

SWIRE NEWS

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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. 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.

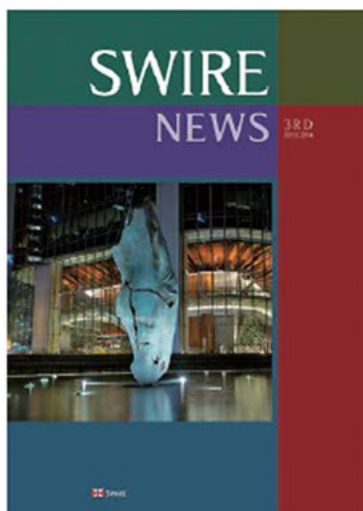
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The 16-foot-tall sculpture 'Horse at Water', created by renowned British sculptor Nic Fiddian-Green, is now on permanent display at the landscaped garden Via Fiori at TaiKoo Place. Story on page 10.

CORPORATE

Swire China Conference 2014

The fourth Swire China Conference was held in Guangzhou in August. Entitled "China: Looking Ahead", this year's conference was the largest ever, attended by more than 160 senior executives from Swire's various business divisions.



John Slosar, Chairman of Swire Pacific, delivered the conference's opening remarks.

John Slosar, Chairman of Swire Pacific, opened the full-day event with an overview of Swire's development in the context of a rapidly developing China. He said that the group is well-positioned to differentiate our products from the competition with quality goods and services

which are relevant to Chinese consumers. He encouraged managers to stick to the group's long-term approach, to be mentally flexible in developing their businesses and to focus on productivity and cost efficiency. The Chairman's opening remarks were followed by an update on Swire businesses on the Mainland from Adrian Harley, Director & Chief Representative of John Swire & Sons (China) Ltd.

Guest speakers were invited to share their insights and ideas at the conference. They included Sun Tong, Deputy Director General of the Department of Taiwan, Hong Kong & Macau Affairs of the Ministry of Commerce of China, Martin Jacques, author of international bestseller "When China Rules the World" and John Spelich, Group Vice President of the Mainland-based e-commerce global leader, Alibaba Group. They spoke on a wide range of topics ranging from trends and challenges of Chinese economic development and opportunities in the Pearl River Delta region, to e-commerce and sustainability issues in China.

Senior management appointments

Guy Bradley, Chief Executive of Swire Properties, Patrick Healy, Managing Director of Swire Beverages and Rupert Hogg, Chief Operating Officer of Cathay Pacific Airways have been appointed as Directors of John Swire & Sons (H.K.) Ltd with effect from 1st December 2014.



Guy Bradley



Patrick Healy



Rupert Hogg

Geoff Cundle, Managing Director of Steamships Trading Company will take over from Bill Rothery as Chairman and CEO of John Swire & Sons Pty and Chairman, Steamships Trading Company, with effect from 1st March 2015. Bill Rothery will retire from the group after 35 years of service.

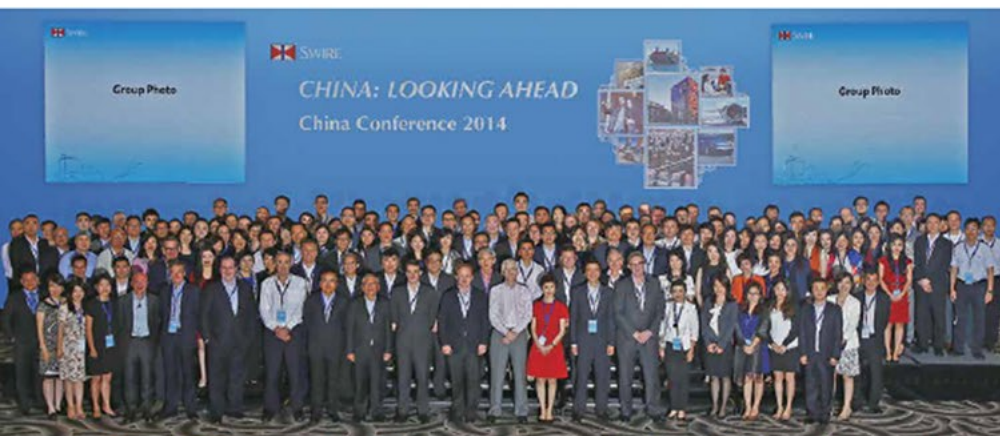


Geoff Cundle



Peter Langslow

Peter Langslow will become Managing Director of Steamships Trading Company with effect from 12th January 2015.



More than 160 attendees from 34 Swire group companies joined the Swire China Conference, including John Swire & Sons Directors, Baroness Lydia Dunn and Merlin Swire and Chairman of Swire Pacific, John Slosar.

Swire Sustainable Development Forum 2014

On 13th and 14th November, over 180 executives from across the Swire group gathered in Hong Kong for the fourth Sustainable Development Forum. The forum was opened by J B Rae-Smith, Executive Director of Swire Pacific, followed by opening remarks from Barnaby Swire, Director of John Swire & Sons Ltd, on the group's long-term development journey. Highlight of the forum was the CEO Panel Discussion, in which Swire Properties' Chief Executive Officer – Mainland China, Guy Bradley, Cathay Pacific's Chief Operating Officer, Rupert Hogg, and Swire Beverages' Managing Director, Pat Healy, shared insights and challenges on sustainable strategies implementation.

Winners of the Sustainable Development Project Competition were also announced at the forum. After a stringent selection process and several rounds of voting, the Swire Best Sustainability Project Award went to Swire Properties' new eco-hostel project on Lantau Island. The Most Popular SD Project Award, based on staff votes, was won by Finlays' solar hub project, which aims to provide a source of affordable, safe and environmentally friendly lighting for its employees.



Swire Pacific's Executive Director J B Rae-Smith welcomes Swire executives at the opening of the forum.

PROPERTY

Saks Fifth Avenue comes to Miami

Leading US luxury retailer, Saks Fifth Avenue, is to open its first Florida department store at Brickell City Centre, Swire Properties' landmark US\$1.05 billion, 5.4 million square-foot mixed-use development in Miami. The flagship store, due to open in 2016, will be lead tenant at the Centre, occupying three floors, or 107,000 square feet of the 565,000 square-foot shopping centre.



