

# sphere

#37 2015



INTERNATIONAL JOURNAL OF THE  
HUTCHISON WHAMPOA GROUP



## BUILDING BLOCKS OF COMMUNITIES

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Cover Illustration  
Don Mak

Ports are integral to civilisation, supporting vibrant communities. Artist Don Mak brings this vitality to life using containers' brilliant colours in a creative design reminiscent of children's building blocks. The focal point is the port, where the goods arrive to supply our wants and needs. Schools, hospitals, homes and businesses are all made possible by the materials that arrive container by container every day in our ports. A hugely complex global supply chain provides our daily bread; Hutchison is at the heart of it.

## Mastering complexity has transformed billions of lives on every continent.

W E L C O M E

# MASTERING COMPLEXITY, DELIVERING SIMPLICITY

The sphere we live on is a little like the organism *Sphere* examines every issue. The earth is a hugely complex mesh of interacting living and non-living players whose parts range from the smallest microbes to continent-spanning climatic events.

The same goes for the many elements that make up our family of companies and people. For example, it may appear as if ports simply move cargo around. But when you look closer, you get a sense of the intricate interplay of how ports really function; people, artificial intelligence, complex machinery, gigabytes of data and millions of tons of goods interact every day. Think of the 52 ports Hutchison operates in and it becomes hard to imagine the scale of operations.

Mastering that complexity has transformed millions—even billions—of lives on every continent.

Likewise, developing the complex beings that are humans—from wee children to university graduates—is a complicated

undertaking with transformative impact on societies. Hutchison enables positive change through its community support programmes detailed in these pages.

Sometimes the complexity can be made a little simpler, a little easier to grasp. Investors cheered the new corporate structuring of Cheung Kong and Hutchison Whampoa, in part because it simplified previously more complex corporate holdings.

From ports to human development to corporate structuring, all of these hugely complicated endeavours have at their heart the Hutchison family of people around the globe. Sometimes, finding the simplicity in this complexity is as easy as listening to the stories of the colleagues around you. □

Hutchison Whampoa Limited  
和記黃埔有限公司



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The announcement that Cheung Kong and Hutchison Whampoa are to merge thrilled the markets. For employees around the world, it is business as usual.

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### TCM Retail: Ancient Wisdom, Modern Strategy

Watsons' new move to integrate Chinese medicine practices into its retail chains is providing advancement opportunities for practitioners and driving change in the local industry.



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COVER STORY



## BUILDING BLOCKS OF COMMUNITIES

Ports transform communities next door and around the globe. HPH is a vital partner to its neighbours, its regions and the industry.

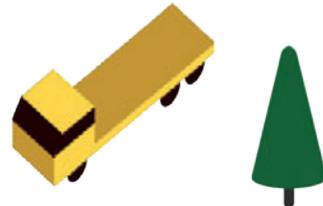


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COMMUNITY FEATURE

### Burning Bright: HWL Fans the Flames of Inspiration

From Vietnamese village schools to the hallowed halls of elite British academia, HWL supports the fires burning in the hearts of the young.



PROJECT DIAMOND

# MASTERSTROKE

On 9 January 2015, Cheung Kong (Holdings) Limited (Cheung Kong) and Hutchison Whampoa Limited (HWL) announced a major business reorganisation to create two new leading Hong Kong listed companies. The markets cheered the new opportunities and increased robustness expected of the two new firms. Likewise, HWL employees will continue to find stability and opportunity in their future.





**f the many superlatives used by breathless financial analysts in the days following the announcement of the reorganisation of Cheung Kong and HWL, the venerable and respected *Financial Times* seems to have encapsulated the move in one word: "Masterstroke"<sup>(1)</sup>.**

In an announcement that took the markets by storm, "investors cheer[ed] Li's move to redraw his empire" (from the same *Financial Times* article). The decision to merge the two firms and then spin off their property arms into a second independent company was warmly welcomed by the markets. The main new firm will be named



CK Hutchison Holdings Limited<sup>(2)</sup> (CK Hutchison) and the property firm Cheung Kong Property Holdings Limited (CK Property), both to be incorporated in the Cayman Islands and listed in Hong Kong.

**THE RATIONALE**

While markets reacted to the 'new' news by driving the shares of both firms to fresh highs, many saw obvious benefits in a long awaited and logical reorganisation. "This reorganisation is far from a surprise and has long been discussed," Andrew Lawrence, an analyst with CIMB Group Holdings Bhd, wrote in a research note on 12 January. "It will make for a cleaner corporate structure..."<sup>(3)</sup>

Even famously fierce defenders of minority shareholder rights, like Hong Kong's David Webb, were in favour. "What they are doing is a step in the right direction for transparency and removing conflicts of interest."<sup>(4)</sup>

Analysts were not lacking for good reasons for the move.

