

SPHERE

18

FROM HK TO UK

HWL mirrors its home-town's
success story in Britain



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NUMBER 18 FEBRUARY 2007

A Few Words from the Editor

THE COVER STORY in this issue explores the extraordinary rise of HWL in Britain. In just 15 years, the company has become one of the largest Asian investors in the UK, mirroring the five strands of its business in Hong Kong.

While this article deals with the recent past, our community story takes us back to the 1940s, when Chairman Li Ka-shing was struggling for survival in Hong Kong. This article offers a fascinating insight into Mr Li's determination to succeed even in the most adverse circumstances, and sheds new light on the importance he attaches to using the charitable Li Ka Shing Foundation to build a better society.

We also look at how the AS Watson supply chain is helping to grow sales while cutting stockpiles, the amazing new mobile services offered by X-Series, Hong Kong's green hotel and the evolving world of shopping malls.

We hope you enjoy the magazine. Please send feedback and suggestions to info@hutchison-whampoa.com.

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Published by Hutchison Whampoa Limited, 22/F Hutchison House, 10 Harcourt Road, Central, Hong Kong. Available on www.hutchison-whampoa.com. In-house editorial team: Laura Cheung, Euginie Kwok, Jeremy Lau, Daisy Wong and Wendy Luk. Editorial, design and production: Greg Crandall, Jon Marsh, Ron Legault, Kelly Cheung and Waimann Lee – splash))) a division of the Asia City Publishing Group. Tel: 2850 5500. Colour separation and printing by bigboXX.com Limited. Copyright 2007 by Hutchison Whampoa Limited. All rights reserved. No part of this magazine may be reproduced without the written permission of Hutchison Whampoa Limited. Opinions expressed herein are those of the writers and do not necessarily reflect the opinion of Hutchison Whampoa Limited. All currency conversions are approximations.

Newsbites

THE BEST OF BRITISH

UNITED KINGDOM **3 UK** has won five top awards for its superb all-round mobile services. First, it beat off strong competition to claim the Best Operator and Best Content Service awards for the highly acclaimed SeeMe TV service at the Mobile Entertainment Awards 2006. The globally recognised awards are one of the most prestigious sources of independent verification for the entire mobile content industry and are voted for by a panel of 300 industry peers.

A few weeks later at the Mobile Choice Consumer Awards, 3 UK was named Best 3G Operator and Best Internet Service. This well-established awards ceremony prides itself on distinguishing the top players in the mobile space. SeeMe TV also won the Communications Innovation Content Award at the FT World Communications Awards 2006. **T**



APPLAUSE!

Sphere won a merit award at the 18th Hong Kong Print Awards in the corporate magazine category.



Loyalty Card Launch

CHINA To offer a more enjoyable and privileged shopping experience to regular customers, the first-ever Watsons loyalty card was launched by **Watsons Your Personal Store** in southern China. Cardholders can receive up to 20 per cent off member discounts and product redemption privileges. Watsons plans to introduce the loyalty card in other parts of China in 2007. **R**

Clean and Green

HONG KONG Twelve local schools and tertiary institutions are the first beneficiaries of the Hongkong Electric Clean Energy Fund, the HKD1 million fund set up to help the education sector carry out studies on renewable energy and promote its development. The projects relate to the study and application of solar and wind power, with one focusing on wave energy. The fund was established to celebrate the commissioning of Hong Kong's first wind power station, Lamma Winds. **T**



TESTING, TESTING...

UNITED KINGDOM **3 UK** has launched a trial to help mobile operators gain valuable insights into the potential of using their existing spectrum to deliver mobile television and other multimedia services. **3** has also acquired a portfolio of 95 retail stores in shopping centres and high street locations across the UK. **T**



FUN IN THE SUN

HONG KONG Some 12,000 staff and family members enjoyed a relaxing Sunday at the Hutchison Whampoa Group's annual sports and family day at the Hong Kong Sports Institute. About 70 mentally and physically challenged students also took part. **C**



CODE MODE

UNITED STATES US-based mobile solutions provider Vidiator has started supporting NTT DoCoMo's i-mode service with the Xenon Encoder. The Xenon Encoder provides the highest quality multimedia encoding for mobile devices, allowing real-time conversion of analogue, digital and video signals.

Vidiator has also announced the launch of the Stan Lee POW! Mobile channel on Sprint which features animated video of creations such as *The Drifter* and *Accuser*. **T**



A Big HIT

HONG KONG Hong Kong International Terminals (HIT) was a winner at the Asia Pacific Information and Communication Technology Awards (APICTA) 2006 in the Industrial Applications domain, confirming the industry's recognition of the excellence of HIT's proprietary operating system, nGen (Next Generation Terminal Management System). **P**



Superdrug Launches Mole Clinics

UNITED KINGDOM Superdrug has launched the first-ever high-street mole clinics in the UK, offering skin check-ups to shoppers. The clinics are part of Superdrug's SAFE campaign that involves working with the Institute of Cancer Research to help raise funds and promote "Skin Awareness For Everyone". Clinics at the four London Superdrug stores have been fully booked since the campaign launched. **R**



NEW PORT OF CALL

ECUADOR Hutchison Port Holdings has been awarded a concession to build and operate a new container terminal at the Port of Manta, Ecuador. The new terminal is scheduled to be operational this year and will have a quay length of 1,250 metres with a depth alongside of 15 metres. Manta is a natural deep-sea port located approximately an hour from international shipping routes. **P**

ANOTHER MILESTONE

HONG KONG Hongkong International Terminals (HIT) has celebrated another milestone in its 37-year history by handling its 100 millionth TEU. Guest of honour Stephen Ip, Secretary for the Economic Development and Labour Bureau, said, "HIT has played an important role in the development of our port and is, indeed, a Hong Kong success story." **P**



Fast Food

HONG KONG A speed-eating contest organised by Wonderful Worlds of Whampoa attracted huge crowds. The four-time female world-eating champion, Sonya "Black Widow" Thomas, won the title by gulping down 17 extra-large lotus seed buns in just 12 minutes. In the semi-final, she devoured 176 Chinese dumplings! **H**



YEAH!

HWL walked away with two prizes at the Asian Legal Business Awards. Hutchison Port Holdings won the in-house shipping team of the year and Edith Shih was named in-house counsel of the year.



MOBILE ROUND-UP

mobilemuster

Official recycling program of the mobile phone industry

AUSTRALIA

3 Australia is taking part in MobileMuster, a programme to recycle old mobile phones and accessories. In Australia alone there are an estimated

12 million non-functioning mobile phones but thanks to the initiative of the **3** team, more than 400 kilograms of phones and accessories have already been recycled. **T**



Scent-sational Beckham

UNITED KINGDOM Superdrug is the first UK retailer to stock David Beckham's much anticipated Intimately Beckham fragrance. When the new product went on sale, demand was so great that crowds of shoppers stormed Superdrug's Oxford Street branch in London to get their first whiff of the new scent. **R**



Dollars for Scholars

UNITED KINGDOM Hutchison Whampoa Limited (HWL) has pledged further financial support for the Hutchison Chevening Scholarships to allow postgraduates from Hong Kong and Mainland China to study in the United Kingdom. The new commitment of GBP504,000 (about HKD7.5 million) will fund 60 outstanding young postgraduates at Cambridge and leading British universities. Deputy Group Managing Director Susan Chow said HWL had a long history of supporting higher education initiatives. "Our further support to the Hutchison Chevening Scholarships demonstrates our commitment to developing young leaders and providing them with opportunities to achieve their goals," Mrs Chow said. **C**



SHANGHAI'S NIGHT OF FAME

CHINA Owners of luxury development **The Regency Park** enjoyed a splendid evening of music and dance performances with gala dinner at the Shanghai Four Seasons Hotel. Dubbed **The Regency Fame Night**, the event included a Salvatore Ferragamo fashion show and a masquerade party. **H**



TOOLS OF THE TRADE

HONG KONG Hutchison Global Communications

Ltd has announced a network partnership called **WorkTools@HGC**. Six partners have joined the programme to provide innovative value-added services via an open network; the new services include Let's Walk & Mail, Let's Protect, Let's Share, Let's Talk, Let's Meet and Let's Answer. **T**



CONGRATULATIONS!

Husky Energy has struck oil again in its White Rose oil field off the coast of Newfoundland and Labrador, Canada. The new find is estimated to represent recoverable resources of 40-100 million barrels of oil.

Grand Opening in Macau

MACAU The opening of the first **Warner Bros.**

Studio Store in Macau was a five-star performance! There were dance performances by a group of Looney Tunes characters, Batman jumped from the top of the Macau Tower to rescue celebrities and Marvin the Martian and Daffy Duck were on hand to greet guests. The store is operated by Cartoon Matters through a sub-licence from PMW Retail Group Ltd. **I**



3

THREE MILLION CUSTOMERS IN GUJARAT

INDIA Hutch has become the first telecom operator to cross the 30-lakh (three million) customer mark in Gujarat, a state in western India. To build awareness and spread the buzz about Hutch's growing presence and leadership status in Gujarat, a campaign was launched for employees as well as customers. The message was communicated through press, outdoor promotions, banners and car stickers. Posters and elevator branding in various corporate offices were also deployed.

