with Hong Kong. We want Hong Kong to succeed and thrive. The most effective way to protect Hong Kong's way of life and the best path to long-term prosperity is through respect for fundamental rights and

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freedoms, access to justice, and genuine political participation by the full breadth of Hong Kong's society.

- Hong Kong's continued success relies on its high degree of autonomy and rule of law being preserved. The protection of rights and freedoms promised to Hong Kongers under the Sino-British Joint Declaration and the Basic Law must be a part of this.
- The UK has historic responsibilities to the people of Hong Kong as a co-signatory to the Joint Declaration and will continue to speak out against violations of their freedoms.
- The UK took several measures in response to Beijing's imposition of the National Security Law in 2020. These included introducing a new immigration path for BN(O)s, suspending our extradition treaty with Hong Kong, and extending our arms embargo on mainland China to Hong Kong.

Greater Bay Area

- The Greater Bay Area (GBA) Initiative is an ambitious scheme to connect the nine cities in Guangdong's Pearl River Delta with the two special administrative regions of Hong Kong and Macao into an international centre for business, innovation, and technology. The GBA represents a growing market of over 70 million people, and in 2021 represented around 11% of total Chinese (incl. HK and Macao) GDP at USD 2 trillion – roughly equivalent to the GDP of Canada. For the UK, financial services, followed by tech and advanced manufacturing are the main areas of opportunity.

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- [REDACTED]
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National Security and Investment Act

- The National Security and Investment Act (NSIA) came in to force on 4 January 2022 and is actor agnostic. It gives the government powers to scrutinise and intervene in acquisitions of qualifying entities and assets, such as takeovers, to protect national security. Anyone contemplating an acquisition should check guidance on gov.uk and consider whether they need to submit a notification.
- The Act covers all areas of the economy, with a requirement for acquirers gaining control over entities operating in 17 particularly sensitive areas of the economy, such as defence, energy, and data infrastructure, to gain clearance before the acquisition may be completed.

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- By providing businesses and investors with predictable, legally defined timelines and processes for decisions on acquisitions, the Act seeks to protect the UK's national security whilst maintaining our reputation as an open and attractive place to invest.
- While the regime is actor-agnostic, we must acknowledge the increasing difficulty this presents when dealing with states that pose a systemic challenge to our values and interests, such as China.

[If raised] How many of the cases which have been called in involve Chinese or Hong Kong buyers?

- The Government does not publish information about nationalities of acquirers.
- The NSI Act is nationality agnostic and applies to all acquirers regardless of nationality.

[If raised] Is the Government concerned about investment from China and Hong Kong?

- This Act is not about individual countries, but about ensuring investment in our country does not harm our national security.
- Foreign investment and an active, competitive economy are key to the UK's growth.
- The UK wants a modern and mature relationship with China based on mutual respect and trust.

[If raised] Is this Act aimed at investment from China and Hong Kong?

- This is not about individual countries, but about ensuring investment in our country does not harm our national security.
- The powers can be used in relation to any acquisition that raises national security concerns, regardless of the country of origin.
- The overwhelming majority of investments in the UK's economy raise no national security concerns.

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HONG KONG GOVERNMENT BUDGET 2023/24: SUPPORTING ECONOMIC RECOVERY WHILST BALANCING THE BOOKS

24th February 2023

Summary

The Hong Kong Government sets out its 2023/24 budget this week as the territory remains in an economic recession and emerges from strict COVID controls. Initiatives include new campaigns to promote Hong Kong to attract tourists and investments; domestic consumer vouchers to boost growth; and new schemes to attract talent.

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Context

Hong Kong's economy is in recession, having had strict COVID controls and a population exodus over the past three years. Despite government support for businesses and consumers, its economy contracted by 3.5% in 2022 - the third year of recession in the past four years. Hong Kong's population also decreased by 0.9% to 7.3 million amid record-low birth rates and continued people outflows. It was only in February that Hong Kong fully reopened its borders and scrapped most pandemic control measures (excluding mask wearing).

Promoting Hong Kong

The Financial Secretary Paul Chan said the budget for 2023/24 had three priorities: 1) supporting economic revival; 2) promoting high-quality development; 3) improving people's livelihood. To support the revival the government allocated substantial resources to promote Hong Kong – in addition to a HK\$2 billion (£200million) "Hello Hong Kong" global marketing campaign announced on 2 February, the Financial Secretary launched a "Happy Hong Kong" campaign with food and cultural events designed to re-energise domestic sentiment. Hong Kong leaders have been traveling internationally to promote Hong Kong. The Financial Secretary and the Chief Executive (John Lee) both visited the United Arab Emirates and Saudi Arabia. The head of financial services policy will be in the UK in April for FinTech week.