**"PROJECT DIAMOND"**

The project, in the works since last summer, was code named "Project Diamond"<sup>(5)</sup>. The word 'diamond' is from the Greek ἀδάμας (adámas), meaning unbreakable. However, a diamond can be cut, polished and properly set to reveal its true value. Indeed, Nomura analysts found treasure in "the unlocking of hidden value embedded in the existing vertical structure."<sup>(6)</sup>

Vincent Lam, Managing Director and Chief Investment Officer of VL Asset Management Limited, opined that the "share price discount of a holding company is generally 15 to 25 per cent or more."<sup>(7)</sup> Changing that structure should remove the discount.

Paul Louie, Head of Property Sector Asia, Ex-Japan, Equity Research at Barclays Asia, cited three benefits to shareholders, including removing the holding company

discount, optimisation of capital structures and raising dividends—always popular with investors.<sup>(8)</sup>

Goldman Sachs took note of not only economic but also strategic benefits. In a note to clients, they forecast "greater business transparency, better allocation of capital, alignment of management responsibilities and a clearer demarcation of the group's property and non-property divisions." Improved cash flow and ability to increase dividends were also on Goldman's radar.<sup>(9)</sup>

*The Wall Street Journal* saw a defensive move against the potential for the US Federal Reserve Bank to raise interest rates, slowing profits derived from real estate holdings around the world. The move would protect Cheung Kong from such moves—and leave it cash-rich, well-positioned to invest in European and other global assets.<sup>(10)</sup>

Chairman Li Ka-shing explains some of the thinking behind the reorganisation, "Cheung Kong and Hutchison have grown substantially in size and scale over the past decade. The reorganisation will place the companies in an even stronger position for future growth and development."

The final arrangements will take some time as shareholders must be consulted about the moves and regulators satisfied that all proper procedures are being diligently observed.

**THE FUTURE IS BRIGHT**

"This opens up a new chapter for the group," according to David Ng, a Hong Kong-based analyst at Macquarie Group.<sup>(5)</sup>

The markets agreed with HWL's senior leadership that the move was a natural and welcome progression to allow two of the world's most dynamic conglomerates to plan for a strong future that looks bright for their investors, clients and staff.

1. **Investors cheer Li's move to redraw his empire** Jennifer Hughes, *Financial Times Asia*, 13 January 2015, P. 14.  
 2. CK Hutchison was approved by Cheung Kong shareholders 99.7 per cent in favour and listed on 18 March 2015.  
 3. **Li retakes Asia's richest person crown** Bloomberg, *China Daily*, 13 January 2015, P. 17.

4. **Investors cheer Li's business revamp** Benjamin Robertson and Sandy Li, *South China Morning Post*, 13 January 2015, B1.  
 5. **Billionaire Li gears up for deals after 'Project Diamond'** Vinicy Chan, *Bloomberg*, 11 January 2015.  
 6. **Shares in Li firms jump after plans for restructuring** Benjamin Robertson and Peggy Sito, *South China Morning Post*, 13 January 2015, A1.

7. **Li Ka-shing launches sweeping revamp on corporate empire** Ya Shi Zhang, *Xinhua News Agency*, 11 January 2015.  
 8. **Li Ka-shing flag flutters on heels of restructuring** Celia Chen, *China Daily*, 13 January 2015, P. 8.  
 9. **Greater transparency in Li Ka-shing empire restructuring** K LH, *Dow Jones Newswire*, 12 January 2015.  
 10. **Richest person in Asia is building up his defenses** Abheek Bhattacharya, *The Wall Street Journal Asia*, 12 January 2015, P.32.

**Sphere answers some of the most common questions that have been asked by the HWL family in the past two months.**

### WHAT'S THE TRANSACTION ABOUT?

#### 1. Cheung Kong and Hutchison Whampoa have been around for so many years. Why change? Why now?

- You have all been a part of our growth story for the past two to three decades. Cheung Kong and HWL both have now reached a size where it makes strategic and economic sense to carry out this reorganisation.
- We, and many in the analyst community, have recognised the holding company discount for a number of years. However, it wasn't until last summer that a suitable proposal was put together to unlock this value for shareholders by eliminating the layered holding structure of Cheung Kong and HWL.
- The reorganisation will also better position the companies for further expansion in the future.
- This arrangement will enhance investment and financing flexibility for business units.
- Investors of the company will also have greater flexibility and choice to adjust their shareholdings in CK Hutchison or CK Property according to their own individual investment objectives and preferences.