In the neighbouring state of Rajasthan, Hutch celebrated breaking the one million customer mark. **T**

30 lakh people in Gujarat now speak Hutch.



26.5 Million and Rising

INDIA Hutchison Telecommunications International's global customer base has now surpassed 26.5 million. Hutchison Essar led the way in India with 2.8 million additions for the quarter ending 30 September 2006. **T**



BEAUTY DEAL

UNITED KINGDOM

Hutchison Medi-Pharma, a subsidiary of Hutchison China MediTech, has signed a research and development agreement with Procter & Gamble to discover and develop new active ingredients from Traditional Chinese Medicine and botanical sources for incorporation into beauty care products. **I**



Smart Thinking

HONG KONG Nuance-Watson (HK) has introduced "Intelligent Home", a groundbreaking electronics retail concept, at Hong Kong International Airport. The

new store showcases products and appliances that all share the twin qualities of world-class design and innovative functionality. **R**

SMART POWER CAMPAIGN

HONG KONG More than 10,000 people took part in the 2005-06 Smart Power Campaign hosted by Hongkong Electric. A wide range of activities, including two thematic competitions on solar and hydropower and open days to the wind power station Lamma Winds, were organised to arouse public interest and understanding about renewable energy. **I**




FAMILY FESTIVAL

HONG KONG More than 50,000 people attended Kruidvat's three-day "Family Festival" in Holland. Participants enjoyed fashion shows, workshops, makeovers, performances by famous Dutch and Belgian artists and activities for children. Meanwhile, Drogas invited 350 colleagues from Latvia, Lithuania and, for the first time, new A.S. Watson family member Estonia, to enjoy a "Sun and Fun Day".

Back in the Group's Hong Kong base, more than 1,150 participants from 21 markets as diverse as Malaysia, Italy and the Ukraine enjoyed the fourth A.S. Watson Group Sports & Fun Day. 



Thai Card Offer

THAILAND Hutchison CAT has teamed up with Minor Group to introduce an innovative prepaid card, the Hutch Double Plus. It offers discounts to Hutch prepaid card customers in Thailand. 



MACAU CALLING

MACAU Hutchison Telephone (Macau) has been awarded a 3G licence and plans to introduce a variety of exciting high-speed mobile data services within a year. The company began operating in Macau in 2001. 




APPLAUSE!

"TO LIVE", published by TOM Group's publishing arm, Cite, was named as favourite book in the Ten Recommended Good Books 2006 programme organised by Radio Television Hong Kong and the Leisure and Cultural Services Department.



New Look Hutch Shops

INDIA Hutch shops in India are getting a vibrant new look. A prototype store has opened in Mumbai to showcase the colour pink and highlight the new brand identity. The new look will be replicated in all Hutch shops in India. 



Hutch Half Marathon

INDIA The Hutch Delhi Half Marathon, the world's richest with prize money of USD150,000, attracted 27,000 runners and created a huge amount of media buzz. The race is one of the city's most prestigious sporting events of the year and the official starter was the Chief Minister of Delhi, Sheila Dixit. Several thousand Hutch employees took part, all sporting the pink brand colour. **1**

Husky Celebrates

CANADA Husky Energy has officially opened its Tucker Oil Sands Project near Cold Lake, Alberta. During the 35-year life of the project, Husky expects to produce approximately 350 million barrels of bitumen and peak production of 30,000 barrels a day is expected to be achieved within 24 months. **1**



CRICKET FEVER

AUSTRALIA A record number of 3 Australia cricket fans watched the Ashes series between Australia and England live on their mobiles. A special advertising campaign, "The Extraordinary XI", featuring the Australian team, ran throughout summer to promote the series. **1**



Going live

UNITED KINGDOM ITV has become the first terrestrial TV channel to broadcast live on mobile network 3. For the first time, the UK's most popular prime time shows can be viewed on mobile at the same time as they air on TV. Meanwhile, 3's customers can now receive up to 27 Sky Mobile TV channels including live news, sport, music, entertainment and documentaries. National Geographic Channel is also now available to 3 subscribers. **1**



YEAH!

HWL was voted Hong Kong's best-managed company by *FinanceAsia* magazine. The company also received awards for having the best investor relations and corporate governance.

REACH FOR THE SKY

CHINA Taking advantage of the nice Autumn weather, The Greenwich in Beijing staged a kite festival that saw residents and guests enjoy a wonderful day of kite-flying followed by a tasty barbecue and country dancing. **H**



The green hotel

How to apply the 3R principles - Reduce, Recycle and Re-use

IF YOU ARE looking for a sign of the times then go no further than Harbour Plaza Resort City in Tin Shui Wai. At a time of increasing awareness about the environment, the staff of the resort hotel are setting an example that Hong Kong can be proud of.

They have set up an environmental club that has grown more than 1,000 lbs of organic vegetables since it was started in February 2006. Even better, the hotel chef serves delicious dishes made from the fruits of their labour in the staff canteen.

"We started by recycling glass bottles from our food and beverage outlets and then realised we could do more for the environment," explained Stephen H. Chu, General Manager of the hotel in the northwest of the New Territories. "We are located close to the Hong Kong Wetland Park and the Mai Po Marshes so it is natural for us to be a green hotel."

The club now has more than 50 members, about a quarter of the total staff, who meet twice a month after working hours on the hotel podium where the organic garden is located. With guidance from the hotel gardener, they grow everything from Chinese kale, winter melon and choy sum to tomatoes, pumpkins and chilies. Outdoor recycling bins are used to turn guests' vegetable and fruit waste into compost, while custom-made water tanks provide irrigation.

"It all begins with a small step. If everyone helps the environment, it can make a major difference in the future,"



Food for thought: Harbour Plaza Resort City's organic garden has produced over 1,000 lbs of vegetables.



said Mr Chu. "It is a good chance for the hotel staff to get in touch with nature. The plants generate oxygen so it is good for everybody as well."

But the hotel's environmental initiatives do not end there. Newspapers, plastic bottles and aluminium are all recycled and the 1,100-room hotel also has collection bins for glass bottles, mobile phone batteries and CDs/DVDs. Some of the environmental ideas came from the hotel's overseas guests.

What's more, all serviced suites are equipped with energy-saving bulbs that use 80 per cent less energy than traditional incandescent light bulbs. In the staff areas, motion sensors ensure that lights are only on when someone is in the vicinity and hotel windows are tinted to reduce the greenhouse effect from sunlight; in summer, the air conditioning in every room is set to 24.5 degree Celsius.

These efforts not only help the hotel save money, but also set an example to hotel staff and guests to be more environmentally aware. Mr Chu said, "The team has been working on environmental initiatives since the hotel opened in 1999. We'll continue to adopt the 3R principles - Reduce, Recycle and Re-use."

Back at the podium, Ms Hing Chiu-ha from house-keeping is busy in the garden. "The company has given us the opportunity to enjoy a new hobby and learn at the same time," she said. "It is great to see the plants grow. Of course, we all love it when it is time to pick the vegetables and the chef cooks them. They really are delicious."





FROM

HK

TO

UK

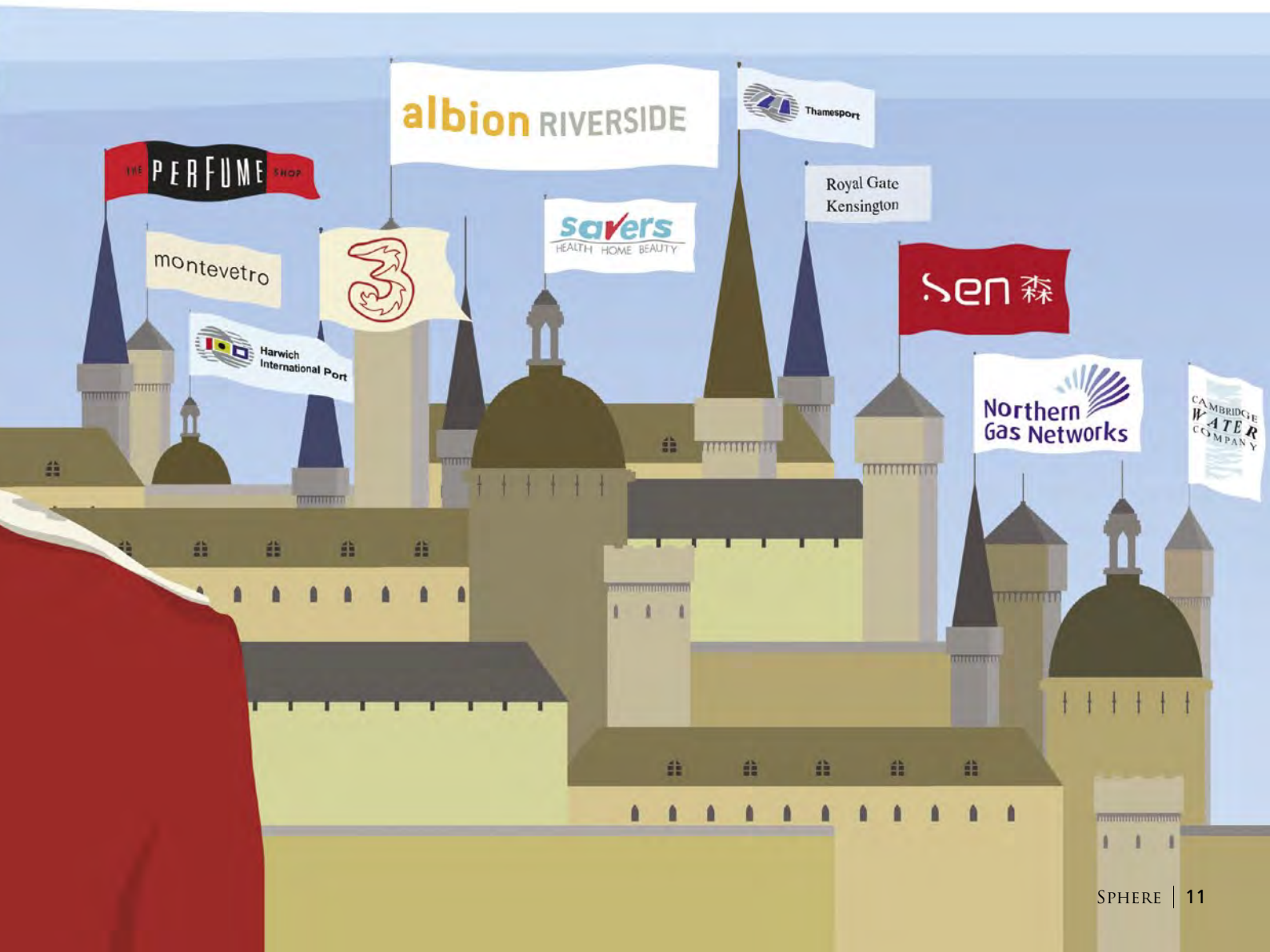
HWL mirrors its home-town's success story in Britain

