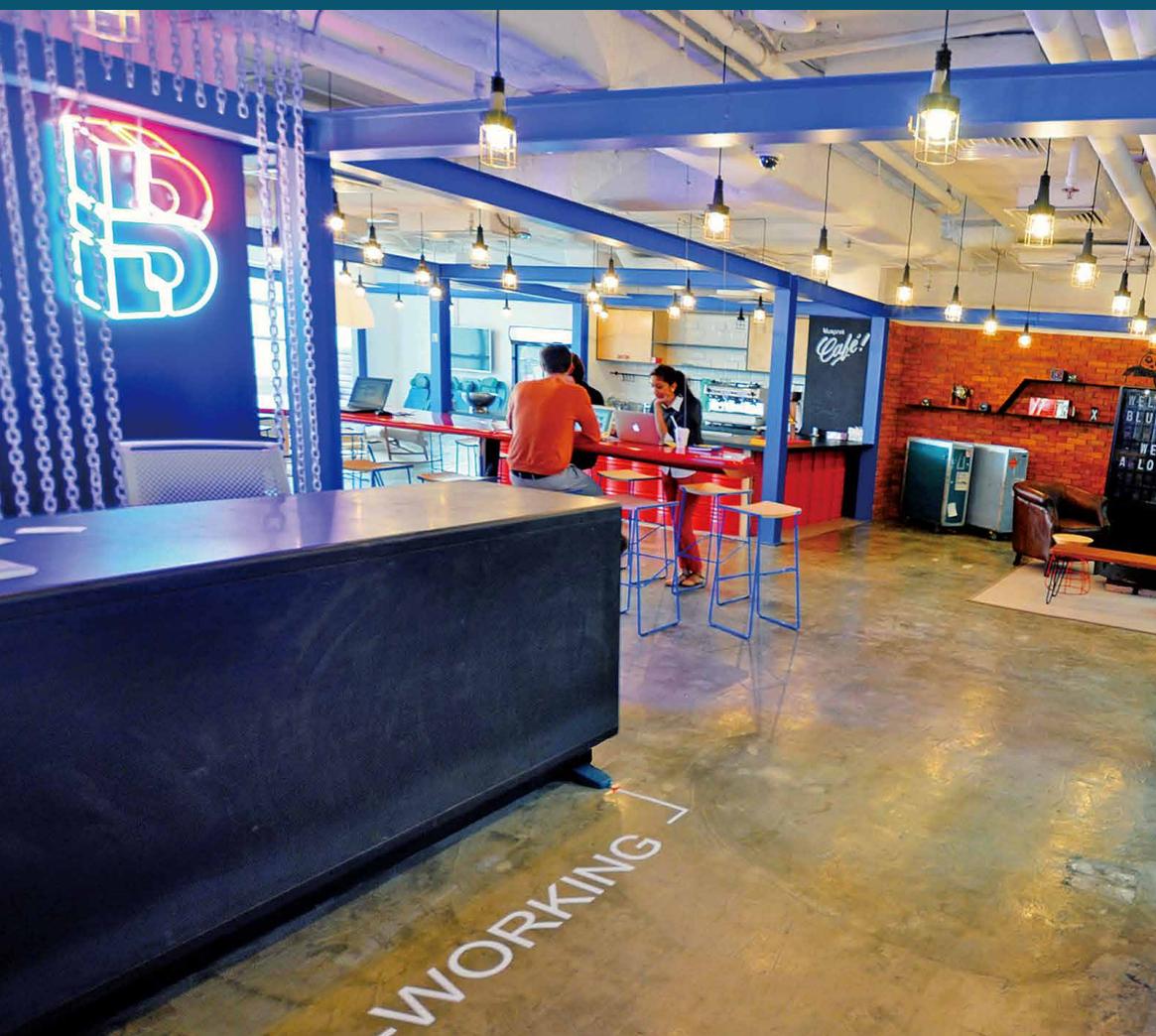


# SWIRE

# NEWS

1ST  
ISSUE 2015



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*The Swire group is a multi-national, multi-disciplined commercial group, with its principal areas of operations in the Asia Pacific region, and centred on the Greater China area. Hong Kong is home to publicly quoted Swire Pacific, whose core businesses are grouped under five operating divisions: property, aviation, beverages, marine services, and trading & industrial. John Swire & Sons Limited, headquartered in the UK, is the parent company of the group. In addition to its controlling shareholding in Swire Pacific, John Swire & Sons Limited operates a range of wholly-owned businesses, including deep-sea shipping, cold storage, off-shore and road transport logistics services and agricultural activities with main areas of operation in Australia, Papua New Guinea, East Africa, Sri Lanka, the USA and the UK.*

*Please send material to the Editor, GPO Box 1, Hong Kong, or email us at [cindycheung@jsshk.com](mailto:cindycheung@jsshk.com). For pictures, we welcome prints, colour slides or computer graphics in JPG format (500dpi and 20cm x 16cm), and digital photos taken by cameras with 8 Megapixels or above.*

*Swire News is published in Hong Kong, by the Group Public Affairs Department.*

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*blueprint, Swire Properties' new start-up accelerator programme, is helping young tech companies grow. Story on page 18.*

# NEWSWIRE

## CORPORATE

### Farewell to Bill Rothery

In December 2014, John Swire & Sons Ltd Chairman Barnaby Swire (front row, left) and Honorary President, Sir Adrian Swire (front row, right) were the hosts at a farewell dinner for John Swire & Sons Pty Chairman, Bill Rothery, held by the London directors at the Goring Hotel. Bill joined the Swire group in 1980 as Assistant to the Finance Director for Cathay Pacific Airways. This was followed by further stints with Cathay Pacific in Taiwan, Dubai, Sydney and Hong Kong, before being appointed General Manager Australia for the airline. He then took on the role of CEO of Cathay Pacific Catering Services in Hong Kong. (In his own words: his "second best job" after the one he has retired from). Bill returned to Sydney in 1996 as No.2 to Edward Scott, taking over as Chairman of the group's Australian interests in 2002. With more time on his hands, Bill aims to pursue a part-time masters in

sustainability at the University of Sydney, as well as indulging in a range of hobbies, from cartography to golf and travel. Asked

what had given him the most joy about his time with Swire Australia, Bill replied, "No question: the people I've worked with."



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### Board appointments



**Sam Swire** has been appointed as a Director of John Swire & Sons Ltd, and a Non-Executive Director of Swire Pacific Ltd and Cathay Pacific Airways Ltd.