#### 2. Will Hutchison Whampoa Ltd (HWL) cease to exist?

- Of course not. HWL will no longer be a listed company but the name, logo, assets and obligations will all be maintained.
- HWL's contracts, subsidiaries and corporate functions will remain as they were, as will all the staff's contracts and benefits.
- All business contracts and dealings made under HWL will continue to be made under HWL and will all be honoured. In short, it's business as usual.

**"The reorganisation will place the companies in an even stronger position for future growth and development."**

Chairman Li Ka-shing

#### 3. Will this make the property business smaller?

- On the contrary, by combining the two property portfolios together, CK Property will become an even more powerful player in the property sector.
- The combined property business, CK Property, will be the number one listed hotel owner-operator in Hong Kong, with 12,150 rooms in Hong Kong and a total of 14,680 rooms worldwide. It will have the second largest Hong Kong rental property portfolio and 17 million square feet gross floor area of rental properties worldwide.
- In addition, it will be the top property developer in Hong Kong and the Mainland with a 170 million square feet landbank.

#### 4. Does this mean Chairman Li Ka-shing is retiring?

- Mr Li has no plans to retire yet. Mr Li will remain Chairman and the Li family will remain the largest shareholder of both companies. Following the reorganisation, shareholders can invest directly into the two separate listed vehicles alongside the Li family and can be assured their interests align. As a responsible leader, he has in place a succession plan that will ensure the continuing success of the companies going forward.

### WHAT DOES IT MEAN FOR ME?

#### 5. Will this impact my job?

- No. It will be business as usual for everyone in the Group.
- We will continue to grow our respective businesses and most of your reporting lines will not change.
- It may, in fact, provide a clearer picture for your business when it comes to investing in future developments without having to worry about competing forces with sister companies.

#### 6. Will this impact my benefits? Will my current employment terms be changed?

- No. There will not be any changes to your benefits nor any change to your retirement schemes.
- As mentioned, it's business as usual.

#### 7. What should we tell our business partners about this transaction?

- Simple. There will be no impact.
- Our financial strength will not change. Our operations will not change. Our contracts are valid and continue to be so.
- CK Hutchison will still be in over 50 countries with enhanced scale. The reorganisation will see a consolidation of our infrastructure assets that were previously co-owned. As well, CK Hutchison will increase its ownership in Husky Energy to become its largest shareholder. CK Hutchison will benefit from enhanced liquidity and CK Property will have a clean capital structure and a separate fundraising platform as a pure property play.
- Rating agencies have affirmed Hutchison Whampoa's rating following the announcement of the proposed reorganisation. Management has announced there will be no adverse effect to Cheung Kong or Hutchison Whampoa creditors. □

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## ENERGY

### Sunrise begins oil production

Oil production has begun at Husky Energy's Sunrise Energy Project in northern Alberta. It will be expected to produce over 60,000 barrels per day by the end of 2016. CEO Asim Ghosh says, "We are expecting more than 40 years of production from this reservoir."



## TELECOMS

### GLOBALCENTRE PLAYS IT COOL

HGC GlobalCentre is deploying Vigilent's dynamic cooling management system at the data centre facility in Wong Chuk Hang, Hong Kong, to help reduce the power consumed by air-conditioning by 30 per cent. Its Kwai Chung facility has been awarded an ISO 50001 energy management system certification—the first such accreditation for data centres in the Hong Kong and Mainland China region.

## RETAIL

### SUPERCHEMISTS!

Linda Harms, Trepleister Netherlands' chemist, was awarded "Best Self-Care Adviser 2014" by the Central Bureau of Drugstores, and Tim Morgan, Superdrug's chemist, was presented the "Pharmacy Innovation Award" at the Pharmacy Clinical Congress Awards in the UK.

## OTHERS

### GAMECO: People to product

In January 2015, Guangzhou Aircraft Maintenance Engineering Company (GAMECO) entered into a partnership with PacAvi Group to tap the Chinese and Asian markets for Airbus A320 and A321 passenger-to-freighter conversions. GAMECO will refurbish passenger jets to carry cargo instead.



PORTS

## UK Prime Minister lauds Port Felixstowe's success

Prime Minister of the United Kingdom, David Cameron, paid Port of Felixstowe a visit. In his address, the Prime Minister praised the port's success, saying the port was "fundamental to the success of the whole country" and has been "increasing Britain's footprint in the world".