By Clare Maclure



WHEN HUTCHISON WHAMPOA LIMITED (HWL) opened its first office in London back in 1985 it was virtually unknown in UK financial and political circles. It spent six years making contacts and researching opportunities before making its first investment. Today, the company controls businesses in the UK worth a staggering GBP14.5 billion (about HKD224 billion). HWL is now one of the largest Asian investors in Britain and a significant force in the UK business world.

Mirroring the five strands of its business in Hong Kong, the Group has now built a portfolio of businesses in the UK in the ports, property, retail, utilities and telecommunications sectors. HWL oper-



While HPUK rules the waves, HWL's highest profile UK brand is 3

ates in 56 countries worldwide but the UK is the only country in which it has built a presence in all of its five core sector interests.

In the 1980s HWL had little meaningful investment in any country outside Hong Kong except Canada and decided it would be wise to diversify geographically. The UK was chosen as the best prospect for overseas expansion for two main reasons. Firstly, as Hong Kong was then a British colony, HWL's senior managers were familiar with British law and business practices and the English language. Secondly, the UK during this period was judged to be less protectionist than some other European countries and the US. The UK government actively welcomed foreign direct investment and was liberalising a number of industries and reforming the labour market.

HWL first opened an office in London in 1985 to find opportunities in industries in which it had expertise and where there was scope for investing management and business prowess as well as money.



Hutchison continued to lay the groundwork and wait for opportunities to establish a foothold. It has been seen as being pretty aggressive and the Group is now operating in all the five business areas that it focuses on. The UK business community now regards HWL as a significant player in the country and the Group has far more suggestions for investment put to it than it could possibly contemplate.

The Hutchison name is now well known in the financial community. But unlike in its home-town Hong Kong, UK consumers remain largely unaware of the many ways HWL touches their lives.

One arm of HWL can safely claim to have an impact on all UK consumers because it sits at the heart of UK trade. Hutchison Ports (UK), the UK subsidiary of the Hong Kong-based Hutchison Port Holdings Group, the world's largest port developer and operator, runs three nationally important UK ports - Port of Felixstowe, Thamesport (London) and Harwich International Port. Port of Felixstowe, Hutchison's first UK investment back in 1991, is the country's largest container port handling over 40 per cent of all UK trade.

In 2006, HPUK was given the go-ahead by the UK Government to embark on huge redevelopment projects at Felixstowe and Harwich. This investment will help tackle the current shortage of deep-sea container capacity in the country and secure the competitiveness of HPUK's ports in the international shipping industry (see box on page 16).



From sea to air

While HPUK rules the waves, HWL's highest profile UK brand is 3, which has led the market in 3G mobile technology since it burst on the scene in 2003. HWL acquired a 3G licence in the UK in 2000, marking the Group's first foray into the 3G business.

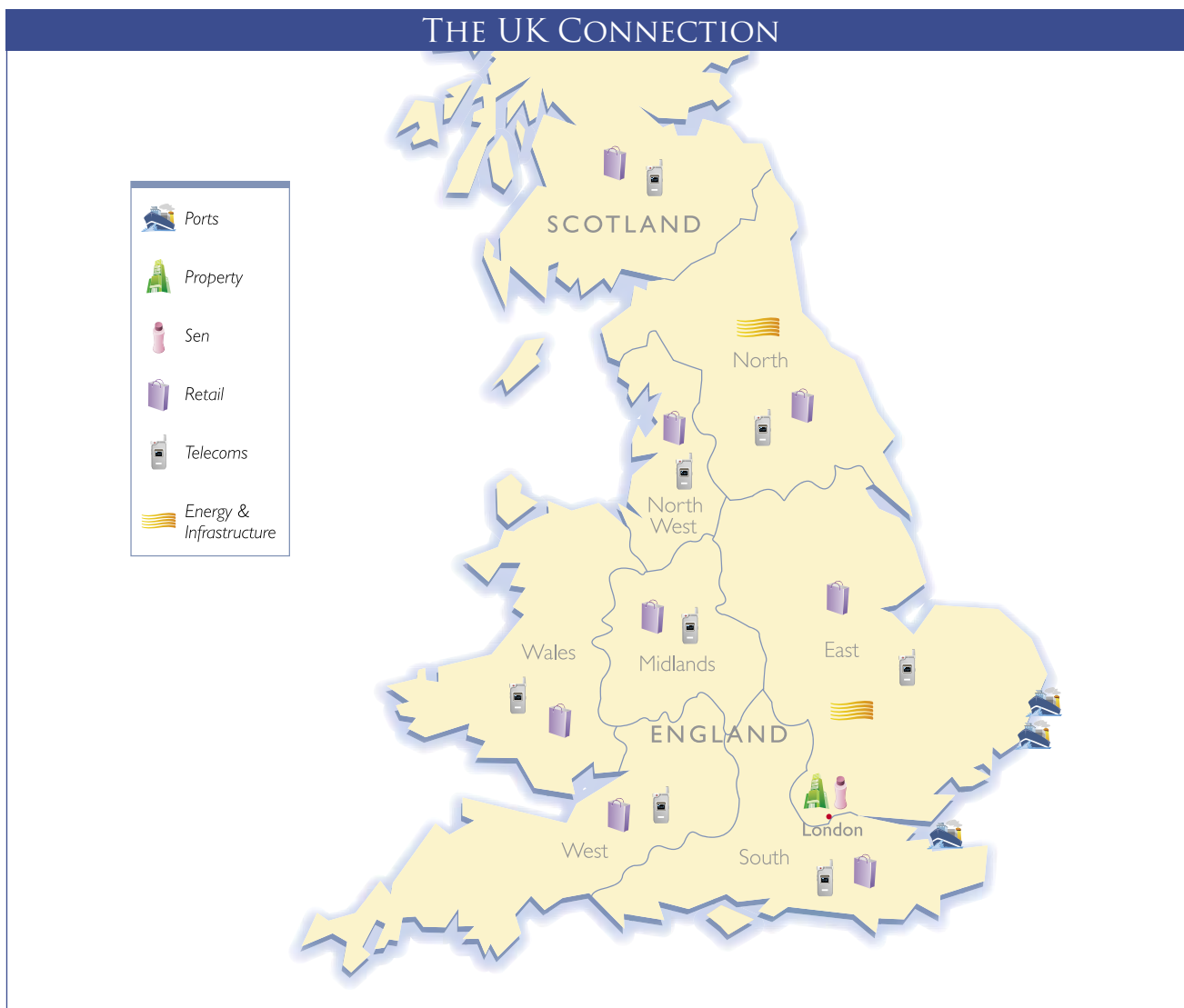
Building a strong brand in a country with a population of 60 million is not easy. Hutchison succeeded by using experience and expertise gained from an earlier telecom venture, Orange, a successful brand and mobile business established by HWL in 1994. Some Londoners can still recall the day when their city was turned Orange as part of a massive branding campaign.

In 1999, the sale of Orange helped Hutchison make the biggest profit in its corporate history. Hutchison showed its commitment to the UK by reinvesting part of the proceeds in 3G, which was seen as the future of telecommunications. Today, the Group runs 3G networks in 11 markets and together with Ireland, the

UK is now its second largest market with 3.75 million customers (as at August 2006).