AREZZO

Swire Properties has released the price list for 50 units at AREZZO, the company's latest residential development in Mid-Levels West, Hong Kong, with prices ranging from HK\$22.28 million to HK\$29.58 million – or HK\$24,457- HK\$30,307 per square foot of saleable area. The estimated completion date for the development is March 2015. Located at 33 Seymour Road, AREZZO is a 48-storey development with 127 spacious

residences. There are 120 two- and three-bedroom apartments and seven special units, including three with their own roof terrace, and a four-bedroom penthouse with its own private rooftop garden and pool. AREZZO's double-storey clubhouse features a banqueting room, an indoor and outdoor children's playground, an entertainment room, a gymnasium and a lounge.



AVIATION



New services

Cathay Pacific Airways commenced a four-times-a-week non-stop service to Colombo in October 2014, making the airline the only carrier to operate direct services between Hong Kong and the Sri Lankan capital. Cathay Pacific already operates daily services to Sri Lanka and the direct flights have replaced its service via Singapore; the airline will continue to offer three flights a week via Bangkok. The new direct flights will be operated by an Airbus A330-300 aircraft equipped with Cathay Pacific's award-winning long-haul Business Class seats, together with new Premium Economy and Economy Class seats. In November 2014, Cathay Pacific launched a new freighter service to Phnom Penh, the capital city of Cambodia. The scheduled service operates twice a week on a Hong Kong-Singapore-Penang-Phnom Penh-Hong Kong routing, offering customers greater choice and flexibility in moving garments and other manufactured products between Cambodia and other parts of the world via Cathay Pacific's comprehensive cargo network. The airline has also announced it is to launch a new four-times-weekly, non-stop service

to Boston, Massachusetts on 2nd May 2015, subject to government approval. The new service, which will be Cathay Pacific's sixth gateway in the United States and provide the first direct link between New England and Hong Kong, will be operated by Boeing 777-300ER aircraft in a four-class configuration.

Biojet fuel strategy

Cathay Pacific Airways has made a strategic investment in Fulcrum BioEnergy, Inc., a world pioneer in the development and commercialisation of converting municipal solid waste into sustainable aviation fuel or "biojet" fuel. The investment is a part of the airline's strategy to achieve a target of carbon-neutral growth from 2020 and Cathay Pacific has negotiated a long-term supply agreement with Fulcrum for an initial 375 million US gallons of sustainable aviation fuel over ten years. This represents, on an annual basis, approximately 2% of the airline's current fuel consumption. Fulcrum will shortly commence construction of its first commercial plant and will build large-scale, waste-to-renewable jet

fuel plants at multiple sites, primarily in North America – including locations strategic to the Cathay Pacific network. Cathay Pacific has an option for further investment.

New branding

HAECO has launched a new brand identity, which will unite all of its 19 subsidiaries and associates – including TAECO and TIMCO Aviation Services – under the HAECO brand. A new logo, symbolising a tick mark and evocative of wings and flight, has been adopted as the unified corporate branding for the HAECO group of companies, and will be rolled out over the next few months.



Strategic shareholding

GE Aviation has acquired a 9.9% equity stake in Taikoo Engine Services (Xiamen) Co. Ltd. (TEXL). Established in 2008, as a joint venture between HAECO, TAECO, Cathay Pacific Airways and Xiamen Aviation Industry Company, TEXL is the only MRO facility in Asia to hold a GE90 Branded Service Agreement, licensing the company as an authorised GE90 Service Provider and Centre of Excellence. Augustus Tang, HAECO Group's Chief Executive Officer, said: "This transaction marks another significant milestone in our growing partnership with GE Aviation. We look forward to working even more closely with our new shareholder to ensure TEXL is best placed to cope with the increasing global demand for GE90 engine repair and overhaul services."

AGRIBUSINESS & FOOD CHAIN

Laverton expansion

Swire Cold Storage has opened an AU\$30 million expansion at its Laverton site in Melbourne, making it the largest temperature-controlled facility under one roof in the southern hemisphere. The expansion includes an additional 30,000 pallet spaces and 19 loading docks, taking the total building footprint to 31,670 square metres. Safety and sustainability were

central to the design of the new extension, which features state-of-the-art ammonia refrigeration and a range of energy and resource-saving measures, such as smart LED lighting and an extra 500,000 litres of water harvesting capacity – taking the facility's total capacity to one million litres, or enough to supply 40% of its usage.



Wyndham City Council Mayor Bob Fairclough (left) and John Swire & Sons Pty Chairman and CEO Bill Rothery officially open the site.

USCS adds new plants

United States Cold Storage ("USCS") has opened a new cold storage facility at Salt Lake City in Utah. Situated in the new Ninigret North Industrial Park and strategically located for the Union Pacific Railroad's refrigerated and dry rail services, the new facility sits on a 35-acre parcel of land, with ample room to expand. It features 5.2 million cubic feet of refrigerated storage (22,850 pallet positions) and another one million cubic feet of food grade dry storage (4,084 pallet positions) and is equipped to provide cross-dock transportation services, with 18 refrigerated dock doors and six dry dock doors. This flexible facility will accommodate products in four distinct freezer, refrigerated and dry storage areas. Operations include a state-of-the-art CO2 refrigeration



The expansion features an enclosed pedestrian walkway above the truck docking area and an additional 500,000-litre rainwater collection tank.



An artist's impression of the Salt Lake City (top) and Quakertown warehouses (right).

system, as well as future capacity for low-temperature blast freezing.

USCS has also added a third Pennsylvania warehouse, with a new site at Quakertown, to complement nearby operations in Bethlehem and Hazleton. In addition to adding more storage capacity, the new location enables USCS to continue to grow its multi-vendor consolidation programme, thereby driving down shipping costs for current customers. USCS Quakertown sits on a 40.1-acre site, with plenty of room for future growth. Phase One spans 6.5 million cubic feet of storage (29,000 pallet positions) in four rooms, with temperatures ranging from -20°F to +40°F. The facility boasts 27 refrigerated dock doors and CO2 refrigeration system.

Major expansion into Mainland cold chain sector

Swire Cold Chain Logistics (Shanghai) Company Ltd, a wholly owned subsidiary of Swire Pacific Cold Storage, has opened a facility at Fengxian in Shanghai; it is Swire

Pacific Cold Storage's first wholly owned cold store in Mainland China. Located in the Shanghai Seaport Comprehensive Economic Development Zone, the facility is strategically located to service the



Guests of honour at the opening ceremony (left to right): John Swire & Sons (H.K.) Ltd Directors, Sam Swire and Ian Shiu, Swire Pacific Executive Director, J B Rae-Smith, Swire Pacific Chairman, John Slosar, Deputy Director of the Shanghai Municipal Commission of Commerce, Jiang Hongxia, Director and General Manager of Swire Pacific Cold Storage and Swire Cold Chain Logistics (Shanghai) Company Ltd, Clement Lam, and Director and Deputy Director of the Fengxian District Economic Commission, Xu Jianlong and Cao Guibin.