### STACKING UP

Gdynia Container Terminal in Poland signed an agreement for the building of additional stacking yards as part of the terminal's Stage III Expansion project, which includes the construction of a new quay.

### TERMINAL TURNS 45

Hongkong International Terminals (HIT) celebrated its 45th anniversary. More than 1,000 staff members attended the party, where Hutchison Port Holdings Group Managing Director Eric Ip and HIT Managing Director Gerry Yim thanked staff for their hard work and commitment to the company.



## "Fundamental to the success of the whole country."

UK Prime Minister Cameron on Port of Felixstowe

INFRASTRUCTURE

## CKI completes acquisition of Envestra

A consortium comprising Cheung Kong Infrastructure Holdings (CKI), Cheung Kong Holdings and Power Assets completed the acquisition of all shares of Envestra Limited, a leading natural gas distribution company in Australia, for a sum of approximately AUD1.96 billion.

### THE BIG WINNER - NORTHERN GAS NETWORKS

Northern Gas Networks received the "Customer Focus Award" in the National Business Awards 2014. In the UK Customer Experience Awards 2014, the company won the highest prize, the "Overall Best Customer Experience" award, and five "Best Customer Experience" awards in different categories.

### CKI COMPANIES WIN AWARDS AT THE "OSCAR" OF UTILITIES

At the Utility Week Achievement Awards 2014, UK Power Networks received the "Digital Utilities Award" and an award for "Supply Chain Excellence". Another member of CKI, Wales & West Utilities, won the "Customer Care Award" and "IT Initiative of the Year".

PROPERTY

### HEAD FOR THE HILLS!

The Chongqing Regency Hills joined hands with the Nanan Sports Bureau and *Chongqing Morning Post* to organise the "Challenge of Hiking", a month-long event aimed at encouraging the general public to exercise more and to be environmentally conscious.



## PORTS

### World's largest ship? No problem for HPH

The world's largest container ship, the 19,100-TEU CSCL *Globe*, called at Westports Malaysia, Yantian International Container Terminals (YICT), Port of Felixstowe and Euromax Terminal Rotterdam on its maiden voyage. The ship's deck alone covers an area equivalent to four football pitches.



## TELECOMS

### HUTCHISON TELECOM'S GIVING SPIRIT

Hutchison Telecommunications Hong Kong Holdings launched a Donation Matching Programme to celebrate 30 years of service. A total of HKD483,000 has been raised by the company and staff to benefit eight registered charitable organisations.

## HOTELS

### FIVE YEARS EXCELLENT

Harbour Plaza Hotels & Resorts has once again earned an "Asia Excellence Brand Award" for the fifth consecutive year from Yazhou Zhoukan.



## MEGA VESSEL

On 29 December 2014, YICT welcomed the inaugural call of the 14,500-TEU *Sajir*, UASC's largest container vessel. The vessel, measuring 368 metres long and 51 metres wide, is the industry's first ever LNG-ready mega-vessel.



### 3 ARENA TAKES CENTRE STAGE

3 Ireland announced the new name for the country's most exciting entertainment venue: 3Arena. The 13,500-capacity venue hosts over 100 events per year.



TELECOMS

## HWL reaches agreement with Telefónica to acquire O<sub>2</sub> UK

The acquisition of O<sub>2</sub> UK will create the number one mobile operator in the UK with almost 33 million customers. The deal is expected to generate significant synergy potential.



OTHERS

### CHI-MED ATTAINS NATIONAL RECOGNITION

Product of Hutchison China MediTech (Chi-Med), She Xiang Bao Xin Wan, was honoured as a “National Key New Product” by the National Ministry of Science and Technology. This TCM formulation supports cardiovascular function.

### FRUQUINTINIB TAKES A STEP FORWARD

Chi-Med treated its first patient in the final phase III registration trials of its investigational molecule Fruquintinib. This is an important step forward in potentially securing approval for a new treatment option for colorectal cancer.

## Hutchison Bond: record-breaking size, smart timing, swift execution...

CORPORATE

### YEAR OF BOND— BETTER THAN CONNERY AND CRAIG

The Hutchison Whampoa Bond was named “Asia’s Investment-Grade Bond of the Year” in the IFR Asia Awards 2014. *International Financing Review Asia* cited Hutchison’s “record-breaking size, smart timing, swift execution and wide distribution” being behind the triumph.