Among the five 3G licencees in the UK, 3 was the first to market with a 3G offering and it has been racking up firsts ever since. In August 2006 it was the first company to offer MSN Messenger on a mobile; 3 was also the first to launch dual download which allows customers who buy music by mobile to download it online to PCs at home, for no extra charge. 3 is also the biggest mobile music retailer with 75 per cent of the market.

In December 2006, 3 UK launched the X-Series in partnership with Skype, Sling Media, Yahoo!, Nokia, Google, eBay, Microsoft, Orb and Sony Ericsson. The X-Series unleashes the true power of broadband Internet over the mobile, enabling people on the move to surf the net, access their PC at home or even use their handset to watch a programme showing on their TV at home.





Beautiful Brits

If 3 is setting the pace in mobile communications, another division of HWL – A.S. Watson (ASW) – is making an impact on the British retail scene. In six years it has built a strong portfolio in the health and beauty sector and now has around 1,350 high street stores.

“ASW started its UK investment in 2000 when it first acquired a local retail chain called Savers,” said ASW Group Managing Director Dominic Lai. “The Group decided to go into Europe because it wanted to diversify its geographical portfolio following the Asian economic downturn. At that time, ASW’s entire businesses were in Asia.”

Two years later, ASW expanded its UK operation with the purchase of Superdrug. This chain has been successfully repositioned as the UK’s leading fashion-led health and beauty retailer (see box below). In a clear vote of confidence in the potential of the UK health and beauty market, ASW has announced a GBP132 million investment in a new distribution centre to

HIGH STREET SUPERSTAR

SUPERDRUG IS MAKING heads turn with a great look and great figures. Positioning itself as Britain’s most fashionable beauty and health retailer, it is performing strongly in a market long dominated by a well-established chain that is now also under pressure from supermarkets.

Superdrug has annual sales of GBP1.2 billion (HKD18.6 billion) in the UK and in 2006 a new store opened practically every week. By the end of the year it had 747 outlets and this number is expected to reach 1,000 by 2009.

The chain was acquired by A.S. Watson in 2002 from Kruidvat Beheer. Since then, Superdrug has become a fashion-led beauty retailer that responds rapidly to the latest market trends. “In the past couple of years the pace of change at Superdrug has really accelerated and there is clearly no lack of imagination and innovation. It is definitely a story we are following with interest,” says Tim Daneher, Editor of *Retail Week*, the UK’s leading specialist magazine for the retail sector.

Superdrug aims to be the first to stock the latest “must-have” products at the best prices. It co-ordinates with the big brands on launches and can have new products in all its stores in just 36 hours. It has also achieved a number of coups by securing exclusive agreements to stock high profile new products such as David Beckham’s fragrance.

“We have successfully differentiated ourselves

from our main competitors. Superdrug is about beauty and fashion, about having the latest cosmetics. It’s vibrant, colourful and funky,” says Euan Sutherland, Chief Executive Officer of A.S. Watson (Health & Beauty) UK.

Historically, Superdrug appealed to teenagers because it was trendy and cheap but these customers abandoned the brand as they grew up. The new strategy means that women who are interested in fashion stay loyal to the brand whatever their age. The marketing focus is not about age, it’s about attitude.

The chain is also building a campaigning reputation. In 2005, it campaigned successfully for a reduction in Value Added Tax (VAT) on condoms. In the summer of 2006, it ran its SAFE campaign to boost awareness about skin cancer and raise funds for research. It is also lobbying the UK government to reduce VAT on children’s sun protection products and has launched the UK’s first high street mole clinics to aid early detection of skin cancers.

In August 2005, Superdrug introduced its True Spirit range of fashion jewellery and in October 2006 launched a new concept store with a pink frontage. If successful, this will be the prototype for the next generation of Superdrug stores. The store employs beauty specialists trained by the London College of Fashion to provide treatments such as manicures.

With so much to offer, Superdrug’s star is clearly in the ascendant.



service both Superdrug and Savers.

In 2005, ASW bought Merchant Retail Group thereby acquiring its third UK chain - specialist fragrance retailer, The Perfume Shop. The chain had 114 stores and at the time its new parent spoke of the potential to add another 100 stores within three to five years. It looks to be on track - the 149th The Perfume Shop opened just before Christmas.

The art of Sen

While ASW's UK operation is playing a significant role in the overall European portfolio, Hutchison China MediTech (Chi-Med) has been busy introducing London consumers to traditional Chinese medicine (TCM) through its Sen lifestyle products and services. With a holistic and natural approach to health and beauty, Chi-Med has six stores in some of London's most upmarket shopping areas, including one in Knightsbridge.

Inside a Sen store, customers can relax in a stress-free environment and enjoy Chinese herbal teas, consult TCM specialists or have a massage or acupuncture treatment. They can also choose from a range of upmarket herbal skin care and herbal body care products. Chi-Med floated on London's Alternative Investment Market last year and plans to open seven more Sen stores in the capital over the coming 18 months.

Going underground

Over the last few years, HWL has also expanded into the UK's utilities sector with the acquisitions of Cambridge Water and Northern Gas Networks (NEG).

Cambridge Water has a fascinating history dating back to 1325 when Franciscan monks first laid a water pipe from a natural spring in Cambridge to their monastery. Fast forwarding nearly 700 years, the company was bought by Cheung Kong Infrastructure Holdings (CKI), part of the HWL Group, in 2004.

Cambridge Water supplies nearly 75 million litres of fresh water daily through a 1,400-mile network of water mains to some 300,000 customers in the historic university town of Cambridge and surrounding area.

In June 2005, a restructuring of the UK gas industry created another opportunity for HWL. National Grid, which owns and operates the high-pressure gas transmission system in Britain, sold four of its eight regional gas distribution networks. The North of England network was subsequently bought by the NEG consortium in which CKI and Hongkong Electric together hold a majority 59.9 per cent stake and the

ASW's UK operation is playing a significant role in the overall European portfolio

Li Ka Shing (Overseas) Foundation has a 15.2 per cent shareholding.

Consisting of 22,370 miles of gas mains that supply 2.5 million households, the network spans a large area from the Scottish border to South Yorkshire and from the Cumbrian coast in the West to the Northumberland coast in the East. It serves some of the UK's largest cities including Newcastle, Sunderland, Leeds, Hull and Bradford.

"Everything has come together well," said NEG Chief Executive Officer Basil Scarsella. "We are on track to achieve our goal of being ranked amongst the top gas networks for safety management, customer service and efficiency."



Home sweet home

While its utilities companies manage huge infrastructure networks underground, the property unit of HWL is creating some striking structures above ground. Since entering the UK market in 1995, HW Property (Europe) has been involved with four prestigious developments, creating landmark buildings and some 600 homes in premier locations in London at a time when real estate prices have reached historic highs.

“There is no question that London’s rising prices have benefited us,” said Raymond Chow, Group Managing Director of Hutchison Whampoa Property in Hong Kong. “The UK, and more importantly the London market, is quite sophisticated and reacts to many factors, including the economy, employment, taxation and interest rates. Fortunately, stability in most of these factors in the last few years has led to a buoyant, confident market.”

Hutchison collaborated with some of the biggest names in British architecture, including Lord Richard Rogers, who designed the Lloyds of London building, and Lord Norman Foster, who designed the HSBC headquarters in Hong Kong.

This year the company will embark on two huge projects that will breathe new life into underused sites on the banks of London’s River Thames. Again big name architects are involved – Sir Terry Farrell, who designed the integrated transportation centre at Incheon International Airport in Seoul, Korea – is behind the Lots Road development in Chelsea (see box overleaf) while the Richard Rogers Partnership has developed the master plan for Convoys Wharf in Deptford, South East London.

The redevelopment of Convoys Wharf, a 40-acre site in a run down part of the capital, will create 3,500 new homes. The scheme also incorporates a business park,

FELIXSTOWE KEEPS UK TRADE MOVING

AS UK CONSUMERS were getting ready to start their Christmas shopping, the world’s largest container ship, the *Emma Maersk*, docked at the Port of Felixstowe. Aboard was a treasure trove of goods from China, including digital cameras, play stations and MP3 players. If all the containers on the ship were lined up end to end they would have stretched for 42 miles.

Felixstowe, on the Suffolk coast, is owned by Hutchison Port Holdings (HPH) and handles over 40 per cent of all UK trade. Of this, 50 per cent comes from Asia, predominantly China. It is the UK’s largest container port and one of the biggest in Europe.

It will begin a GBP240 million (HKD3.7 billion) redevelopment this year to more than double its deep-sea container handling capacity. When fully operational, the Felixstowe South Reconfiguration project will create 621 jobs and a further 860 in associated industries.

These are exciting times for Hutchison Ports (UK) as it

has also received approval for the redevelopment of a site adjacent to its Harwich International Port in Essex. The development of Bathside Bay will provide an additional 0.8 mile of deep-water container handling capacity and create 772 new jobs directly and a further 930 indirectly.