**Guy Bradley** has been appointed as an Executive Director of Swire Pacific Ltd.



**Rupert Hogg** has been appointed as a Director of Swire Pacific Offshore Holdings Ltd.



**Martin Cubbon** has been appointed as a Non-Executive Director of Cathay Pacific Airways Ltd.



**Patrick Healy** has been appointed as a Non-Executive Director of Swire Properties Ltd.

### Senior management appointments

**Nick Rhodes** has been appointed Staff Director, John Swire & Sons (H.K.) Ltd, effective from 1st August 2015. He will succeed Hunter Crawford who is retiring on 31st July.

**Mike Scantlebury** has been appointed Director of the Office for Financial Planning, Swire Pacific Ltd, effective from 1st March 2015.

**Anna Thompson** has been appointed Director Flight Operations, Cathay Pacific Airways Ltd, effective from 10th April 2015.

## 2014 FINAL RESULTS

Swire Pacific		
	HK\$M	Change
Revenue	61,301	+19.2%
Profit attributable to shareholders (underlying)	9,739	+15.0%
Earnings per share (underlying)	HK\$	Change
'A' share	6.47	+15.0%
'B' share	1.29	
Dividends per share		
'A' share	3.90	+11.4%
'B' share	0.78	

**Swire Pacific Limited**

Underlying profit attributable to shareholders, which principally adjusts for changes in the valuation of investment properties, increased by HK\$1,268 million or 15% to HK\$9,739 million. This increase in underlying profit reflects higher profits from the Property Division, the Cathay Pacific group and the Beverages and Trading & Industrial Divisions. There were lower profits from the HAECO group and the Marine Services Division.

The Beverages Division recorded an attributable profit of HK\$854 million in 2014, an increase of 6% compared to 2013. Excluding non-recurring profits in 2013 and 2014, attributable profit was HK\$776 million, a 6% increase from 2013. This increase principally reflected lower raw material costs in all territories and modest volume growth and an improved sales mix in Mainland China. Overall sales volume increased by 3% to 1,044 million unit cases, principally due to the assumption of new franchise territories in Colorado in the USA.

The Marine Services Division reported an attributable profit of HK\$1,072 million, a decrease of 18% compared to 2013. At Swire Pacific Offshore, results were adversely

affected by the difficult market conditions in the second half of the year caused by the significant decline in the oil price. This put pressure on charter hire rates and utilisation (in particular for the specialist fleet).

Attributable profit from the Trading & Industrial Division in 2014 increased by 78% to HK\$423 million. The increase principally reflects higher sales volume and non-recurring profits from Taikoo Motors, higher profits from Akzo Nobel Swire Paints and reduced losses from Campbell Swire. This was partly offset by lower profits from Swire Retail and higher start-up costs from Swire Pacific Cold Storage.

**Swire Properties Limited**

Underlying profit attributable to shareholders, which principally adjusts for changes in the valuation of investment properties, increased by HK\$804 million from HK\$6,348 million in 2013 to HK\$7,152 million in 2014. The increase in underlying profit principally reflected increased income from retail and office investment properties, and higher trading profits from the sale of luxury residential properties in Hong Kong. Underlying profit from property investment increased by 8%. This reflected positive rental

Swire Properties		
	HK\$M	Change
Revenue	15,387	+19.0%
Profit attributable to shareholders (underlying)	7,152	+12.7%
Earnings per share (underlying)	HK\$	Change
	1.22	+11.9%
Dividends per share	0.66	+10.0%

reversions in Hong Kong and higher rental income from properties in Mainland China. There were better performances in 2014 from our hotels in Hong Kong and the U.K. Our hotels in Mainland China recorded reduced losses.

Gross rental income was HK\$10,320 million in 2014 compared to HK\$9,676 million in 2013. There were positive rental reversions in the Hong Kong portfolio. Our office occupancy levels were relatively resilient in 2014 despite demand being generally weak, particularly from financial institutions. Demand for retail space in Hong Kong continued to be robust, although there was a slowdown in retail sales in 2014. In Mainland China, retail sales of luxury goods were weak. Retailers were cautious about taking more space. Nevertheless, rental income increased at our TaiKoo Hui, Taikoo Li Sanlitun and INDIGO properties and occupancy was stable. Operating profit from property trading increased in 2014, principally because we sold more units at our Hong Kong developments.

**Cathay Pacific Airways Limited**

The Cathay Pacific Group reported an attributable profit of HK\$3,150 million for 2014. This compares to a profit of HK\$2,620

Cathay Pacific		
	HK\$M	Change
Turnover	105,991	+5.5%
Profit attributable to shareholders	3,150	+20.2%
Earnings per share	HK\$	Change
	0.801	+20.3%
Dividends per share	0.36	+63.6%

million in 2013. For the full year, passenger demand was reasonably firm, with high demand during the peak summer and Christmas periods. After a prolonged period of weakness, cargo demand started to improve in the summer of 2014 and was strong in the fourth quarter, which is the peak period for cargo. The Group's business benefited from lower fuel prices in the fourth quarter, but this was partially offset by fuel hedging losses.

Passenger revenue for Cathay Pacific and Dragonair in 2014 increased by 5.4% to HK\$75,734 million compared to the previous year. Capacity increased by 5.9% as a result of the introduction of new routes and increased frequencies on some existing routes. The load factor increased by 1.1 percentage points to 83.3% and the number of passengers carried increased by 5.5% to 31.6 million. Yield decreased by 1.8% to HK67.3 cents despite an improvement in the second half compared to the first half of the year. Passenger demand was strong in all classes of travel on long-haul routes. Strong competition put downward pressure on yield on regional routes.

After a prolonged period of weakness, cargo demand started to improve in the

summer of 2014 and was very strong in the fourth quarter. The Group's cargo revenue in 2014 increased by 7.3% to HK\$25,400 million compared to the previous year. Over-capacity in the air cargo market put downward pressure on rates in the first half of the year. Yield for the full year for Cathay Pacific and Dragonair decreased by 5.6% to HK\$2.19, despite improved cargo demand in the second half. Capacity increased by 10.4%. The load factor increased by 2.5 percentage points to 64.3%. The new Cathay Pacific cargo terminal worked effectively in its first full year of operation and made the Group's cargo operations more efficient.