Shanghai municipality, as well as major cities in Jiangsu and Zhejiang Provinces. At an investment of RMB 440 million, it is one of the largest and most advanced facilities of its kind in Eastern China, spanning over 43,420 square metres and providing 50,000 pallet positions. The warehouse is divided into seven zones, with full temperature control ranging from -25°C to +15°C. A sophisticated warehouse management system includes RF barcode scanning technology and enables customers to access inventory data and track orders in real-time around the clock. The cold storage sector is one of the Mainland's fastest growing industries and Swire Pacific Cold Storage plans to build a nationwide cold chain logistics network by 2020, comprising a total of 13 large-scale facilities. (More on pages 14-19)

Ground-breaking

On 18th August, Swire Coca-Cola Beverages Hefei held the ground-breaking ceremony for its new JinXiu bottling plant. Mayor of Hefei City, Zhang Qingjun, was amongst the VIP guests at the ceremony. Total investment in the new plant is RMB 1 billion and it will have four high-speed production lines, with projected annual capacity of 80 million unit cases of beverage. The new facility, which is designed to meet LEED Gold certification standards, is scheduled for completion in May 2015.

Anniversaries marked by name-changes

In October 2014, Nanjing BC Foods and Hangzhou BC Foods celebrated their 25th anniversaries with ceremonies attended by guests of honour from the Coca-Cola system, local government officials, customers and employees. To more clearly identify the companies with Swire Beverages and The Coca-Cola Company, Nanjing BC Foods' name has been officially changed to "Swire Coca-Cola Jiangsu Limited", and Hangzhou BC Foods has become "Swire Coca-Cola Beverages Zhejiang Limited". Established

in 1989, Nanjing BC Foods began with 240 employees and annual sales of 3.2 million unit cases. Swire Coca-Cola Beverages Jiangsu now has over 2,400 employees and annual sales have increased to over 100 million unit cases, with the company now operating five production lines. Hangzhou BC Foods started in 1989 with 180 employees and sales of 2.15 million unit cases per annum; Swire Coca-Cola Beverages Zhejiang now has over 2,000 employees and annual sales have risen to over 105 million unit cases.



MARINE SERVICES



Swire Oilfield Services Norway's General Manager Manfred Vonlanthen (right) with TOTAL E&P NORGE's Logistics Manager Steinar-Hviding Olsen at the contract signing ceremony.

SOS announces new contract and major regional expansions

Swire Oilfield Services ("SOS") has secured a four-year contract to supply TOTAL E&P NORGE A/S with cargo carrying units for production and drilling activities on the Martin Linge field and other sites on the Norwegian Continental Shelf; production is due to start in the fourth quarter of 2016. SOS will also support TOTAL with a range of associated services, including maintenance and handling. The Martin Linge field is situated 42 kilometres west of Oseberg in the North Sea, at a water depth of 115 metres, and is estimated to hold oil and gas reserves of about 190 million barrels.

SOS is meanwhile set to expand its presence in the Middle East and Southeast Asian regions during 2015. The company will open new offices in the United Arab Emirates (UAE) and an operations base at Abu Dhabi, as part of a multi-million dollar investment in the Middle East, which will see SOS focus on key markets in the UAE, Qatar, Bahrain, Saudi Arabia and Oman. SOS

plans to mobilise one of the largest regional cargo carrying unit fleets to the Middle East to meet the demands of increasing oil and gas exploration and production activity. SOS will also expand its Singapore base and open two new yards at Vung Tau in Vietnam and Songkhla in Thailand in 2015. Since opening its Southeast Asian headquarters in Singapore four years ago, SOS has established itself as the market leader and largest supplier of DNV-certified cargo carrying solutions in the Asia Pacific region. The Singapore yard extension will enhance

its regional distribution capability, and the development of the yards in Vietnam and Thailand will create new local jobs, as well as boosting the company's physical presence in the region's micro-markets – a key objective in SOS' five-year growth plan for Southeast Asia.

New vessels

Swire Pacific Offshore Operations (Pte) Ltd ("SPO") celebrated the naming of its first "G" Class Platform Supply Vessel ("PSV"), *Pacific Gannet*, at Japan Marine United Corporation's ("JMU") Yokohama Shipyard on 12th September and the naming and delivery of its third "L" Class PSV, *Pacific Legend*, at JMU's Maizuru Shipyard in Kyoto on 30th September 2014.

Pacific Gannet is the first of ten "G" Class PSVs that SPO has commissioned JMU to build over the next three years. These 4,000 dwt vessels are suited to a wide range of supply duties in the offshore industry. The hull form and bulbous bow shape also ensure optimal fuel efficiency. The bulbous bow design takes into consideration various speeds, draughts and sea states and is



designed to maximise its effectiveness over a wide range of operating conditions. Powered by a diesel electric propulsion plant and equipped with counter-rotating azimuth thrusters with variable frequency drives, the tank arrangements allow for generous liquid capacities of up to 969 cubic metres of cargo fuel. The 810 square-metre clear deck space is designed to accommodate three lengths of drill pipe or casing with safe access for the deck crew and will facilitate carriage of a wide range of project machinery and equipment. The cabin outfitting is MLC 2006-compliant and can accommodate up to 48 people. These vessels are certified with DP2, SPS and Clean Class notations.

Key wind farm contracts

In September 2014, SPO's subsidiary, Swire Blue Ocean A/S, signed contracts to participate in two major wind farm installation projects in the North Sea,

commencing in 2015. The company will provide a specialist wind farm installation vessel to support EPCI (Engineering, Procurement, Construction and Installation) contractor, Van Oord Offshore Wind Projects, in the installation of 150 foundations and wind turbine generators on the Gemini Offshore Wind Farm, to be built in the Dutch part of the North Sea, 85 km north of Groningen. The 600MW Gemini Offshore Wind Farm will be one of the largest wind farms in the world in terms of size and production, and when completed, it will provide power to approximately 785,000 households. Swire Blue Ocean has also signed a contract with engineering and services group Bilfinger, for the provision of an installation vessel to support the installation of 72 foundations on the Sandbank Offshore Windpark. Sandbank is a joint partnership between Vattenfall (51%) and the city of Munich's public utility company (49%). Seventy-two foundations

will be installed in waters up to 34 metres deep, 90 km west of the Island of Sylt in the German North Sea.