“International trade, and the size of the ships needed to transport it, continues to grow at dizzying levels. The new developments at Felixstowe South and Bathside Bay will allow Hutchison Ports (UK) to meet future demand from its customers and will ensure that Felixstowe and Harwich continue to be the vital arteries connecting the UK with the rest of the world,” says HPUK Chief Executive Officer, Chris Lewis.

Felixstowe is important to the local community, pumping over GBP90 million into the region’s economy each year through wages and pensions alone. The Port also participates in the HPH Group’s Dock Schools Programme, making donations to a number of primary schools and forging links with two secondary schools.



- Felixstowe began life as the Felixstowe Railway and Pier Company in 1875, welcoming its first ship, a coal carrier, in 1886.
- Felixstowe has one of Europe’s longest continuous quays – Trinity Terminal is nearly 1.9 miles long.
- Felixstowe handles around 5,000 ships and 1.75 million containers a year. Up to 50,000 containers can be stored at any one time.
- It has 29 quay cranes - the largest quay cranes are 260-foot high and weigh a staggering 1,400 tonnes.
- The port employs nearly 3,000 people and is one of the region’s largest employers.

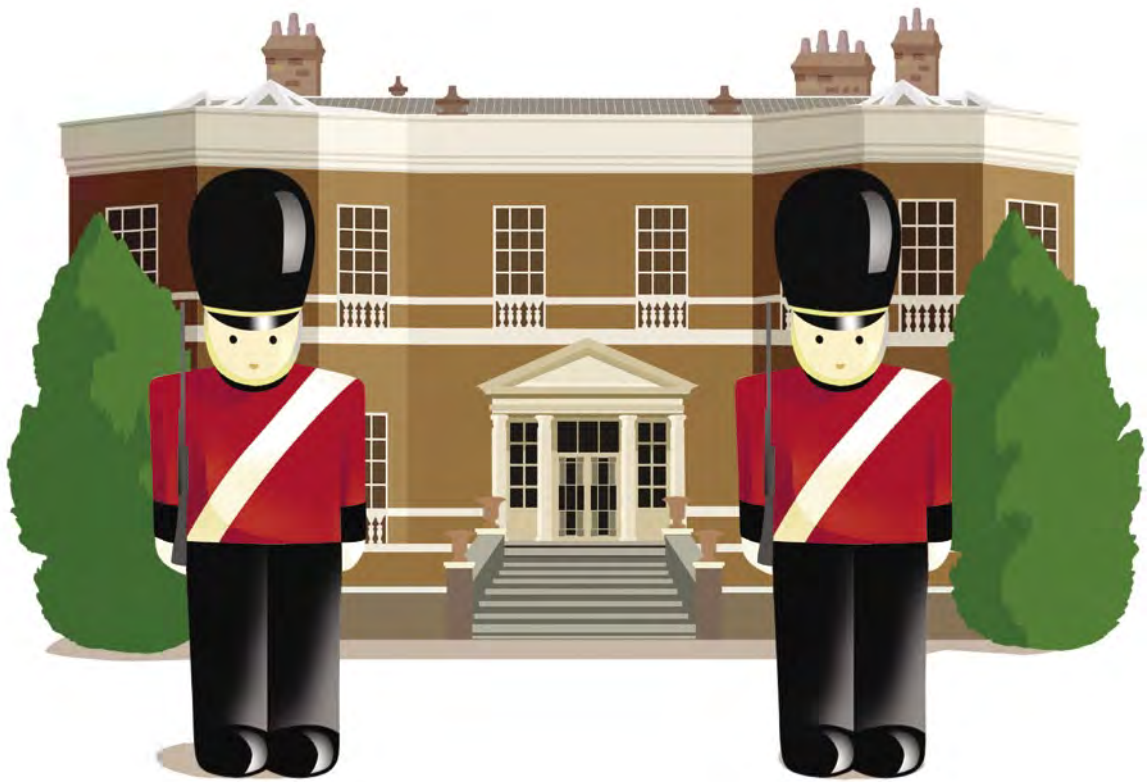
THE ULTIMATE POWER RESIDENCE

THIS YEAR HW PROPERTY (Europe) will embark on a huge development on the north bank of the River Thames. The Lots Road scheme, created by world-renowned architect Sir Terry Farrell, will provide high-end and affordable housing plus commercial space and retail outlets for neighbourhood shops.

At the heart of the 1.5-acre site that straddles Chelsea Creek sits a decommissioned power station. This distinctive piece of London's history, which was built in 1904 to power the London Underground system, will be retained and converted for mixed use by the community. Two new residential tower blocks will be built on either side of the creek providing a mix of apartments and some spectacular penthouses under sloping glass roofs.


"There will be a rich variety of architecture with the two towers and the power station offering spectacularly different kinds of accommodation. It will also make the most of its location on the river - one of London's under-appreciated assets. People love living on the river and enjoy the tranquility it provides," says James Barrett, marketing manager at HW Property (Europe).

Overall the scheme will provide nearly 1.2 million square feet of residential space and 78,000 square feet of commercial space. It is due to be completed in 2013. The intention is to create a new village with one of the largest covered public streets in London. It will open up 650 yards of river bank and creek to public use for the first time in over 100 years, with the creek becoming a new linear park and water garden.



Hutchison collaborated with some of the biggest names in British architecture

cultural facilities, retail outlets, a community centre and extensive public spaces. Within the site stands the Olympia Warehouse, a shipbuilding shed built in the 1840s. This will be preserved and refurbished as it has been designated as a building of architectural interest by English Heritage, a body that advises the government on the UK's historic environment.

While HW Property (Europe) has focused on developing projects in London, it is also considering expanding into other high growth areas in the UK. In the years to come, it is clear that it is not only the property arm that will continue to grow in the UK; all of Hutchison's other businesses in the country are also well positioned to flourish. 

the **X** factor

3 starts a mobile revolution

IT IS BEING described as a glimpse into the future of telecom – a mobile revolution that unleashes the true power of the Internet over the mobile phone. 3 Group has launched a landmark suite of services that allows people to communicate, find information and be entertained in ways they have never been able to do before using a mobile handset. And all for a flat fee.

Since the announcement in November 2006, the X-Series offering has received enthusiastic coverage in the media and encouraging response from customers. To see exactly how it is changing the way people communicate and its impact on the daily life of a 3 customer, take a peek at John's diary.

Monday

9.30am: Picked up my new handsets, the Nokia N73 and the Sony Ericsson W950i. Both look great. Decided to give one of them to my neighbour Isabelle for her birthday to thank her for keeping an eye on my house while I was in Hong Kong. Text Dave and Emma to make them jealous. It worked!

12.30pm: Business lunch with Trixie and Damian from the advertising agency – great excuse to show them all the new X-Series bells and whistles. They loved the Slingbox feature that lets you watch programmes showing on your TV at home. We watched their favourite soap live on my mobile at the restaurant. Wicked.

Tuesday

Working from home today. It's so convenient – the subscription includes all I can Skype, all I can chat by instant text message and all I can search and browse. All done on the mobile of course. Finished the big report for Roger by 4 pm. Went to the gym for a workout. Downloaded my playlists and favourite pictures from the PC using Orb. Quiet night.

Wednesday

7.30pm: Important fashion show in Knightsbridge; lots of industry heavyweights there and gorgeous models everywhere. This is the life. Received lots of admiring comments about the new phone. People are just amazed by how versatile it is. One American designer even asked to borrow my handset to bid for a beautiful antique Afghan carpet on eBay. I've made a friend! Home before midnight. Need a good night's sleep because of the big meeting tomorrow.



Sony Ericsson



Thursday

Today was nearly a complete disaster. Twenty minutes before the meeting with potentially our biggest client, my business partner Charlie realises he has left our digital presentation back in the office. Then inspiration strikes. I access my PC at home using the Orb function on my mobile and download my copy of the file. Presentation goes like a dream and we should sign the contract next week. Thank you X-Series!

Spend rest of the day e-mailing and text friends about my narrow escape from disaster. This is how the Internet was meant to be!

Friday

To Brighton by train for a business meeting with Tara and Penelope about the restaurant project.

Spend the whole journey searching Google and Yahoo! to check out the latest food and beverage trends. Meeting went well and they loved the idea about the glass-fronted kitchen. I think we are on to a winner. Check traffic conditions on the mobile and arrive home before the rush hour. My stocks are up too.

Dinner with Patsy and Daniel at a cool Japanese restaurant in Islington. Great sashimi and interior décor to match. Take some pictures on the phone and e-mail them to Tara and Penelope. Not a bad day's work.

Saturday

Party at Ned and Diana's. Nightmare – they don't have satellite television, so I thought I'd have to miss the big football game. But

X-Series and Slingbox come to the rescue. Use the mobile to watch the game live at the party – big hit with the soccer fans at the party (not so sure about Ned and Diana though!). Drop in at my favourite club after midnight and bump into Charlie from work. He buys the drinks to say thanks for Thursday. I tell him he needs a new phone!

Sunday

Sleep late and flick through the newspapers over breakfast. There's an article about the launch of the X-Series – "It is the perfect present for the person who has everything but would also like it concentrated into a handset less than two inches wide." I couldn't have put it better myself!