**Hong Kong Aircraft Engineering Company Limited ("HAECO")**

The HAECO Group reported an attributable profit of HK\$573 million in 2014. This compares with a profit of HK\$625 million in 2013. Demand for line services of HAECO in Hong Kong ("HAECO Hong Kong") was stable. Airframe maintenance results in Hong Kong continued to be adversely affected by capacity constraints caused by labour shortages though these eased in the second half of the year. Demand for component and avionics overhaul services in Hong Kong fell substantially as a result of

the retirement of Boeing 747-400 aircraft. However, cost savings achieved through stringent cost control helped improve the overall performance of HAECO Hong Kong. The performance of Hong Kong Aero Engine Services Limited ("HAESL") was badly affected by the retirement of Airbus A340 and Boeing 747-400 aircraft and by a reduction in the frequency of scheduled maintenance for Trent 700 engines. HAECO Americas recorded a loss for the period following the acquisition. This principally reflected the costs of reducing the size of a seat manufacturing facility in California and the finance charges associated with the acquisition. HAECO Americas' airframe maintenance services produced good results. Its cabin and seat business was adversely affected by the deferral of some work. The profit of Taikoo (Xiamen) Aircraft Engineering Company Limited ("HAECO Xiamen") decreased slightly. It did less airframe maintenance work and more private jet conversion work. Revenue and profit of Taikoo Engine Services (Xiamen) Company Limited ("TEXL") increased substantially as more engines and components were overhauled. The overall contribution from the Group's other joint ventures in Mainland China improved.

## PROPERTY



#### Brickell City Centre powers ahead

Swire Properties has topped out Brickell City Centre's eastern tower and entire western block – the largest of the three blocks that comprise the 5.4 million square-foot development. The eastern tower will house the lifestyle hotel EAST, Miami, which will offer 263 rooms and 89 serviced apartments. The western block comprises a luxury condominium tower, RISE, as well as one of the project's two office towers and a four-storey retail centre – home to Saks Fifth Avenue. Situated in the heart of the Brickell financial district of Miami, Florida, Brickell City Centre is Swire Properties' first mixed-use development in the USA. The development's second condominium tower, REACH, was topped out in March and the first phase of the development is on schedule for completion by the end of the year.

#### Trend-setting bookstore comes to Cityplaza

Eslite Spectrum will open a new store in Swire Properties' Cityplaza shopping mall in early 2016. The lifestyle bookstore will take over two storeys of lettable floor area, spanning over 49,000 square feet and will further enhance Cityplaza's trade mix and quality retail offerings, reinforcing its position as the largest shopping and entertainment mall on Hong Kong Island. Recommended as "Asia's Best" bookstore by Time magazine (Asia Edition), Eslite Spectrum has been lauded for its creative retail spaces; the store aims to act as a cultural hub with its wide collection of books, staged exhibitions, live arts events, and exciting dining experiences for shoppers. The bookstore has more than 40 branches in Hong Kong and Taiwan. Cityplaza completed a HK\$100 million facelift in 2014 which saw the introduction of over 30 stylish local and international retail brands and the creation of two themed zones: "The Beauty Zone" and "The Family and Lifestyle Zone".

## AVIATION

#### Network expansion

Cathay Pacific Airways will launch a four-times-weekly service from Hong Kong to Düsseldorf from 1st September this year, subject to government approval. The service to Düsseldorf, which will be operated by Boeing 777-300ER aircraft, is the airline's second destination in Germany; Cathay Pacific has been flying to Frankfurt since 1984. The airline has also expanded its code-share agreement with the Flybe Group, enabling passengers travelling from Hong Kong to connect to four destinations in the United Kingdom, including Birmingham, Southampton, Manchester and Exeter, via Amsterdam or Paris; it is the first time that Birmingham has been included in the Cathay Pacific network. The airline has also announced plans to launch an additional three-times-weekly direct service between Hong Kong and San Francisco commencing 11th June this year; the three extra flights will bring the total number of flights operated by Cathay Pacific between the two destinations to 17 a week.

Meanwhile, the airline has expanded its freighter network, with the launch of a new service to Kolkata, India, in early March, making it the only carrier providing direct freighter services between Kolkata and Hong Kong. The new service will operate twice a week on a Hong Kong-New Delhi-Kolkata-Hong Kong routing, further strengthening the airline's airfreight presence within the subcontinent and offering customers greater choice and flexibility when moving goods between South Asia and the rest of the world.

#### Dragonair strengthens network

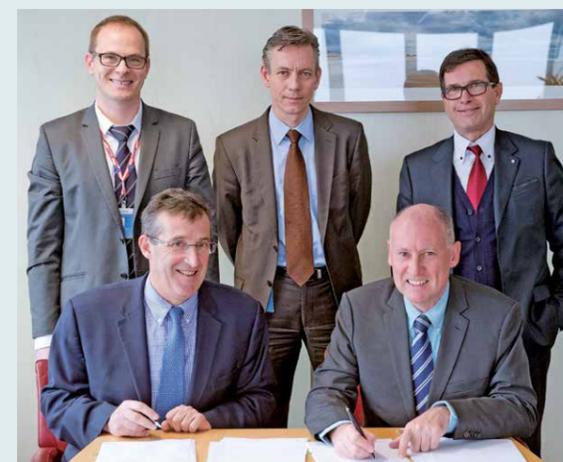
Dragonair has commenced a new daily service between Hong Kong and Haneda Airport in Tokyo. The service, which is operated by Airbus A320 aircraft in a two-class configuration, is Dragonair's third destination in Japan; the airline operates daily flights between Hong Kong and Fukuoka and a four-times-weekly service to Okinawa. Meanwhile, Dragonair has signed a code-share agreement with Shenzhen Airlines, under which Dragonair will place its "KA" code on the three daily return flights operated by Shenzhen Airlines between Hong Kong and Jinjiang, in Fujian Province. Both airlines expect the partnership to boost business and leisure travel between Hong Kong and Jinjiang.

#### Investment in training

HAECO Group has acquired from The Boeing Company an advanced, simulation-based maintenance training suite for the Boeing 787 Dreamliner. It is the first MRO Organisation and Aircraft Maintenance Training Organisation in Mainland China to be equipped with the Boeing 787 training suite. The suite includes Boeing 787 Desktop

Trainer Classroom Solutions, which will be installed at HAECO Xiamen, HAECO Group's major Mainland China subsidiary. This acquisition means that HAECO is now fully licensed to provide computer-based Boeing 787 training to its own personnel and to third-party customers, as well as engineering and maintenance support to airlines worldwide operating this aircraft type.