Targeted tax measures and stimulating consumer spending

In face of a HK\$140 billion fiscal deficit the Financial Secretary introduced two measures to raise revenue: a football betting duty worth \$2.4 billion per year, and an increase in cigarette tax by 31%.

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To boost spending the consumption voucher scheme was renewed, but at half the amount of last year's voucher.

Technology and finance

To “promote high-quality economic development”, the government said it would foster new industries and bolster its traditional strengths - the financial sector. It would conduct a feasibility study on developing an artificial intelligence supercomputing centre, enhance university research in quantum technology, subsidise research centres on health technology and establish a microelectronic research institute. Hong Kong would also introduce a listing regime to attract advanced technology companies, and a mechanism to allow investors to trade securities in both HKD and RMB.

Attracting talent

With a declining population over the last three years, the Financial Secretary unveiled two initiatives to attract talent. First, a new mechanism to facilitate companies domiciled overseas to re-domicile in Hong Kong. And second, a visa scheme to attract people making investments in the asset market (excluding property) would be launched.

China

Throughout the budget there were specific references to priorities under China’s 14th Five Year Plan and language typically used in the mainland. Referring explicitly to the Report to the 20th National Party Congress of the Communist Party of China the budget said Hong Kong needed to “closely follow the theme” of promoting high quality development as it “advances to a new stage from stability to prosperity”.

Outlook

The Financial Secretary was optimistic about the state of the economy - GDP was forecast to rebound by 3.5% to 5.5% this year and would average 3.7% growth between 2024 and 2027. While another deficit was forecast for next year, from 2024-27 the budget would return to surplus. The Financial Secretary concluded his budget remarks by noting that Hong Kongers had “no fear of challenges” that lie ahead.

Reactions

The budget was generally well received for striking a good balance amid competing priorities. Some financial commentators criticised it for not being more explicit on how to attract international talent and for omitting measures to tackle poverty and demographic challenges.

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HONG KONG AND GREEN FINANCE: OPPORTUNITIES AND CHALLENGES

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28th March 2023

Summary

Alongside its 2050 carbon neutrality goal, Hong Kong has ambitions to become a global leader in green finance. In the past year it has launched an international carbon marketplace for trading voluntary carbon credits; the world's first government issued digital green bond; and the largest environmental, social and governance (ESG) bond issuance in Asia. [REDACTED]

Context

In 2021 Hong Kong announced its Climate Action Plan 2050. The plan sets a target for carbon neutrality by 2050 and pledges to reduce carbon emissions by 50% by 2035 compared to 2005 levels. The plan has four strategies to reach carbon neutrality through: "net-zero electricity generation", "energy saving and green buildings", "green transport" and "waste reduction". [REDACTED]

Alongside these climate commitments, Hong Kong has ambitions to accelerate its work on green finance. In his annual budget speech in February 2023 the Financial Secretary made clear Hong Kong's goal to strengthen its offshore function as a green finance centre, and that the territory should "leverage its advantages as an international financial centre" to achieve its climate goals.

The start of 2023 has seen a deliberate and rapid increase in Hong Kong's international engagement to raise its profile. From 14 -17 March a number of sustainable finance events with international speakers were held in Hong Kong including a conference by the Asia Securities Industry and Financial Markets Association (ASIFMA), [REDACTED]

Hong Kong initiatives in Green Finance

Over the past two years the Hong Kong Government has rolled out a series of initiatives and financial developments designed to develop Hong Kong's green and sustainable finance market. These include the launch of an international carbon marketplace for trading of voluntary carbon credits by the Hong Kong stock exchange; the world's first government issued tokenised green bonds (i.e. using blockchain); and the largest environmental, social and governance (ESG) bond issuance in Asia, in three currencies, that raised \$5.75bn. [REDACTED]

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April 18th 2023

Summary

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FCDO PUS visits Hong Kong 14 April. [REDACTED]

[REDACTED] Opportunity to hear first-hand from a cross-section of Hong Kong society. [REDACTED]

The PUS visited Hong Kong on 14 February, following visits to Beijing and Shanghai. This visit came shortly before Hong Kong's Secretary for Financial Services and the Treasury, Christopher Hui, visit to the UK. [REDACTED]

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[REDACTED]

[REDACTED]

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[REDACTED]

The PUS met with a selection of Chevening Alumni in Hong Kong. A welcome reminder of the importance of our historic people-to-people links, and the continued draw of UK higher education institutions for young Hong Kongers. The PUS also viewed the British Council commissioned exhibition by late British artist Phyllida Barlow, part of the Council's programme of activities marking their 75th anniversary in Hong Kong.

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