Oil spill response partnership

SPO's Dubai-based subsidiary, Swire Emergency Response Services ("SERS"), has formed a partnership with Mediterranean-based International Environmental and Marine Services ("IEMS") to jointly provide Tier 2/3 response services to clients in Europe, Africa and the Middle East. SERS provides oil spill response and equipment rental services on a global basis, and owns comprehensive oil response equipment stockpiles in Dubai, Singapore, South Africa and West Africa. IEMS is the first independent international environmental and marine services company in the Middle East and specialises in providing and installing custom contingency equipment packages, as well as oil spill deflection

and protection systems. As part of the partnership, SERS and IEMS will jointly establish an Oil Spill Response Centre ("OSRC") in South Africa by the end of 2014. Both companies will also jointly offer International Maritime Organization Level 1 and Level 2 Oil Spill Training from dedicated operational OSRCs in the Red Sea and the Mediterranean.

Solar solution

SPO's subsidiary, Altus Logistics, has recently installed a solar panel system at its warehouse facility at Loyang in Singapore. The system converts solar



(Left to right) Altus Group's Director Robert Sumantri, SPO's Marine Services Director Rupert Bray, SPO's Managing Director Neil Glenn, Altus Logistics' Chief Executive Officer Michael Ellsworth and John Swire & Sons (S.E. Asia) Pte Ltd's Director Charles Bremridge.

energy from sunlight and will generate approximately 152,517kWh of electricity annually – equivalent to powering 18 average three-bedroom apartments for an entire year. The project required capital investment of approximately US\$198,400, with payback in just five years and eight months. The solar panels have a warranted lifespan of 25 years and require minimal maintenance and upkeep; they will save Altus an estimated US\$39,000 per annum in electricity bills – an average 45.1% reduction in monthly costs.

TRADING & INDUSTRIAL

Catalog opens online flagship store

In August 2014, Catalog opened a flagship online store at tmall.com, a B2C (business-to-consumer) shopping site operated by Alibaba, marking its first entry into the booming e-commerce market in Mainland China. The new e-shopping platform catalog.tmall.com showcases a collection

of branded fashion sneakers and other footwear, as well as apparel and accessories from specially selected international labels. A digital magazine is also available online, with tips for mixing and matching fashions with different styles of sneakers and casual shoes.



Mercedes-Benz dealership

Taikoo Motors' subsidiary, Supreme Motors, has signed a dealership agreement with Mercedes-Benz Taiwan for the distribution of passenger cars in Kaohsiung. Under the agreement, Taikoo Motors will open and operate a 3S workshop, which will concentrate on sales, servicing and spare

parts, as well as a used car facility, Mercedes-Benz Select. The new facilities in Kaohsiung are currently under construction and are expected to open in the first quarter of 2015. Plans to further develop this dealership network are under discussion with the principal.



At the contract signing ceremony were (left to right): Supreme Motors' General Manager, Jeff Lee, Taikoo Motors Group's Chief Operations Officer, Mike Hsieh, Mercedes-Benz Taiwan's Vice President After Sales, Andreas Spreter, Taikoo Motors Group's Managing Director, Derrick Chan, President & CEO of Mercedes-Benz Taiwan, Eckart Mayer and Mercedes-Benz Taiwan's Vice President & CFO and Vice President Sales & Marketing, Karsten Moepps and Andreas Stockhecke.



On 9th October 2014, The China Navigation Company ("CNC") named two new vessels, Erisort and Eriskay, at Chengxi Shipyard in Mainland China. Lady Sponsors were Rosanna Rixson, Senior Chartering Manager, Swire Bulk (Atlantic) (ninth from the left), and Sophie Edmunds, wife of CNC's Tonnage Manager, George Edmunds.

IN THE COMMUNITY

Swire Properties launches 'blueprint' accelerator

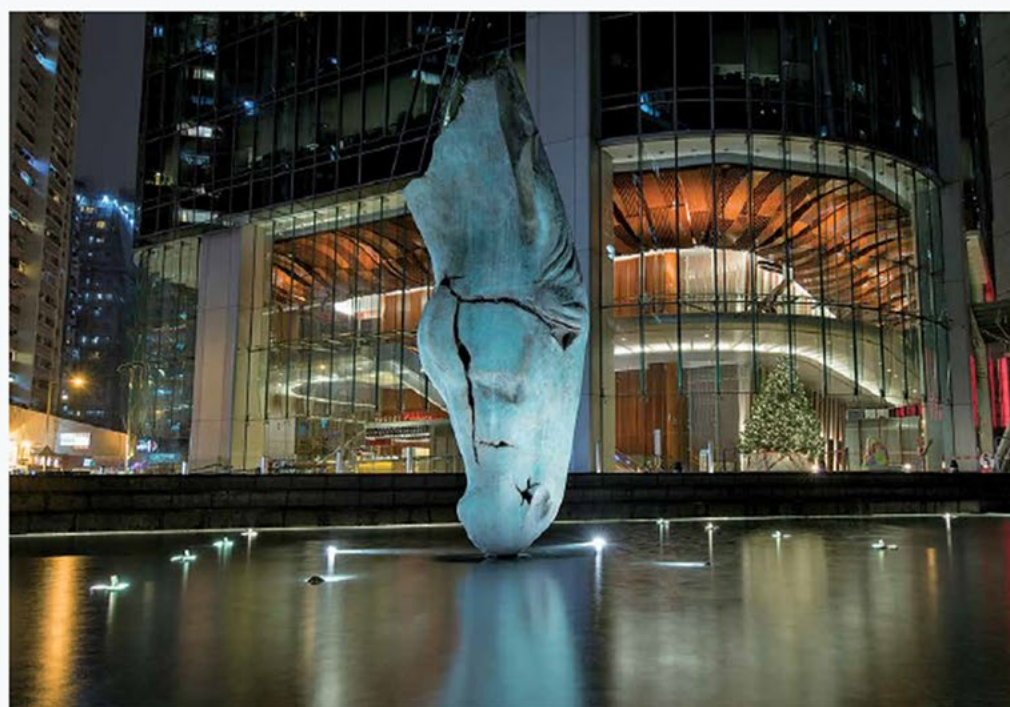
Swire Properties has launched the 'blueprint', a new initiative based in Cornwall House, TaiKoo Place, aimed at supporting entrepreneurship in Hong Kong. The blueprint accelerator programme will provide ten selected B2B (business-to-business) tech start-ups with workspace, mentorship and professional support to help them test product-market fit, acquire customers and attract investment. Swire Properties' approach is unique in that it will not charge the start-ups a fee, nor does it require equity in return. Each accelerator programme lasts six months, with the first one launching in January 2015. Apart from a B2B focus, there are no other fixed criteria for eligible start-ups. The blueprint mentor network, which will continue to grow,



currently includes over 30 top executives and entrepreneurs, including senior managers from the Swire group.