Meanwhile, the Group has also entered into a long-term agreement with Airbus for the provision of maintenance and engineering training on Airbus aircraft in Mainland China and Southeast Asia. Under the terms of the agreement, HAECO will deploy "Training by Airbus" standards, dynamic tools and teaching techniques to provide Aircraft Original Equipment Manufacturer-backed maintenance training capabilities to its own personnel and to third-party customers. The ground-breaking Airbus Competence Training ("ACT") concept for maintenance personnel, will bring virtual Airbus aircraft right into a "digital" classroom within the HAECO Group's facilities.



At the contract signing ceremony with Airbus (front row, left to right): Didier Lux, Executive Vice President of Airbus Customer Services, Mark Hayman, HAECO Group Director Engineering and Operations. Back row, left to right: Fabrice Hamel, Vice President Training Services, Airbus Customer Services, Michael Kalbow, Head of Maintenance Training, Airbus Customer Services and Remy Cadeau, Senior Director, Business Development & Cooperation, Airbus Customer Services.

## AGRIBUSINESS &amp; FOOD CHAIN

#### Further expansion

United States Cold Storage ("USCS") has recently completed a Phase III expansion at its Wilmington, Illinois facility. The expansion has added 3.9 million cubic feet and 17,825 more pallet positions of storage in three rooms, which can be computer controlled at temperatures from -5° F to +50° F. The investment brings Wilmington's current storage handling capacity to 14.3 million cubic feet, with more than 55,000 pallet positions and the facility has an enclosed, 73,243-square-foot loading dock with 58 truck dock doors. USCS Wilmington is about 60 miles southwest of Chicago and is one of the company's newest locations, working in cooperation with a sister site in nearby Minooka. "The additional space has allowed our customer base to grow, and given us more flexibility to handle additional volume by spreading it over a larger footprint," says Greg Rohrbaugh, USCS Wilmington's General Manager. "Additional team members, equipment, and leadership are all part of what has been put in place to be one of the largest cooler multi-vendor consolidation programmes in the country."

#### New solar PV systems

Swire Cold Storage has installed a 100kW solar PV system at its Lurnea 3 site in Sydney. The system will generate approximately 140,000kWh of electricity and reduce carbon emissions by



126 tonnes – which is the equivalent of removing 26 cars from the road every year. Meanwhile, USCS has announced it will install a 2.7 megawatt ground-mounted solar array at its Lumberton, North Carolina refrigerated warehouse. The Lumberton site was chosen due to available acreage and because the customer base has substantial blast freezing demand; the project will provide a long-term source of renewable energy for the next 20 years.

### Langfang cold storage facility opens

Swire Pacific Cold Storage has officially opened its second wholly owned cold

storage facility in Mainland China, at Langfang in Hebei Province. Representing an investment of RMB330 million, the Langfang facility is the largest of its kind in northern China. Located in the Langfang Economic and Technological Development Zone, it is approximately 50km north of the centre of Beijing and about 120km south of Tianjin port, and is strategically situated to connect with a wide network of customers by land and sea. The facility is built with a number of features designed to minimise its environmental footprint, including rainwater recycling, LED lighting, advanced insulation and a geo-thermal heat exchange system.



Guests of honour at the opening ceremony (left to right): Director and General Manager of Swire Pacific Cold Storage, Clement Lam, Director of Swire Industrial, PN Tam, John Swire & Sons (H.K.) Ltd Director, Ian Shiu, Vice President of China Federation of Logistics & Purchasing, Cui Zhongfu, Swire Pacific Executive Director, J B Rae-Smith, Deputy Director of Langfang Commerce Bureau, Wan Mingfeng, and Finance Director of Swire Pacific Trading & Industrial Division, Franky Tam.

## MARINE SERVICES

### Senior JS&S Directors visit new bulk carrier

The China Navigation Company's new 39,181 dwt B.Delta39 bulk carrier, *MV Wulin*, visited the Port of London in February to discharge 35,236 metric tonnes of bulk sugar loaded in Fiji under a three-year contract with the Fiji Sugar Corporation. On the first day alongside Tate & Lyle's Plaistow Wharf on the River Thames, the vessel received a number of visitors from Swire House London, including a former and the current Chairman of the Swire group. *MV Wulin*, delivered in 2014 and operated by Swire Bulk, is one of 16 fuel efficient B.Delta39 handy size vessels built at Chengxi Shipyard in Mainland China for delivery between October 2013 and May 2016; a further eight B.Delta39 loggers have been ordered from Ouhua Shipyard in Mainland China for delivery in 2015 and 2016, plus four Imabari38 loggers, for delivery from Imabari Shipyard in Japan in 2016. In addition to the owned fleet, Swire Bulk has chartered 12 Japanese-built loggers for delivery between 2013 and 2016.

### New Zealand coastal shipping partnership

The China Navigation Company's ("CNCo") industrial shipping division, Swire Bulk Logistics, has entered into a long-term partnership with New Zealand's largest cement manufacturer, Golden Bay Cement ("GBC") – a trading division of Fletcher Building Limited – to build, own and operate a dedicated, self-discharging cement carrier, CNCo's first. The 9,000 dwt vessel, *Aotearoa Chief*, will be built



From left to right: Guy Campbell, General Manager, Swire Bulk (Atlantic), Barnaby Swire, Chairman, John Swire & Sons Ltd, Andy Kidd, General Manager, Swire Bulk, Stuart Strathdee, Director, Corporate Development, Tate & Lyle PLC, Sir Adrian Swire, Honorary President, John Swire & Sons Ltd, Merlin Swire, Deputy Chairman and CEO of John Swire & Sons Ltd, Robert Woods, Chairman of P&O Ferries and a Non-Executive Director of John Swire & Sons Ltd, Captain Benedict Trinidad, Chief Engineer Chen Minggen, James E. Hughes-Hallett, Finance Director, John Swire & Sons Ltd and Second Officer Andriy Nazarenko.

at Jinling Shipyard in Mainland China, and will meet the very latest environmental standards; she is expected to commence operations in late 2016. The vessel will operate under the New Zealand flag and ply the coast between the loading port of Portland and GBC's distribution centres in Auckland, Tauranga, Napier, Wellington, as well as expanded services to New Plymouth and Picton.