It's Isabelle's birthday tomorrow, so I wrap the new handset and sign the card with a big kiss. Perhaps I should ask her out for dinner?

The TRUE meaning of WEALTH

The rise of Li Ka-shing epitomises Asia's economic miracle. Today, through the Li Ka Shing Foundation, he is using his wealth to help build a better society

By Xu Zhiyuan



“TO ME, the term ‘lifetime’ requires some reflection about the road we have travelled and the course our life has taken,” said Li Ka-shing in a speech in September 2006, when he received the Malcolm S. Forbes Lifetime Achievement Award in Singapore. As Mr Li addressed the select audience of 400 chief executives from every corner of the corporate world, I recalled seeing a photograph of him taken in 1944. He looked forlorn, his body emaciated by extreme overwork, long-term sleep deprivation and hunger. He was 1.7-metre tall but weighed only 46 kilogrammes.

He was 16 years old, and was going through the darkest period of his life. His father's death left him struggling to send money back to his mother and siblings in the family's home-town of Chiu Chow in the Shantou district of Guangdong Province.

It was also the darkest period in Hong Kong's history. The Japanese Occupation was a time of shortages – food, water, fuel and all daily necessities were scarce. Life was hard: the struggling teenager had only a threadbare blanket to keep out the winter cold at night and barely had the strength to pull himself up to his humble bunk bed.

The shadow of death was never far away. Before his father died of tuberculosis, he had discovered that he suffered from similar symptoms – feverish sweats and coughing up blood.

He did not have the money to see a doctor, so he improved the health of his lungs the natural way. At dawn, he trekked up into the hills to breathe the clear, fresh air. He also helped the cooks at the factory where he worked write letters home in exchange for nutritious fish broth that helped build up



畢業典禮



The success of Shantou University fills Li Ka-shing with "an emotion that words cannot express."

“I believe that my colleagues in the Foundation and my family, are – and will remain – as committed as I am to serving its causes . . .

his strength. This was the first major battle in his life, and years later he still wondered about where he found such a strong will to fight on.

Lifetime achievement

That September afternoon in Singapore, I was still perplexed with the question of how that sick, lonely, poverty-stricken 16-year-old had become the richest man in Asia. There was a commotion as soon as the 78-year-old Mr Li strode into the hall, a reflection of the esteem in which he was held by the audience of elite businessmen who had gathered for the awards ceremony.

Wherever he is, Mr Li stands out from the crowd like a superstar. Whether he is conducting a business meeting, fielding questions at a press conference, or attending a meeting in the Great Hall of the People in China, people want to shake his hand, have their photograph taken with him or get his autograph. Once, when he was waiting for his yacht in Hong Kong, a bride left her bridegroom's side in the middle of the wedding pictures to have her photograph taken with Mr Li.

“Few entrepreneurs in Asia, indeed in the world, have achieved so much from such humble beginnings, building a business empire which spans 54 countries and multiple industries,” said Steve Forbes, President and CEO of Forbes Inc. To Mr Forbes, Li Ka-shing is not only the “greatest entrepreneur of our time”, but also the “greatest entrepreneur at any time in history”.

This latest award brings to mind his nomination as the Entrepreneur of the Millennium in 1999 by *The Times* and Ernst & Young, ahead of such names as John D. Rockefeller, Henry Ford, Bill Gates and Akio Morita. In the history of human economic enterprise, few entrepreneurs can match Mr Li's magic touch that has maximised the value of every business he is involved in.

“My third son”

Despite all these awards and honours, Mr Li would much rather talk about the work of his charity, the Li Ka Shing Foundation, than his own illustrious achievements. Shantou University, established in 1981, is one of his favourite topics of conversation and few outsiders realise how much its success means to him.

A university is a place to nurture new ideas. But at first his brainchild was met with indifference and mistrust, especially in a society that had been cut off from the outside world for 30 years, and in the early days even Mr Li himself admitted that his was a “lonely passion”.

By 2006, however, this university, built on what used to be agricultural land, had produced 42 PhDs, 1,081 Masters and 26,169 Bachelor degrees. Mr Li has said that this fills



Mr Li receives the Malcolm S. Forbes Lifetime Achievement Award from Steve Forbes in Singapore.

him with “an emotion that words cannot express”.

One sleepless night, as he was mulling over the future of the Foundation,

it dawned on him that it was an extension of his own life.

In his speech entitled “My Third Son” at the Forbes Award ceremony, he said, “I have dedicated to him not only my assets but all my heart, and I believe that my colleagues in the Foundation and my family, are – and will remain – as committed as I am to serving its causes, reshaping destiny through education and seeking efficient initiatives that can forever help those in need.”

In front of a 400-strong audience of CEOs eager to know the secret of his entrepreneurial success, he had this to say, “We



...reshaping destiny through education and seeking efficient initiatives that can forever help those in need.”

know compassion is not reserved for the wealthy, nor is it the property of a single class, nation, or religion. Exercised freely, it can be both collective and contagious. It can create its own society. It is a work that is eternal in nature, as no one can, or will, know where its influence stops.”

At the press conference to announce the 2006 interim results of Cheung Kong and Hutchison Whampoa, Mr Li revealed that he would donate no less than one-third of his assets to the Foundation. Even before he made this announcement, he was already Asia’s most generous philanthropist. Since its inception in 1980, the Li Ka Shing Foundation has accumulated donations of over HKD8 billion. In January 2005 he donated to the Li Ka Shing (Canada) Foundation the entire USD1 billion he received after selling his shares in the Canadian Imperial Bank

of Commerce. In May of the same year, he donated HKD1 billion to the University of Hong Kong.

The meaning of wealth

“Traditionally, the Chinese view compassion and charity as personal virtues, but this is not enough to balance the indifference shown by a materialistic world to the sick and the poor,” he said in an interview with *Yazhou Zhoukan*. “We have to transform our nation’s destiny with a new way of thinking. This is what I wish to encourage; this is what I want to do.”

In the speech made after receiving the Malcolm S. Forbes Lifetime Achievement Award, he elaborated, “In Asia, our traditional values encourage and even demand that wealth and means pass through lineage as an imperative duty. I urge and hope to per-

suade you, especially all of us in Asia, that if we are in a position to do so, even if our government structure is as yet not geared towards supporting a culture of giving, we must in our hearts see building society as a duty in line with supporting our children. By choosing to apportion our wealth and means – by investing in social capital – as we give to our children, we will, indeed, make the world better for them. Our reorientation of perspective today could bring forth great hope and promises for the future.”

Over the past few years, Mr Li has hoped that his words and deeds can inspire a greater number of people. Acts of charity must be transformed from one person’s moral fulfilment into a power that drives the whole of society forward. Flowing through Mr Li’s veins are many different yet interlocking elements that influence one another – Buddhist compassion, the Confucian mission to put the world right, western style management and capital worth tens of billions of dollars. These combined strengths are ultimately



Seeking his true self

Mr Li often laments the premature end to his schooling and his lack of formal education. Perhaps it is precisely this lack of formal education that has allowed him to break away from the intellectual confines of generations of Chinese people.

Mr Li witnessed the humiliating circumstances of his father, a junior clerk in Hong Kong who had previously been a respected primary school headmaster in Chiu Chow. His father’s misfortune made Mr Li believe that money was somehow a better marker of human dignity than knowledge. Soon afterwards, his father, too poor to afford proper medical care, fell ill and died. Money became directly linked to life itself. Money was a means to keep the family together, and it was also a means of keeping a promise – he had promised his dying father that he would give their family a better life. For him, money was a measure of a person’s worth and the key to freedom and independence. In his early years, money became almost a surrogate religion for Mr Li.

But has money really given him everything? He recalled the bewilderment that he felt in 1958. By this time, he was already a millionaire in every sense of the word, having just moved into a house of more than 2,000 square feet.

He could not sleep during the first night in his new house.

“I believe that our greatest wealth lies in the quality of our soul”

channelled into the Foundation.

“Most business people understand that social progress requires courage, hard work and perseverance; more importantly, they know that a fair and equitable society is built on trust and integrity,” Mr Li said in a speech entitled “The Art of Giving” in June 2004. In this speech, he spoke of the roles and functions of an entrepreneur in modern-day society. He made comparisons between Fan Li and Benjamin Franklin. Fan Li, an important strategist and merchant during the Spring and Autumn Period (777-476 BC) in China, kept changing to fit into the society he was in. In contrast, Benjamin Franklin created a world of the future built on his wisdom, abilities and commitment. By retreating into himself, Fan Li might have found self-fulfilment. On the other hand, Benjamin Franklin inspired others to have foresight, ability and drive, which, in the process of fashioning a better society, would have helped him to find self-fulfilment as well.

In making such a comparison, Mr Li was making an important statement about Chinese society. In the traditional Chinese social order, merchants were placed right at the bottom of the heap after scholars, farmers and artisans, at odds with their real value to society. However, Mr Li believes that in today’s world, the value that business people bring to the larger community is already widely acknowledged.



He suddenly realised that the days of constant worry were over; he would never experience poverty again. Cheung Kong Plastics was one of the few Hong Kong manufacturers of plastic flowers and business was booming. Not only was he free from debt after the initial, difficult period of setting up his business, he was actually astounded by the profits his company was generating for him. He would not need to depend on others anymore.