In addition to the accelerator, blueprint also contains an open co-working space

intended specifically for start-ups and entrepreneurs in the tech industry. As with the accelerator, there will be a competitive application process to select 300 members at any one time to enjoy the facilities.



The new sculpture 'Horse at Water', created by renowned British sculptor Nic Fiddian-Green, is now on permanent display at the landscaped garden Via Fiori at TaiKoo Place. Inspired by the horses of the Han Dynasty, the 16-foot-tall sculpture is about the same height as a double-decker bus and rests on the surface of a pool of water, giving a magical illusion of the horse serenely drinking. The distinct cracks and fractures in the bronze surface portray elements of time and history. The sculpture also symbolises long-lasting good fortune for residents and office workers in the neighbourhood.

Steamships continues support for rural healthcare

Steamships Trading Company ("STC") has continued its partnership with Youth With A Mission Medical Ships – Australia ("YWAM MSA") by making a donation of Kina 400,000 to further its support for the organisation's healthcare outreach programmes in rural areas of Papua New Guinea. The donation will enable YWAM MSA to reach more rural

and remote villages inaccessible by road in the Gulf, Western and Oro provinces, connecting with communities that are struggling with a lack of basic medical services. In addition to its financial support, STC also provides free berthing at Port Moresby for YWAM MSA's medical ship, *MV Pacific Link*.



STC General Manager Corporate Affairs, David Toua (middle), presents a cheque to Dr Sarah Dunn, Community Development Manager, YWAM MSA (third from the left).



Cathay Pacific's General Manager Financial Services, Andrew West, represented the Swire group, when he laid a wreath at the Cenotaph in Hong Kong on Remembrance Day.

RECOGNITIONS

Swire Pacific joins DJSI Asia Pacific

Swire Pacific has been included in the renowned Dow Jones Sustainability Asia Pacific Index ("DJSI Asia Pacific"), in recognition of the achievements the group has made on the sustainability front. The DJSI is the leading global sustainability benchmark which tracks the performance of sustainability-driven companies worldwide, based on an analysis of financially material economic, environmental and social factors. The DJSI Asia Pacific was launched in 2009 as a regional benchmark to capture the top 20% of the top 600 companies in the Asia Pacific region that lead the sustainability field. Swire Pacific was assessed on a wide range of criteria and was rated well above industry average for its environmental reporting, building materials, antitrust policy and occupational health and safety policy.

Excellence in reporting

Swire Pacific has been recognised in the Hong Kong Management Association's Best Annual Reports awards for the third consecutive year. The company's 2014 annual report won the bronze award in the General category. The panel of adjudicators praised Swire Pacific's report for its engaging presentation which "presents its complex operations in an interesting way and provides a detailed description of its business strategies".

The 2014 Best Annual Reports aims to encourage the publication of accurate, informative, well presented and timely annual reports for stakeholders. This year, a total of 106 entries were received, amongst which, 85 fell into the General category.

Best office and business developer

Swire Properties' commitment to provide the highest standards of building design and services has won it the title of Best Office/Business Developer in Hong Kong in a real estate survey. The recognition came from the internationally respected financial magazine *Euromoney*, which conducted a survey canvassing the opinions of real estate developers, advisors, investment managers, corporate end-users and banks in over 60 countries and regions worldwide. Over 2,300 responses were received and respondents were asked to rank which firms they thought were the best providers of real estate products and services in their market. Respondents praised Swire Properties for its leading role in promoting transparent communication to investors, indicating that "the company has a clear strategy and good visibility".

Green Building Award

Swire Properties' Island East portfolio, comprising TaiKoo Place and Cityplaza, has won a Grand Award for Facilities Management in Green Building Award 2014's "Existing Building" category. The

Green Building Award scheme is jointly organised by the Hong Kong Green Building Council and the Professional Green Building Council, and aims to provide recognition for building-related projects with an outstanding sustainable performance that make a positive contribution to the built environment of Hong Kong. Island East is Hong Kong's largest privately owned business district and includes 12 office towers and a shopping centre. This year's award scheme witnessed a record 96 nominations, with 62 projects selected as finalists – including AZURA, Swire Properties' new residential development in Mid-Levels West.

Swire Properties ranked amongst Asia's sustainability leaders

Swire Properties has been included in the Channel NewsAsia Sustainability Ranking, becoming the only Hong Kong property developer amongst 100 Asian businesses ranked as sustainable companies. Swire Properties has also been named as one of the top three sustainable companies in Hong Kong. This newly-launched ranking

is a co-operation between research firm Sustainalytics, consultancy firm CSR Asia and regional broadcaster Channel NewsAsia, which aims to identify firms that lead the way in corporate sustainability, on the basis of their performance in environmental protection, social responsibility and corporate governance. Swire Properties was commended by the report for its robust mechanisms for consulting and engaging with stakeholders in the various aspects of a building project.

Hong Kong Ship Owner of the Year

The China Navigation Company has won the Hong Kong Ship Owner of the Year 2014 award in the inaugural Seafarers Awards, presented at the annual Sailors Home and Mission to Seafarers' charity dinner on 13th November 2014. The dinner was attended by over 300 guests from the Hong Kong maritime industry. The award is the result of an independent poll



Hongkong United Dockyards' General Manager, Human Resources, Doris Luk, receives the award on behalf of CNCo from Hong Kong Mission to Seafarers Senior Chaplain, the Reverend Stephen Miller.

conducted by the Hong Kong Mission to Seafarers in association with the Hong Kong Shipowners' Association. In July, a survey was circulated to all seafarers serving on Hong Kong-registered vessels asking them to comment on whether they feel respected and valued by the companies they work for; over 4,000 responses were received.