### SPO welcomes Pacific Liberty

Swire Pacific Offshore has welcomed *Pacific Liberty*, its fourth L Class Platform Supply Vessel ("PSV"), at a naming ceremony held in Kyoto, Japan on 3rd February. *Pacific Liberty* is the fourth and final vessel in a series of L Class PSVs that SPO has commissioned from Japan Marine United Corporation ("JMU"), joining *Pacific Leader*, *Pacific Legacy* and *Pacific Legend*. The 5,252 dwt L Class



At the naming ceremony were (left to right) JMU's Representative Director and Vice President of Ship and Offshore Division, Yoshio Otagaki, lady sponsor, Mrs Sylvia Maria Z. Pertierra, Anscor Swire Ship Management Corporation President, Mr Eduardo Pertierra, and SPO's Marine Services Director, Rupert Bray.

cargo system and features fuel efficient propulsion pods as well as a four-engine diesel electric power plant.

### Swire Seabed commissions new vessel

Wholly owned Swire Pacific Offshore subsidiary Swire Seabed has commissioned a new multipurpose subsea tool carrier and dredging vehicle, *Seabed Excavator*, for deployment from its vessel, *Seabed Worker*. Designed in partnership with WeSubsea, *Seabed Excavator's* roles will include excavating and dredging, decommissioning and recovery of seabed structures, cutting and grinding, seabed sampling and handling of cargo from shipwrecks, and it is capable of working at depths of 2,500 metres. *Seabed Excavator* uses hardware and software from a Perry Slingsby XLX ROV (Remotely Operated Vehicle), combined with a Kaiser Excavator body. It is equipped with a Kongsberg Evotec Active Heave



*MV Swift Rescue is a submarine support and rescue vessel operated by the Singaporean Navy; Swire Pacific Offshore ("SPO") provides manning and ship management for the vessel. On 14th January, Swift Rescue located the fuselage of the missing AirAsia aircraft, QZ8501, at the bottom of the Java Sea. The vessel was part of an international search operation to locate the aircraft, which disappeared on a flight from Surabaya to Singapore. The Singaporean Navy's successful 22-day SAL (Search & Location) mission commenced on 28th December 2014, when the aircraft lost radar contact with Indonesia's air traffic control towers. Singapore Defence Minister Ng Eng Hen thanked the crew for their perseverance. We would like to commend Captain Alex Coull and all the SPO crew involved for their professionalism and dedication throughout this challenging search operation.*

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Compensated LARS system, which allows the vehicle to be launched and recovered in wave heights of up to four metres, significantly increasing the weather window in which it can be operated. *Seabed Excavator's* dredging system, provided by WeSubsea, is amongst the most reliable and efficient in the market, and is manufactured with minimal parts to increase operational dependability.

### SOS increases footprint

Swire Oilfield Services has increased its footprint in Malaysia with the opening of its new Kemaman base in partnership with Altus Oil & Gas Malaysia Sdn Bhd. The new base at Kawasan Perindustrian Teluk Kalong comprises three acres of open yard space, an acre of covered warehouse and a further four acres of bonded warehouse currently under construction. The facility has

increased local employment opportunities and offers a range of services to customers including refurbishment, maintenance, inspection and logistics. Swire Oilfield Services has seen significant growth in Malaysia in recent years, and in December 2014 celebrated the milestone of 1,000 cargo carrying units in the region. The company has invested USD\$19 million in its Southeast Asian operations and has identified the market as central to its five-year growth strategy – Vision2020. Investments made last year were aimed at expanding the company's cargo carrying unit rental fleet and developing bases in Malaysia, Thailand and Vietnam. This will be followed by a further USD\$8 million capital spend on its regional rental fleet in 2015 and an extension to the company's Singapore yard.

## TRADING & INDUSTRIAL

### Cutting emissions with solar power

Specialist road transport operator, Kalari, is in the process of installing solar panels at five of its depots across Australia. The combined systems' 1,395 solar panels will generate 40-60% of the sites' electricity requirements and reduce carbon emissions by 262 tonnes annually.

The five depots – which are currently amongst Kalari's highest consumers of electricity – are located at Adelaide in South Australia; at Port Hedland in Western Australia; at Moranbah and Gladstone in Queensland, and at Portland, Victoria. The solar arrays will be installed during the first half of the year at Portland, Gladstone and Moranbah, followed by Adelaide and Port Hedland later in the year. This project is being partially funded by the Swire Sustainability Fund, and is the first Australian project to obtain funding approval. Kalari is also installing LED lighting at nine of its facilities. Taken together, the two projects will reduce Kalari's annual electricity usage by 42% and carbon emissions by 441 tonnes annually.

### Funding agreement

John Swire & Sons Inc. has reached agreement with Purestream Services to provide capital funding that will allow Purestream to continue to expand its activities in the oilfield water treatment and other water treatment markets. Purestream is a water services company,

formed in 2010, with a focus on designing and building water treatment systems to treat produced and frac flow-back water for discharge and re-use in the oil and shale gas industry. Purestream has developed state-of-the-art, vapour recompression, brine concentration, and desalination technology, along with single-cell induced-gas flotation systems for water reuse. Under the terms of the agreement, John Swire & Sons Inc. will provide funding that will enable Purestream to maximise business opportunities arising from the robust demand for dynamic water treatment and management capabilities that has resulted from increased drilling in areas such as the Permian Basin and Eagle Ford in Texas, and the Bakken in North Dakota.

### GigaSports opens Hong Kong's first Nike Running Store

Hong Kong's first Nike Running Store has opened at Fashion Walk in Causeway Bay. The new store, operated by Swire Resources' chain, GigaSports, offers the very latest Nike shoe technology, as well as a unique shopping experience for customers. With the concept of building a running community, the store provides exclusive services that include Run Analysis, Locker and Shoe Trials. It is the third Nike Running concept shop in Asia to offer the Run Analysis service, which captures customers' unique running patterns by connecting an iPad to the in-store treadmill. This allows specialist staff to better understand a customer's foot



type and running motion, and enables them to recommend the most suitable running shoe. In addition to this innovative service, the Nike Running Store provides a variety of running and fitness workshops each week for runners of all abilities – from beginners to professionals.