For the first time in his life, Mr Li was able to enjoy the fruits of his labour. His suits were made by the best local tailor, he wore a Patek Philippe watch and his shoes were made from the softest baby crocodile hide. He drove to work in a fine car and sailed his yacht at weekends. He was brimming with a zest for life and his wealth made him increasingly popular and respected around town.

But he soon discovered that money was not everything. “Wealth can give a person a sense of security, but beyond a certain limit, the need for security will not be so intense,” he later recalled.

In those days, he enjoyed driving along Po Shan Road in Mid-

levels after dinner. The tranquillity of the surroundings allowed him to focus his mind clearly. One night, he started thinking about the real meaning of his life for the first time. When the accumulation of wealth ceased to be the most important thing in his life, what was his new goal? The answer was philanthropy, which gave new meaning to his accumulation of wealth.

The powers of “Superman”

The years between 12 and 16 years old were packed with life experiences. He said, “I bade farewell to my childhood and entered the real world. My tragic experiences had made me grow up quickly. Within a few short years, I had decided on a direction for my life.” The series of early tragedies had given him a fierce sense of independence and ambition. He learned how to overcome dire circumstances and draw lessons from them. From the hardships he saw opportunities to learn and gather the strength he would need to drive his success. The harsh realities of life had honed a unique system of self-management, an amazing capacity for self-discipline and an insatiable appetite for learning.

The years between 17 and 22 marked the beginning of his business education. As a salesman and a general manager in a factory, he came to understand the unique workings of the market and learned how to handle relationships with business partners and how to be a leader. In his early days as an entrepreneur, he became fully aware of the importance of risk management, technological innovation and seeing the bigger picture.

Added to these varied experiences were his rare learning capability, insight and a strong sense of balance and reality. These abilities, together with his feel for numbers and natural talent for business, set him on the path that would eventually lead to fame and fortune, with people even calling him Superman. On 1 May 2000 when his company celebrated its 50th anniversary, Mr Li was in his office alone and suddenly realised that his company had never made a loss in half a century.

A mass of contradictions

Li Ka-shing’s inner world is a mass of contradictions. At times, he feels a sense of superiority befitting his venerable status and age. He believes that “our greatest wealth lies in the quality of our soul”, and he likes the unrestrained poetry of Tao Yuanming and Su Dongpo.

At other times, however, he is deeply concerned about the affairs of the real world. He frowns upon those young people who read undesirable publications on trains; he sheds tears when he sees suffering and pain; he grumbles that Chinese people should have a better sense of value judgement. At times, the degeneration of public morality and human relationships fill him with despair.

All these contradictions are consistent with his business



persona. Many would be impressed by his gentlemanly demeanor. It is well known

that he respects his staff and treats them very well. These traits, however, do not explain how he can lead his enormous business empire with such efficiency and effectiveness. Mr Li sometimes refers to himself as a “kind lion”. But no matter how kind he is, he is still, at the end of the day, a lion.

For many years the media have been asking Mr Li about his retirement plans. He revealed recently that he hoped to reduce his workload in 2008. He will not be resting, however. His plan is to spend more time working for the Foundation.

Mr Li is now the greatest Chinese entrepreneur. Will he become the greatest Chinese philanthropist? Will the passion and imagination he brings to the Foundation take him in yet another new direction?

We will know in good time. But for this 16-year-old who wandered the streets of Hong Kong alone, this 28-year-old who pondered the meaning of life that night on Po Shan Road, this 78-year-old master of his own universe, it is perhaps the constant giving and seeking of new truths that represents the true meaning of our existence.

Three faces of Li Ka-shing: the struggling teenager, the young entrepreneur (opposite) and the master of his own universe.





A whole new MALL GAME

Redefining the shopping experience

By *Andrea Li*

THE SOLACE to be found in retail therapy has few equals. An afternoon meandering around a shopping mall can appeal to all five senses, lift flagging spirits and do wonders for the self-esteem, if not the wallet, purse, or credit card. Even the humble window shopper is free to let their imagination soar, entertaining dreams of expensive purchases that they can almost reach out and touch.

It was ever thus; indoor shopping is hardly a recent innovation. Perhaps the earliest recorded example is Isfahan's sprawling grand bazaar, which dates from the 10th century and is still teeming with shoppers today. This Iranian city was a major trading centre and eventually became part of the Silk Road that linked China with Europe.

Over the centuries, the bazaar has evolved into the modern shopping mall, the product of the rise of au-

tomobile culture and the growth of suburban life in the United States in the 1950s. Today's full-service mall is a global phenomenon and a stark contrast to the more sedate shopping experience offered in traditional department store settings back in the 1980s. Today's malls are seductive, marble clad behemoths that offer 360-degree retail opportunities on a grand scale.

Where better to focus on than Hong Kong, the shopping mall paradise and retail mecca that attracts both legions of domestic consumers as well as shoppers from all over the world. But fashion and food, footwear and flat-screen televisions, beauty products and baby wear are simply not enough by themselves any more. Malls need to stand out from the crowd in what has become a very congested market place.

Permanent fixtures such as children's playgrounds, ice-skating rinks and bowling alleys are leavened with temporary attractions of ever-increasing sophistication, from food fairs and





Shoppers are entertained by attractions such as dog shows and acrobats.

star-studded live performances to sporting events and even dog shows. And where simple food courts might once have done the job, malls must now offer a range of more sophisticated restaurants to tempt the consumers' palates.

"People used to go to shopping malls for very specific purposes. They needed to buy a gift for someone or something for the home," said Tony Tsui, Hutchison Whampoa Property's Deputy Managing Director. "But the mall today is much more a place for leisure and relaxation. It's part of the lifestyle."

For a mall to be successful, every detail - from basic design development to the minutiae of its daily operation - needs to be considered. "To begin with, you need to have a beautiful looking mall in terms of material, design, colour and layout. All these elements need to meet with consumers' expectations," said Mr. Tsui.

After getting the hardware right, an efficient management team is needed to look after the customers and tenants properly. But to be really exceptional it is wise to take a leaf out of the Hutchison Whampoa Property book. The company operates six malls in Hong Kong and over the years has been responsible for some of the most creative and innovative ideas ever showcased there.

For example, take Wonderful Worlds of Whampoa in Hunghom which boasts 1.4 million square feet of retail space. One December, the promotion team struck on the brilliant idea of importing a snowmaking machine from the US and lined the walkways outside the mall with real snow at Christmas. The Snow Carnival, featuring snowballs, snowmen and a snowtube slide, attracted great media coverage and huge crowds, with over 10,000 shoppers taking part in the fun over a period of four days.

This Christmas, shoppers flocked to the same place to see the Wow Wow Dog Circus from Japan, the only one of its kind in the world. The dogs showed off their spectacular acrobatic abilities and one even played the piano! Other events that have pulled in the crowds include a pork bun-eating contest that saw the winner eat 100 buns in just 12 minutes.

"Events like this create a win-win situation for all the different stakeholders. They raise the profile of mall, increase the volume of shoppers and boost business for shops and restaurants," said Patrick Leung, General Manager of Hong Kong Marketing.

With competition intensifying, mall operators are constantly trying to offer shoppers something a little bit different. Discount offers to promote the mall's restaurants, international food festivals or partnering an airline to award extra miles to big spenders - anything to give the mall an edge.

DID YOU KNOW?
The first HWPG mall was the Aberdeen Centre. The 340,000-square-foot shopping centre was built between 1980-1982 and renovated in 2000.



But it is not just in Hong Kong where the need for innovation is growing stronger by the month. In Mainland China, where the bulk of Hutchison's new commercial complexes are being developed, a similar story is unfolding as the emerging middle class develops an insatiable appetite for consumer products.

DID YOU KNOW?
The largest HWPG mall is Wonderful Worlds of Whampoa which houses more than 300 shops in an area of 1,400,000 square feet.

Hutchison plans to double the number of malls it operates in the Mainland over the next decade. It is now running Oriental Plaza in Beijing, Westgate Mall in Shanghai and Metropolitan Plaza in Chongqing, to name a few, and plans to increase its presence

in these commercial centres as well as branch out into cities such as Shenzhen and Tianjin. The Metropolitan Plaza in Guangzhou, one of the company's major projects, is scheduled to open in 2007.

One of the toughest challenges is to gain a thorough understanding of the local market. "Good positioning is extremely important and that involves finding the best locations for our shopping malls," said Mr Tsui. "As a Hong Kong developer, we really have to do our homework in terms of market research to find the best sites if we want to be successful. We face intense competition from mainland property developers and overseas players."

According to Jason Tam, General Manager of China Marketing, although the variety of entertainment still lags that in Hong Kong, impressive steps are being taken to raise the bar, especially in Shanghai where promotion events such as a dinosaur exhibition and an international fencing competition were staged at the Westgate Mall as part of the annual promotion programmes.

"We approach the promotional activities slightly differently in the Mainland as we try to come up with initiatives that will win us

IT'S SHOWTIME!