Responsible business

SPO has won the Sustainable Business Award ("SBA") for Business Responsibility and Ethics at the inaugural Responsible Business Forum on Sustainable Development held in Singapore on 25th November 2014. Co-organised by Global Initiatives, an organisation which promotes sustainable global development, and PricewaterhouseCoopers, the SBA represents the only corporate sustainable awards in Asia, aiming to raise the awareness of best practices in sustainable business. The award recognises SPO's strong commitment to ethical, responsible and safe operations and its effective reinforcement of supplier code of conduct.



SPO's General Manager for Sustainable Development Simon Bennett (right) receives the award from Global Initiatives' CEO Tony Gourlay.

Outstanding airlines

In the 25th Annual TTG Travel Awards, Cathay Pacific Airways claimed the title of "Best North Asian Airline" and Dragonair took home the "Best Regional Airline" award, marking the fifth consecutive year that the two airlines have won these honours. The awards are determined by subscribers to TTG Travel Trade publications across the Asia Pacific region.

Cathay Pacific has also been named "Best Asian Airline serving China" in the 2014 Business Traveller China Awards, while Dragonair received the "Best Airline Economy Class" award. The annual awards, now in their tenth year, are decided by readers of *Business Traveller China*, who vote for their favourite hospitality groups and airlines across the industry.



Cathay Pacific's General Manager SE Asia Wilson Yam (middle) receives the "Best North Asian Airline" award from the Deputy Governor for Marketing Communications, Tourism Authority of Thailand, Sugree Sithivanich (second from the left) and TTG Asia Media's Managing Director, Darren Ng (second from the right).



Cathay Pacific's General Manager China Paul Loo (right) receives the "Best Asian Airline serving China" award at the 2014 Business Traveller China Awards ceremony.



At the award ceremony (left to right): Swire Properties' General Manager, Technical Services and Sustainability, Cary Chan, Gordon Ongley, Director, Development, and Alvin Kong, Director, Retail Portfolio Management.

A cold remedy for China

How Swire is raising standards in the Mainland's food logistics chain



Clement Lam, Director and General Manager of Swire Pacific Cold Storage.

It might seem like an obvious point to make, but it's also emblematic of some of the challenges of doing business in a country as vast as China. As Clement Lam, Director and General Manager of Swire Pacific Cold Storage – and a

man who has been with the Swire group for 30 years – puts it: “Cold storage isn’t always about colder storage. If you are in northern China and the ambient temperature is minus 25°C, then you effectively have to warm things up. Certain products, like fruit, can’t be kept under freezing point. So temperature-controlled storage would be more accurate than cold storage.”



The RMB 440 million facility in Fengxian is one of the largest and most advanced cold storage facilities in Eastern China.

Cold chain logistics is the business of temperature-controlled shipment and storage, mainly of perishable foodstuffs. With key links including refrigerated transportation and cold storage warehouses, efficient cold chain operations benefit end-users by improving supply reliability, food integrity and food safety, while reducing costs to distributors.

It's a business Swire has significant knowledge about, having first ventured seriously into the sector in the 1950s. Now the largest provider of cold chain services in Australia and Vietnam, the group also ranks among the top five in the United States. Swire entered the market in Mainland China in 2008, with the setting up of a joint venture in Guangzhou, before establishing a holding group, Swire Pacific Cold Storage ("SPCS"), in 2010, to explore cold chain development opportunities in the country.

"It was really a starter business," reflects Lam. "We have benefitted from knowledge transfer from our US and Australian cold chain businesses, but in terms of China it was effectively ground zero, a greenfield investment."

Since then, much progress has been made on the Mainland. With SPCS headquartered in Hong Kong and the business qualifying as FDI (Foreign Direct Investment) into China, operating companies have been set up in Shanghai, Ningbo, Hebei, Nanjing and Chengdu. As of the third quarter of 2014, Swire's first two wholly owned cold storage facilities – one at Fengxian, near Shanghai, the other at Langfang, in Hebei province – are operational. And by 2020, Lam and his team intend to have in place a total of 13 large-scale, best-in-class facilities that will together constitute a cold chain logistics network serving up to two-thirds of the population nationally.

To gain some understanding of the scale of this industry, consider that, at an investment of RMB 440 million, Swire's Fengxian facility alone provides 50,000 pallet positions, totalling 354,000 cubic metres of temperature-controlled space. ("You could fit six Airbus A380s inside" is how Lam puts it.) And then consider that, even when Swire's planned network is complete, it will command only a small share of the overall Mainland market: "About two per cent of the total market capacity is where our plan will take us, although we will be providing the largest amount of premium storage space."

Lam stresses that what Swire offers is international quality. "We hope to attract the cream of the cream to our segment," he says. "Our facilities are among the most advanced of their kind and I'm proud of that. We're bringing international standards to the market."

As a group, Swire is a great believer in China – a fact reflected in the very substantial investments that have been made in recent years in a varied portfolio of businesses. China's progress over the last 20 to 30 years has been remarkable, and it is destined to become the largest economy in the world. The cold chain sector is an area of particular potential.

Lam explains that now is an excellent time to be investing in cold chain logistics in Mainland China, with general market adoption of the concept of third-party cold storage gathering pace, but still some way off. Demand, he says, is creating the need for a much more sophisticated food chain. "It's partly driven by fast food chains and restaurants keen to maintain international standards, but also partly by domestic use of refrigeration, as the appetite for quality packaged foodstuffs grows. The growing awareness of food safety issues has also highlighted the importance of modernising the country's food supply chain, and it's something I believe the Chinese government is serious about developing, as well as improving livelihoods generally, so that consumers can afford high-quality food."

"It's important to remember that, on the whole, China is still a developing country, especially outside of cities like Beijing, Shanghai and Guangzhou. In a lot of places, there are very rudimentary storage facilities and although there are food safety regulations, the requirements are seldom met, because of cost issues."

With food scares in recent years contributing to pressure for higher safety standards, Lam believes the concept of third-party logistics will go "mainstream" on the Mainland in the next three to five years, although he adds that it could take five to ten years for China's leading cities to really catch up with the rest of the developed world, and even longer in less economically developed areas.

Having spent many years working for Cathay Pacific, the man tasked with ensuring Swire has a part to play in the cold chain sector's evolution on the Mainland came to the business "cold", as it were. "At Swire, it's not uncommon to send generalists to run businesses that they probably haven't been involved in before," he says. "The group believes in general management as a core skill. Obviously, this is a business the group knows and understands. I think what I bring is a framework, and the experience we have gained from operations in Australia and the US fills in the contents."