### Kia dealership

Yuntung Motors, a subsidiary of Taikoo Motors, acquired the Taiwan Kia dealership late last year. Three outlets were established in the fourth quarter of 2014, offering



new car sales and after-sales services in Kaohsiung and Pingtung: a Minzu showroom in northern Kaohsiung, and two outlets combining a showroom and a workshop each in Chengqing, in southern Kaohsiung and in Pingtung City. More outlets are expected to open in Greater Taipei throughout the year. With an outstanding product line-up and award-winning design, Kia Motors is one of the fastest-growing automotive brands and now the world's fifth largest car manufacturer.

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IN THE COMMUNITY



Student volunteers packed the medical and educational items into containers ready to be shipped.



**Swire Shipping PNG aids remote communities**

At the end of last year, Swire Shipping (PNG) assisted the Rotary Club of Calala's project to transport 13 containers of recycled medical and educational items collected in Australia to the Western Highlands and Milne Bay for use in hospitals and schools. The containers carried 450 beds, 50 bags of hospital linen, 16 wheelchairs, 15,000 uniforms, 150 boxes of school resources and 150 school chairs. The medical supplies were donated to the new maternity ward at Alotau and new wards at the Hagen Base Hospital. The sponsorship from Swire Shipping was crucial to the success of this aid project, as the greatest barrier to delivering resources is the difficulty of transporting much needed equipment to remote communities in Papua New Guinea. Swire Shipping staff in Australia and PNG worked together to prepare all the documentation and ship the resources from Tamworth in Australia.

**CX Community Flight 2015**

More than 200 Hong Kong residents from 60 underprivileged families enjoyed a chance-of-a-lifetime 90-minute flight over the city on 1st February. In a change from previous years, the airline worked with the Hong Kong Council of Social Services and

five other NGOs to select participants with intellectual disabilities as well as the visually impaired. Over 40 Cathay Pacific Volunteers, including cockpit and cabin crew, helped out at the event and shared their aviation knowledge and fun facts with the families.



Guest of Honour, the Chief Executive of the Hong Kong SAR, the Honourable CY Leung, and Cathay Pacific Chief Executive Ivan Chu greeted the participants during the community flight.

RECOGNITIONS

**Excellence in customer service**

The outstanding services provided by Cathay Pacific Airways and Dragonair have been recognised at the Customer Service Excellence Awards 2014, hosted by the Hong Kong Association for Customer Service Excellence ("HKACE"). Cathay Pacific received a total of seven honours, including two Gold awards in the team category, two Silver awards for "Service Appreciation" and "Individual Award (Counter Service)", and a Bronze award for "Individual Award (Internal Support Service)". One frontline staff member took the "Touching Moments Video Contest" award, while another three staff won the "Touching Moments Essay Contest". The accolades for Dragonair included a Gold award in the individual category (Internal Support Service) and a Silver award in the team category (Internal Support Service).



Cathay Pacific and Dragonair's award winners at the HKACE Customer Service Excellence Awards 2014 presentation.

**Awards for Zhengzhou bottler**

Swire Coca-Cola Beverages Zhengzhou has been named "Best Employer" and also honoured for "Best Compensation and Benefits Package" at the annual 2014 Central China Best Employer Awards. The organisers and judging panel included government units, the media, academics and HR agencies, and winners were selected from over 2,160 companies in the Central China region via company questionnaires, employee surveys, personal interviews and expert evaluations. Swire Coca-Cola Beverages Zhengzhou was also presented with a "Water Saving Outstanding

**Swire Resources wins Arena award**

Swire Resources has won the 2014 Best Performance Award organised by Arena,



Enterprise" award at the 2014 China Beverages Industry Association's annual conference, while the company's Luohe plant received a "Water Saving Outstanding Enterprise" award and an "Energy Saving Outstanding Enterprise" award.

outperforming other distributors in Asia. The company was commended for its excellence in achieving significant sales growth and a high degree of customer loyalty for the swimwear brand, demonstrating an active brand stewardship. The first Arena concept store in Hong Kong was opened last year, offering an extensive range of practical yet sophisticated swimwear and accessories for water lovers.

# Engineering safe and enjoyable skies

HAECO's new corporate identity gives the Group clarity and focus in an era of operational growth and expansion.



When Hong Kong Aircraft Engineering Company Limited ("HAECO") announced in October 2014 that it was launching a new corporate identity, there was nothing either sudden or superficial about the change.

In fact, the repositioning of the Group under the aegis of a single brand identity is just the final step in a process that was started over three years ago when HAECO first broached the question of how best to represent and synergise its capabilities and integrated services.

HAECO's acquisition – in February 2014 – of TIMCO Aviation Services, a sizeable player in the United States market, was just the latest milestone in an era of significant operational and geographical expansion, with the Group's interests in Mainland China growing steadily over the last two decades. But while this expansion has opened up exciting opportunities across new and existing markets for HAECO, according to Chief Executive Officer Augustus Tang it had also resulted in an increasingly fragmented corporate culture.



*Augustus Tang, Chief Executive Officer*

"What we have been doing is not just a marketing and rebranding exercise," Mr Tang says. "To come together under a single brand, it's essential to communicate your core values and your sense of purpose. For HAECO these are service innovation, technical expertise, operational excellence, our 'can-do' spirit and the integrity and trust we have built up in the marketplace. Across all our companies, these values and standards must be consistent – and over the last few years we have taken care to establish that consistency, making sure there is a uniform standard in how we represent HAECO. Having done that, we considered now was the right time to bring clarity to the market in terms of our brand identity."

HAECO's 19 subsidiaries and joint ventures span a range of sectors, including Airframe Services, Cabin Solutions, Engine Services and Component Services. Previously this diverse portfolio functioned under a range of company names, each effectively operating as an independent business. Now they stand firmly as one family united under the HAECO brand, with concise service descriptors distinguishing various parts of the whole – for example, HAECO Airframe Services or HAECO Cabin Solutions.



Summit Chan, Group Commercial Director

Group Commercial Director Summit Chan says the old structure had become less effective in terms of building sustainable brand equity for the Group. “In expanding our portfolio, we were focused on getting the right people, building the infrastructure, and launching those services. There was less concern about how to present the brand.”

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Ultimately, however, the management recognised there was a need to adopt a new strategy in order to reflect the Group’s status as a provider of “nose-to-tail” solutions. “We engaged a consulting firm to help us roll out the exercise,” says Mr Chan. “First we spoke to the management of each business. We also interviewed external stakeholders – partners and customers – and we benchmarked how our global competitors brand their services against our proposed alternatives. All of these inputs were then taken into internal workshops aimed at developing the right brand architecture.”