OVER THE YEARS, Hutchison Whampoa Property has pioneered some of the most memorable events in shopping malls in Hong Kong and Mainland China. Here are some of the highlights.

■ **Aquaworld:** The Flying Lotahs from Australia thrilled audiences with a series of 17-metre high dives into just 2.5 metres of water at Whampoa.

■ **The Crazy Dunkers Show:** The Crazy Dunkers from France showed off their amazing basketball skills at Whampoa.

■ **Get in touch with the Ocean:** To celebrate its ninth anniversary, the Chongqing Metropolitan Plaza launched a month-long calendar of events linked to the ocean. Interactive activities included turtle feeding and fishing.

■ **Let's be Wild:** Shanghai's first human pyramid competition at the Westgate Mall. The winning team thrilled the crowd by making a human tower that was seven metres high.



Mall the merrier: today's malls offer everything from a 360-degree retail experience to sporting events and exhibitions.

government support and fuel a sense of patriotism," said Mr Tam. "In China, we have to take into consideration our role in society more."

Mall operators in China also have to address the issue of counterfeit products. Hutchison Whampoa Property staff may need to regularly inspect the products sold in the premises to ensure that tenants are meeting consumer rules and regulations and goods are priced fairly. The inspections boost consumer confidence as well as the shopping malls' reputation because

DID YOU KNOW?
HWPG's signature creation is the Whampoa Ship, which was built in 1989 on the site of Hong Kong's largest shipyard as part of the Whampoa Garden development.

shoppers know they are buying good and reliable products.

With a host of local and international industry players jockeying for position in order to take part in China's developing retail landscape, Mr Tsui predicts the standard of shopping centres in the

Mainland will catch up with Hong Kong in five to 10 years.

But if Hutchison Whampoa Property's track record is anything to go by, the question will not be whether these malls succeed, but rather to what degree.



IT'S ALL ABOUT SERVICE

MALL MANAGEMENT has changed beyond all recognition in the last 10 years, according to Carman Wong, Estate Manager of Wonderful Worlds of Whampoa.

Life was relatively simple in the early days. Back then, you hired cleaners to make your mall spotless and guards to ensure the safety of the shoppers and tenants. Today, growing demands from consumers has pushed the boundaries of service to the point where mall managers now have to function like hotel concierges.

"It isn't just about ensuring the smooth operation of the mall. You also need to actively develop good relationships with tenants and go out of your way to help the customers," said Ms Wong.

"We have to train all staff across the board from customer

service attendants to technicians. Every job now effectively encompasses some degree of customer service."

For example, a shopper might ask a security guard or the staff at the information desk where to find a certain product or service. Both should know the correct answer and be able to help the customer.

The concierge at the Wonderful Worlds of Whampoa has taken the customer-friendly ethos a step further and now provides services that are beyond the traditional parameters of mall management. "We do little things that make a difference," Ms Wong explained. "For example, you can borrow baby strollers and wheelchairs from us. We also provide plasters and sewing kits and sell stamps to shoppers too. We even reheat baby bottles!"

A.S. Watson grows sales while cutting stockpiles

By Jon Marsh



AS YOU STROLL along the different aisles of PARKnSHOP or the various sections of Fortress, have you ever wondered how the shops keep track of their stock levels? A.S. Watson (ASW), which has more than 7,700 retail stores in 37 markets around the world and sells everything from fresh chicken, cheese and shampoo, to televisions, CD players and vintage wines, has the answer – superb supply chain management.

Supply chain management, a term coined by Keith Oliver of consulting firm Booz Allen Hamilton in 1982, is the process of planning, implementing and controlling the operations of the supply chain to satisfy customer requirements as efficiently as possible. It spans all movement and storage of raw material, work-in-process inventory, and finished goods from point-of-origin to point-of-consumption.

To find out more we turned to Keith Bartlett, ASW's Chief Operating Officer of Retail Hong Kong, who has been with the company for 16 years and is responsible for around 500 outlets of six different retail outlets – including 223 PARKnSHOP and 190 Watsons branches, and 52 Fortress, TASTE, GREAT and Watsons Wine Cellar outlets.

“When I started, I was the supply chain department,” he said. “There was very little science to the process. We had to invent the whole system. Of course back then it was all done manually and now much of the process is computerised but the principle remains the same – give the customer the best possible range of products at the best possible prices.”

Today, PARKnSHOP uses less warehouse space than in 1991, even though customers are provided with much more choice and the supermarket chain's sales have increased by more than four times.

ASW manages its supply chain carefully. It all starts with the sourcing process. Once a supplier is found, the next step is to work out how the product will be transported to the store. This journey might take just a few minutes if a local supplier delivers the item in question, a few hours if coming from Mainland China, or less than 24

CHAIN of



DEMAND



hours if fresh produce needs to be air freighted from Australia or New Zealand.

“Great efforts have had to be made in the fresh food area, sometimes building completely new supply chains to deal with chilled pork or live fish,” he said. “Quality control and traceability are hugely important to guarantee the safety of food and deliver it in the minimum time to offer the highest freshness to the customer.”

BY THE NUMBERS

- ASW's shipping department imports more than 10,000 containers a year and over 150 tons per week of air freight
- There are 200 delivery trucks on the road every day
- PARKnSHOP serves four million customers a week and sells more than one billion items a year, including:
 - + 1.5 million oranges every week
 - + 1,000 tons of rice a day
- Watsons Your Personal Store sells 100,000 bottles of shampoo and conditioner a week

On the other hand it might take weeks if the product is sourced in Europe and has a long shelf life. For example, in the UK, consolidators are responsible for shipping hundreds of different items in single containers to meet the demands of the large expatriate community.

On arrival, most items are taken to one of the four PARKnSHOP warehouses in Kwai Chung, Fotan, Sheung Shui or Sha Tin (Watsons and Fortress have separate warehouses) before making their way to the individual stores.

ASW will then use a diagram called a planogram to show how and where specific products should be placed and displayed in the store to increase customer purchases. They are developed using key pieces of information about products, such as the amount of remaining inventory and volume of sales per square foot of retail space.

Although the item has now been sourced, purchased, transported, delivered and displayed, and all the customer has to do is put it in their trolley, the supply chain is not yet complete as the shelves will soon need to be refilled.

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capacity is stretched to the limit and delivery schedules have to work like clockwork. The pressure is intense because many wet markets close for several days over the holiday.

But even the best-oiled supply chain can come under pressure when Mother Nature comes calling. "Typhoons are a real headache as they cause so much uncertainty," said Mr Bartlett. "Will the No 8 signal go up? If so, how long will our stores be closed for? Which of our suppliers will keep delivering? The warehouse gets completely jammed and it's a real juggling act to keep everything moving.

"I have to say that the warehouse staff are absolutely fantastic and cope with everything that is thrown at them. We have a very hard-working and loyal team which just goes to show that no matter how good your technology is you still need the right people to make the system work."



much stock is on the shelf? What's the expiry date? When to re-order? These are the factors you have to consider. Today, thanks to the marvels of modern technology this is all done automatically. The computer knows how much stock is left, both on the shelf and in the warehouse, and when to re-order.

"PARKnSHOP is a very automated operation, as is Fortress, and Watsons will be fully computerised in 2007. The system is much more efficient today. It has to be because we have less warehouse space than we did 15 years ago and sales have increased several times! There is only three weeks' stock in the whole supply chain. This cuts down on costs and gives the company much more working capital."

To allow suppliers a much quicker turnaround, ASW has employed a proprietary system from Retek, which was recently acquired by technology solutions provider Oracle. The system enables the stock records for every product in every store to be captured on the computer and for replenishment orders to be automated. The orders can be sent electronically to suppliers and invoices can be received by electronic data exchange.

Refining the supply chain is a process that has been going on for more than a decade. One of the first big changes came in 1995 when ASW standardised the size of pallets used for deliveries by suppliers and 14 different sizes became one, improving delivery times enormously. More recently, Fortress has decreased its stock levels by more than half in the last three years, and PARKnSHOP and Watsons Your Personal Store are merging their supply chain operations to improve efficiency.

Chinese New Year is the biggest challenge for a big supermarket. The volume of goods increases, especially seasonal items, but the amount of retail space remains the same. Warehouse

COMPUTER MAGIC

TERRY CHAU thinks back to the "bad old days" and groans. "Everything used to take so long. It took hours every day to work out what had to be ordered because it was really difficult to estimate how many of a particular product we might sell in a day," said the PARKnSHOP veteran of 25 years. "Now the computer does it all for you!"

Mr Chau has witnessed dramatic changes in the supply chain, none more so than the new computer system that can trace the path of every item in every store and automatically re-orders stock when necessary.

"It makes life a lot easier for everyone, including the customer," said Mr Chau, who manages the huge PARKnSHOP in Discovery Bay. "One of the big advantages is that there are far fewer out of stock items and less products go past their sell-by dates. Our customers get a wider range of fresher food."

The Discovery Bay store now serves 30,000 customers a week and offers the widest range of overseas products of any PARKnSHOP store because of the large expatriate population.

A decade ago, only 500 items from overseas were on sale in PARKnSHOP; today the number is more than 30,000.