"In terms of getting the business off the ground, I had to make use of all my network of connections, and I had to travel extensively in China to engage with government officials. But much of what I'm applying now, I learnt from Cathay Pacific. Standardisation, safety, service and operational excellence – these are all key Cathay principles that apply equally to the cold chain. We are building a countrywide network, so standardisation is a must, but safety is absolutely Number One – just as it is with the airline. Our reputation depends on it."

For all that these principles are transferable, Lam is the first to admit that operating in Mainland China means there are new lessons to be learnt. "There are new things to learn every day in areas such as regulation and national standards, and we're learning as we go. However, we always apply Swire standards. There is only one route to gaining the respect of authorities and clients and that is by doing things properly."



Swire Pacific Cold Storage's world-class facilities adhere to leading international standards of food hygiene and environmental best practice.

The warehouse in Fengxian is divided into seven zones, with full temperature control ranging from -25 to +15 degrees Celsius.

Five-Star Refrigeration

Swire Pacific Cold Storage's facilities are among the most advanced of their kind in Mainland China, both in terms of the sophistication of their design and operations, and their sustainability credentials.

Swire has earned a reputation as a leader across all aspects of corporate social responsibility and sustainability has long been one of its core values. The company's cold storage facilities are therefore designed for maximum energy efficiency and minimal environmental impact, and recognition of its high standards has not been slow in coming: SPCS' recently-opened facility at Fengxian, near Shanghai, has already been awarded LEED Platinum accreditation, the green building certification programme's highest rating.

Features common to SPCS' facilities at Fengxian and Langfang, in Hebei Province, (and which will also be integral to those now under construction at Nanjing and Ningbo), include rainwater recycling, LED lighting and geo-thermal heat exchange systems.

The company also takes insulation extremely seriously, with every effort made to stop temperature leaks or the entry of water vapour, which can turn into snow and damage products. Meanwhile, SPCS' two-phase refrigeration system uses less ammonia and less electricity than a standard refrigeration system.

Other advanced features of Swire's cold chain operations include integrated warehouse and inventory management systems, with remote control capability and RF barcode scanning technology that increases efficiency and accuracy and enables customers to access inventory data and track orders in real-time around the clock.

And as extremely cold temperatures put ordinary computer systems at risk of failure, SPCS' monitoring and data systems utilise specialised equipment fitted with heating elements.

"We believe we can bring value to Chinese consumers, but our attitude is respectful. You can't go into China and say 'look, I'm from Hong Kong and things are done like this'. You have to go there with a humble heart and say 'I want to do this business, what should I do?' You have to listen and understand, and particularly when you're dealing with local government, the right approach is to have a very respectful attitude."

"In developed countries, the cost of cold chain logistics as a percentage of a product's retail price is between 10% and 15%," he says. "In China it can be as high as 50%. When customers see our storage facilities, they are amazed, because they are truly world-class. People are surprised by exactly what can be achieved. The more that distributors and producers understand how we can extend their geographical reach and also guarantee quality, the more viable our business will become."

"In terms of persuading local government, it can be a challenge, because logistics is not intrinsically a huge job creator or tax producer, even though it's necessary to support daily living and production." Be that as it may, confidence in what Swire offers gives Clement Lam hope that mindsets can be changed and obstacles overcome. "The good thing is that if it's difficult for us, it's difficult for everybody," he says. "And if the playing field is level, we will always stand out in terms of quality and service."



The Langfang warehouse in Hebei Province became operational in September 2014.



Raising the baton



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Michael MacLeod, Chief Executive of the Hong Kong Philharmonic Orchestra.

According to Michael MacLeod, the Hong Kong Philharmonic Orchestra's ("HK Phil") Chief Executive, there are two types of orchestra: those which "tread water and stand still", and those which "have a vision, a mission, objectives". As he leans forward eagerly at his office desk in Kowloon's Tsim Sha Tsui - with the Hong Kong Cultural Centre, and beyond that a shining Victoria Harbour in the background - there's little doubt that under the Briton's leadership the HK Phil belongs firmly in the latter category.

After celebrating its 40th anniversary in 2014, the HK Phil will continue its relationship with Swire - its principal patron since 2006 - when the Swire Trust's commitment to the orchestra is renewed for another three years from April 2015, with a grant of HK\$42.2 million. It will be the largest corporate donation in the orchestra's history, and will take the group's contribution over the years to HK\$155.5 million.

The purpose of Swire's patronage is to support the HK Phil in its mission to promote artistic excellence, foster access, stimulate cultural participation and affirm Hong Kong's status as one of the world's great cities. And fittingly, one of the SAR's most prestigious arts organisations has big plans to raise its profile at home, in the wider Hong Kong community, as well as on the international stage.

Since taking up his post in April 2011, MacLeod has been a man on a mission. After a long hiatus, he has reinvigorated the orchestra's recording and touring activities. CDs have been made with leading Chinese composers Tan Dun and Bright Sheng conducting their own works, in addition to one recorded specifically for schoolchildren and given out in schools. In December 2013, the ensemble visited Taipei for the first time in 20 years.

In 2015 the HK Phil will set its sights even higher. MacLeod explains: "We have a huge project to perform and record the four operas that make up Wagner's Ring Cycle - we'll be doing one a year, starting this January. We will be the only orchestra from Hong Kong or Mainland China ever to play the Ring Cycle. It's the supreme orchestral challenge, so really it's an incredible honour."

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A firm handshake between Swire Pacific Chairman John Slosar and Chairman of the HK Phil's Board of Governors, Jack So, seals the ongoing partnership.

Then, in March 2015, the orchestra will tour Europe, taking in many of the continent's most prestigious classical venues – including the gilded Musikverein in Vienna. “Simply by playing there we will be compared to the world's greatest orchestras. Our members will be ambassadors not only for themselves, but also for Hong Kong. They will truly be putting the city on the map.”

After working with orchestras in Europe and the United States, MacLeod says he has been made to feel completely at home in Hong Kong, with the orchestra's 96 members – “the majority of whom are from Hong Kong, Mainland China, or Taiwan” – constantly amazing him with their “extraordinary unanimity of commitment to making great music.”



Jaap van Zweden, one of today's most sought after conductors, has been Music Director of the HK Phil since 2012.