The message from employees and outside parties alike was that it was a challenge to comprehend how HAECO’s various companies connected and that their scattered nature led to an incomplete understanding of the Group’s capabilities. It therefore became obvious that the way ahead was to leverage the strength of the HAECO brand, with its solid 60-plus-year history.

Says Mr Tang: “The re-branding allows us to show the world what HAECO’s capabilities are, the values HAECO stands for and what customers can expect from dealing with us. Internally, it offers a platform for everyone to align behind a common purpose: our staff now have a very clear understanding of the coverage of the Group as a whole and they can see how their own performance ties in to its overall success.”

“Meanwhile, by helping our customers to realise the depth of our expertise and our product offering, as well as our geographical coverage, new business opportunities are created. We can very clearly position ourselves as a provider of one-stop aircraft maintenance cycle solutions.”



HAECO’s 19 subsidiary and joint ventures span a range of sectors, including Airframe Services, Cabin Solutions, Engine Services and Component Services.



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In terms of the new branding itself, care was taken to come up with a design that encapsulates HAECO's core activities and values, and which resonates with employees. The logo combines the tails of a wide-body aircraft and a narrow-body one, with the two dovetailing into a tick mark which denotes HAECO's service innovation, technical expertise and commitment to operational excellence. As Mr Chan stresses, it is also "evocative of flight itself and captures the spirit of aviation." He adds: "The slightly italicised font communicates HAECO's relentless innovation and resourceful spirit."



*The new HAECO logo combines the tails of a wide-body aircraft and a narrow-body one, with the two dovetailing into a tick mark. It is evocative of wings, aircraft tails and flight itself.*

With HAECO celebrating its 65th anniversary later this year and the new business in the US providing major growth opportunities, these are exciting times for the Group. However, Mr Tang and Mr Chan agree that major corporate change is not something to be rushed – it is a process, not an event.

On a practical level, that means branding – for example, on vehicles and uniforms – will be switched gradually. "We decided against a big bang approach," says Mr Tang. "I don't think it's essential". On a strategic level, it means an ongoing focus on communicating what the new identity means to internal and external stakeholders and to the industry as a whole.

Adds Mr Chan: "We have worked hard and will continue to work hard to get buy-in across the board for the changes we have put in place. This is about communicating our mission, vision, positioning in the marketplace and our personality – essentially it's about cultural change and realignment and that will be an ongoing journey as we strive to maximise the equity of the HAECO brand."

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The colour scheme was also refreshed, with different shades of green giving an energetic, uncluttered look, whilst also hinting at sustainability, which HAECO strives to build into all of its business practices. Taken as a whole, the branding tells HAECO's story simply yet powerfully, strengthening its foothold as a trusted and distinguished global player.



*The rebranding has allowed HAECO staff worldwide to have a clear understanding of the coverage of the Group as a whole, and see how their own performance ties into its overall success.*

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*HAECO's acquisition of TIMCO Aviation Services is the latest milestone in an era of significant operational and geographical expansion.*

# blueprint for success

Companies involved in Swire Properties' tech start-up initiative don't have to sacrifice equity – but all parties, including Hong Kong, benefit.



Swire Properties' blueprint project is Hong Kong's first start-up initiative organised by a commercial developer.



The blueprint team (left to right): Henry Bott, Business Development Manager, Debbie Lau, Community Manager, Michelle Buultjens, Brand Strategy & Communications Manager, Hilary Szymujko, Startups, Investors & Mentors Manager and Charlie Melvoin, Project Leader.

Swire Properties' new tech start-up programme has many obvious attractions for the young companies it's designed to help. However, one in particular comes up time and again in conversation with those involved, and it seems to cut to the heart of what blueprint is all about.

"Most start-up accelerator schemes around the world take a chunk of your business," says Aaron Cooper, co-founder of Locate, a company that enables airline passengers to monitor the whereabouts of their luggage, in real time, from anywhere in the world. "One of the big draw points for us is that with blueprint you get all the benefits in terms of association with the Swire name, but without the strings attached."



Aaron Cooper, co-founder of Locate.

None of the 11 start-ups chosen from over 150 applicants from around the world to be part of blueprint's accelerator unit have been asked to give up equity in return. For Swire Properties, the benefits to Hong Kong's entrepreneurial ecosystem outweigh any short-term commercial considerations. As Charlie Melvoin, Project Leader of blueprint puts it: "The spirit is very much one of giving, and of trying to build something new, from scratch, into the business mix in Hong Kong."

The city's first start-up initiative organised by a commercial developer, blueprint is housed in over 20,000 square feet of space on the 16th and 17th floors of one of Swire Properties' "techno-centres", Cornwall House

in Taikoo Place. The upper floor is home to the accelerator, where participants are granted six months' rent-free workspace, in addition to market-testing opportunities and mentorship from a network of industry heavyweights. The lower floor, meanwhile, is a co-working space open to start-ups at a monthly individual membership rate of HK\$2,000, with lower rates for teams.

The selected accelerator companies are focused on developing a diverse range of B2B technical solutions, with concepts spanning e-Commerce fulfilment, energy consumption, smart marketing and defect management. They enjoy a menu of free services, from web-hosting to legal advice.

"We've effectively curated a community of people involved in tech," says Melvoin. "Swire Properties was in a position to do something with what was a vacant space and opened it up to companies by saying come here, grow, we'll help you. No catch. The accelerator is really the driving force and for these companies the hope is that by the end of the six months they will have progressed to a new level, will understand more about their prototype and will have tested their product-market fit."

The potential to engage with businesses across the Swire group and with Swire Properties tenants at Taikoo Place and neighbouring Cityplaza means start-ups can explore how their solutions can be tailored to real business needs. "Part of that is just the proximity to all these businesses right here on our doorstep," says Melvoin. "But there's also very structured support. We run legal workshops on how to approach intellectual copyright and contracts; marketing partners give advice on logos and communications messages; there's also guidance on accountancy and web-hosting. All bases are covered. And the start-ups have access to a wide network of mentors."

The growing blueprint mentor network includes executives and directors from Swire group businesses, leading early stage tech investors, seasoned entrepreneurs and operational experts. Specialising in everything from retail to hospitality, marketing and communications, ICT, web development, investment banking and financial services, they span companies such as Uber, Tesla Motors, Rackspace, Lenovo and Ernst & Young. In addition, blueprint has a partnership with Seedcamp, Europe's leading pre-seed and seed investment fund and mentoring programme.