Undeniably, one contributing factor to that commonality of purpose over the last couple of years has been the presence of Jaap van Zweden as the orchestra's Music Director. MacLeod believes being under the baton of “one of the great conductors of our time” has created stability. “With Jaap, we are making music that is truly world-class,” he says. “That is very powerful in terms of being able to retain talent over the long-term.”

MacLeod also speaks enthusiastically about the orchestra's education and community programmes. Every year, the HK Phil stages concerts, seminars and classes for school pupils from all over Hong Kong, including some of its most disadvantaged communities, and provides 22,000 half-price concert tickets for students.

In the orchestra's mission to stimulate cultural participation and widen access to the arts, MacLeod insists it has the perfect partner in Swire. “Our relationship with Swire really could not be better,” he says.

The HK Phil will perform Wagner's mammoth Ring Cycle over four years; a major international cast will assemble in Hong Kong for the performance.

HK Phil has launched a broad range of community outreach programmes, outdoor concerts, adult education seminars, free recordings and pre-concert talks, with the aim of helping classical music touch the lives of as many people as possible.



In 2012, Swire and the HK Phil created the Swire Denim Series, a series of light and casual concerts commencing at 9pm – perfect for busy young urbanites to enjoy at the end of the working day.



A young soprano from the Hong Kong Academy for Performing Arts sang at the After Hour Classics, a series of hour-long, free public concerts co-presented by Swire Properties at ArtisTree, the multipurpose cultural venue at TaiKoo Place.



The Swire Sunday Family Series offers a great opportunity for children of age three and above to experience classical music in a fun and engaging way.

"I really must thank the group for a number of initiatives they have put forward. They are one hundred percent the reason we now perform the free outdoor concert at Central Harbourfront every November – Swire Symphony Under The Stars. It's attracting an audience of over 15,000 and is a major event for the benefit of the community."

"With the Swire Denim series, we've experimented with shorter concerts starting at more convenient times, and with the orchestra and audience dressed more casually. And there are the Swire Family concerts on Sundays. These are all examples where we've worked with Swire to re-think old-fashioned patterns of staging concerts and open ourselves up to new audiences, which is essential to expanding musical appreciation in the city over the longer term. We have regular meetings with Swire where we make suggestions, they make suggestions and often we wholeheartedly embrace their ideas."



The HK Phil's brass quintet performed at Tong Chong Street in 2013 for Swire Properties' White Christmas Street Fair – a fundraiser and festive celebration for the local community.

For his part, J B Rae-Smith, who chairs the Swire Trust, is happy with Swire's efforts to bolster the orchestra's outreach endeavours. "The Swire Denim and Swire Family concerts are great examples of making classical music more accessible, as is Swire Symphony Under The Stars," he tells Swire News. "Young people want to do things because they can relate to them and seeing an orchestra in a relaxed and informal setting can make that connection. Hong Kong is a place where people are very focused on other things, so access to art and creating the space for it in people's lives is very important."

"We're not involved as patron to embellish the Swire brand. Of course, it's nice to be associated with the orchestra as it has become powerful on the global scene, but Swire is very much a part of Hong Kong and we want to help the city create a world-class arts scene, one that gives people in Hong Kong pride and motivation. The benefit of a long-term association is that you have the opportunity to influence long-term goals. With the orchestra, we try to work together to create something that benefits the community and has an educational dimension."

According to MacLeod, the HK Phil has "surpassed my expectations in its pursuit of excellence". As the orchestra goes from strength to strength, it is to be hoped more and more Hong Kong people will have the opportunity to share in that sentiment.



Swire Symphony Under The Stars is a hugely popular free outdoor concert drawing an audience of over 15,000 every year. The 2014 event ended with Tchaikovsky's rousing 1812 Overture in a blaze of colourful fireworks.



This year, soprano Wang Xi performed arias from Verdi's Rigoletto and Gounod's Romeo and Juliet with the orchestra, conducted by acclaimed Hong Kong-born guest conductor, Perry So.



Those lucky enough to grab a free ticket can enjoy the thrill of sitting under the night sky and – for the first time for many – listening to the music of the world's greatest composers.



Swire team supports walkathon

On 19th October 2014, a team of 30 John Swire & Sons (H.K.) Ltd. Management Trainees and staff took part in the fifth "Walking with Lingnanians" fundraising walkathon, sponsored by Swire Pacific. Joining more than 1,000 students, alumni, teachers, staff and friends of Lingnan University, the Swire team enjoyed a fine day out along the seven-kilometre scenic promenade between Tai Po Waterfront Park and Hong Kong Science Park. The walkathon raised over HK\$3.68 million in support of the Lingnan University's personal development programmes.



Singapore coastal clean-up

On 22nd August 2014, a team of 27 Swire Pacific Offshore and China Navigation Company staff volunteered to do their part for the environment at Singapore's Pasir Ris beach. Volunteers rolled up their sleeves and cleared trash from a 500-metre strip of coastline on the eastern side of the island. Some even went the extra mile to retrieve non-biodegradable litter from amongst the bushes and in the water. It was the team's second coastal clean-up programme, following the success of their first effort in April. The group collected more than 500kg of trash, an incredible effort and a huge increase on their previous record of 42kg – though a sad indictment of Singapore's litter-louts!



Cleaning up for underprivileged families

On 22nd November 2014, volunteers from John Swire & Sons (H.K.) Ltd., Ethos, and Swire Properties spent an afternoon cleaning the homes of underprivileged families and the elderly in Sham Shui Po. The activity was organised by PROJECT SPACE, a charity founded by a group of architectural students and multidisciplinary professionals in Hong Kong that is dedicated to helping people in poverty build a decent, safe and sustainable living environment. PROJECT SPACE has been chosen as one of the beneficiaries of Operation Santa Claus 2014, which is sponsored by Swire Pacific.



Tenants fulfil acting dreams at ArtisTree

In collaboration with non-profit theatre company, Theatre Noir Foundation, Swire Properties staged "Preview of Miss Rose: A Romantic Musical Behind a Desk" at ArtisTree in TaiKoo Place from 25th to 27th July 2014. As part of Swire Properties' continuing tenant engagement programme, the musical featured a diverse cast of 32 TaiKoo Place employees and Cityplaza office tenants with a passion for theatre. The office tenants were shortlisted after rigorous auditions and were put through their paces with two months' professional training in acting, dancing and singing to get them ready for their first public performance. The show debuted to a VIP audience and media on 25th July, and had a full house throughout its three-day run.