Says Hilary Szymujko, blueprint's Startups, Investors and Mentors Manager: "Our network of partners, mentors and investors is invaluable. We stage regular mentoring events but it's great to see these relationships developing organically. The mentors aren't paid; there's nothing in it for them in that sense. But a lot of them are very excited just to come into contact with these small, passionate companies who can benefit from their insights."

Locate's Cooper says that being plugged into the blueprint network is "a massive door-opener and a great sounding board". "Having access to all these people who understand the challenges business start-ups face and can offer advice and solutions is massively beneficial," he adds. "We're already having great conversations with potential partners about our product. In terms of investment, the channels and connections that have opened up through blueprint and Swire are also extremely promising."



Victor Ruiz, co-founder of actiMirror.

Locate – whose vision is to "revolutionise the suitcase and make lost luggage a thing of the past" – is now going through "alpha testing", and Cooper is hopeful the company will emerge from blueprint with pre-seed fundraising complete and a pilot programme in place.

Another blueprint accelerator start-up, actiMirror, offers a new generation of smart mirrors, which deploy object identification and facial recognition software to deliver data analytics and targeted media content across the retail, hospitality and real estate sectors. When its co-founder, Victor Ruiz, spoke to *Swire News*, the company was on the verge of finalising a round of US\$1 million in seed fundraising. "We have a pretty strong road map," says the Spaniard. "At the end of the six months, we hope to scale up and start deploying a worldwide distribution network."



Swire Properties' Chief Executive Guy Bradley and Director, Office, Don Taylor, (standing, seventh and eighth from right), together with the entrepreneurs behind the 11 start-ups chosen from over 150 applicants from around the world.



The start-ups can get invaluable technical and business advice from a network of mentors in regular events staged by blueprint.

“Swire has a strong presence in the retail, hospitality and real estate market verticals, matching perfectly with our target vertical markets, and we are hopeful of developing relationships that will enable us to launch some strong pilots.”

In addition to the 11 companies on the 17th floor, uptake of the co-working space has also been enthusiastic, with more than 120 members now using it. “The two floors are distinct but complementary,” says Melvoin. “Overall, there’s a real culture of innovation and collaboration where people can feed off one another’s ideas and explore synergies.”

One aspect that fuses both parts of blueprint together is its impressive physical configuration and design. A canvas for innovation and collaboration, blueprint is an aesthetically impactful workspace that fundamentally differs from most traditional corporate environments. In partnership with leading Asia Pacific design consultancy PDM International, both floors have been repurposed as free-flowing, flexible spaces that inspire and facilitate creativity. Incorporating statement fixtures, fittings and artworks, they can be reconfigured for intimate meetings, large-scale presentations or private events, and have sustainability built into their very essence.

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Importantly, blueprint’s interiors bring elements of Swire’s and indeed Hong Kong’s history to life in a way that blends seamlessly with the palette provided by the warehouse setting. Heritage items were sourced from various parts of the Swire group, including a discarded Hongkong United Dockyards container that now serves as a breakout room, retired seating from decommissioned Cathay Pacific aircraft and historic Swire Beverages signage. Light fittings from old office spaces and shipping yards have been re-used, while recycled timber is to be found throughout on doors and table tops, many of which can be folded

away using industrial pulleys and cables. Also recycled is the bamboo scaffolding that provides screening throughout. Meanwhile, in partnership with Schneider Electric, advanced lighting and climate controls respond to occupancy levels in each zone.

According to Don Taylor, Swire Properties’ Director, Office, the upcycling and sustainability aspects of blueprint, in addition to the Swire-steeped entrepreneurial narrative, add to its distinct identity. “These threads running throughout the space are important in terms of what we’re trying to do with blueprint,” he says. “Taikoo Place is being redeveloped and when the project moves to a more permanent home after Cornwall House comes down in 2016, we plan to re-use as many of the fixtures as we can.”

Taylor continues: “We’re proud of what has been created here. It adds to the diversity of our tenant base at Taikoo Place and it’s very much about giving something back to the community by creating a space where budding entrepreneurs can innovate and collaborate. Hong Kong was crying out for this kind of facility and we’ve seen a fantastic response from everyone who has come into contact with it. There is clear potential to roll blueprint out across Mainland China, but in a Hong Kong context, we’re confident that it is already helping to transform the city’s business landscape.”



blueprint’s interiors bring elements of Swire’s history to life: heritage items sourced from various parts of the Swire group including a discarded Hongkong United Dockyards container that now serves as a breakout room, retired seating from decommissioned Cathay Pacific aircraft, and historic Swire Beverages signage.

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**1 Art Basel Hong Kong 2015**

Swire Properties opened its lounge installation at the Art Basel show in Hong Kong on 13th March. Entering its third year of supporting the world's premier modern and contemporary art event, Swire Properties curated a host of programmes that included a multimedia art installation, an exhibition, a short film and talks at the lounge to promote dialogue on art, creativity and technology. The Swire Properties lounge, themed "Ephemera", provided a unique space to inspire new thinking and connections. Swire Properties also collaborated with Liberatum, an international multidisciplinary cultural brand, to produce the short film *Artistry and Technology*, which features some of the most outstanding minds from the worlds of art, film and architecture, including Francis Ford Coppola, David Hockney, Pritzker prize winning architect Frank Gehry and Academy Award-winning actress Susan Sarandon. The acclaimed actress attended the film's premiere and spoke about her successful career at a salon talk at the Swire Properties lounge on 14th March.

**2 JS&S supports Hearing Dogs**

Last year, John Swire & Sons donated some office furniture from its London headquarters to Hearing Dogs for Deaf People, a UK charity that trains dogs to be the "ears" for deaf people. As a result, Hearing Dogs now has a professionally equipped room to meet with potential donors and corporate sponsors. Hearing Dogs was founded in 1982 and since then has trained over 2,000 clever dogs to alert their owners to everyday household sounds and danger signals at home and outdoors, helping people with hearing impairments to lead more secure, confident and independent lives.

**3 Swire Jam**

On 14th March, around 50 volunteers gathered at the St. James' Settlement community kitchen for the fifth year running to make 900 pots of Swire Jam using kumquats collected after Chinese New Year. The all-natural, homemade jam was donated to underprivileged families supported by the St. James' Settlement's "Happy Shopping Fair" programme, which offers groceries at below-market prices. A special charity sale for staff was also held, raising a further HK\$5,000 to support this meaningful initiative.