RETAIL

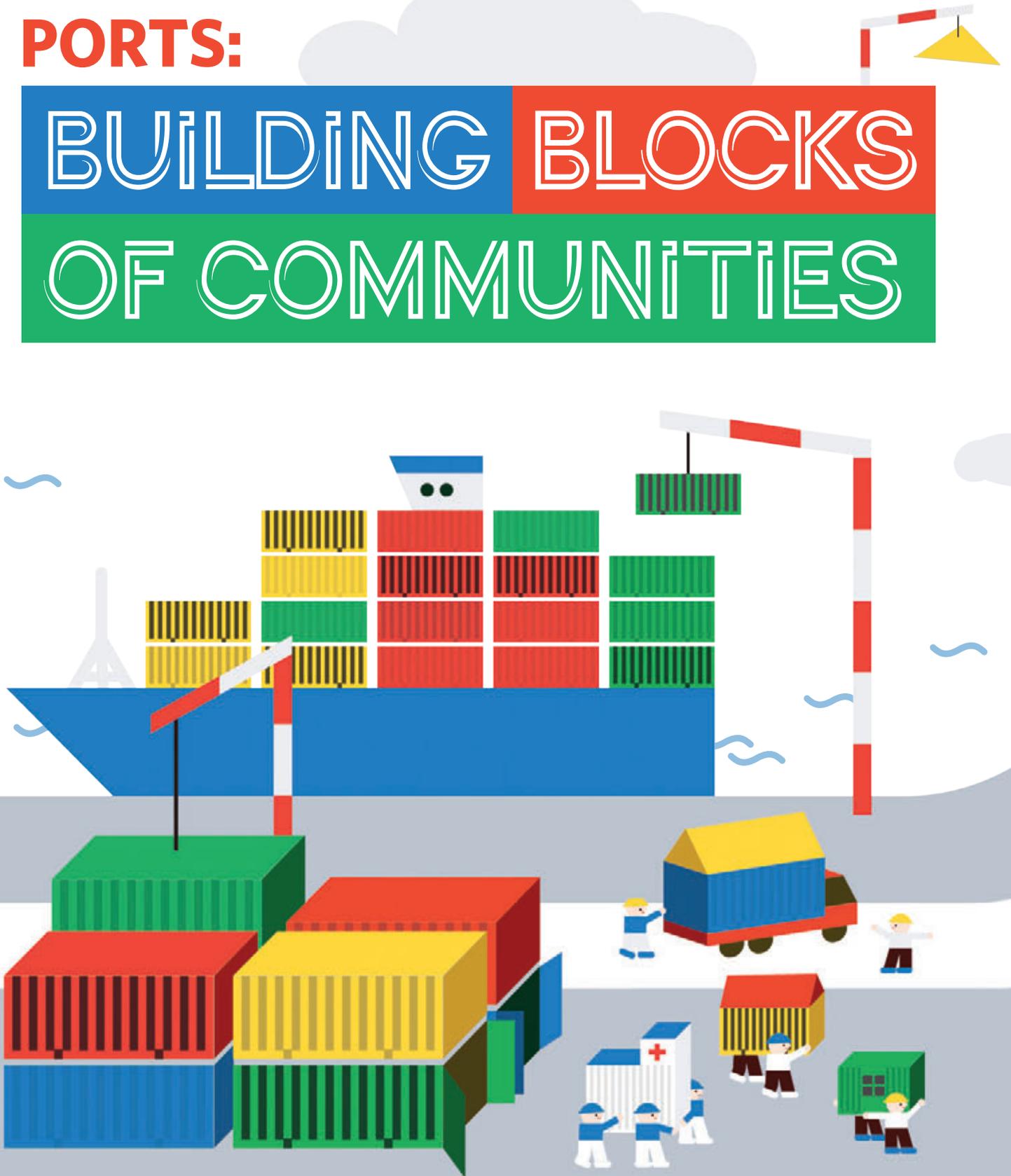
### CUPCAKE CONSTRUCTION CONQUERS

PARKnSHOP beat the Guinness World Record by donating 15,000 cupcakes to build a record breaking 6.78-metre cupcake tower at 1881 Heritage in Hong Kong.



**PORTS:**

# BUILDING BLOCKS OF COMMUNITIES





**Civilisation has its origins in ports. Since man has had goods to trade, he has moved them by sea. In ancient times, communities sprang up around these trade centres and ports became the lifblood of towns, then later, cities.**

**P**orts' importance to globalisation is reflected through the communities they create, transforming not only their immediate surroundings, but communities that span entire regions, countries and even the globe.

Hutchison Port Holdings Limited (HPH) plays a key role in many of the ports that have impacted communities around the world. Each of these ports is unique, with its own origins, stories and ties to the people that surround and sustain it.

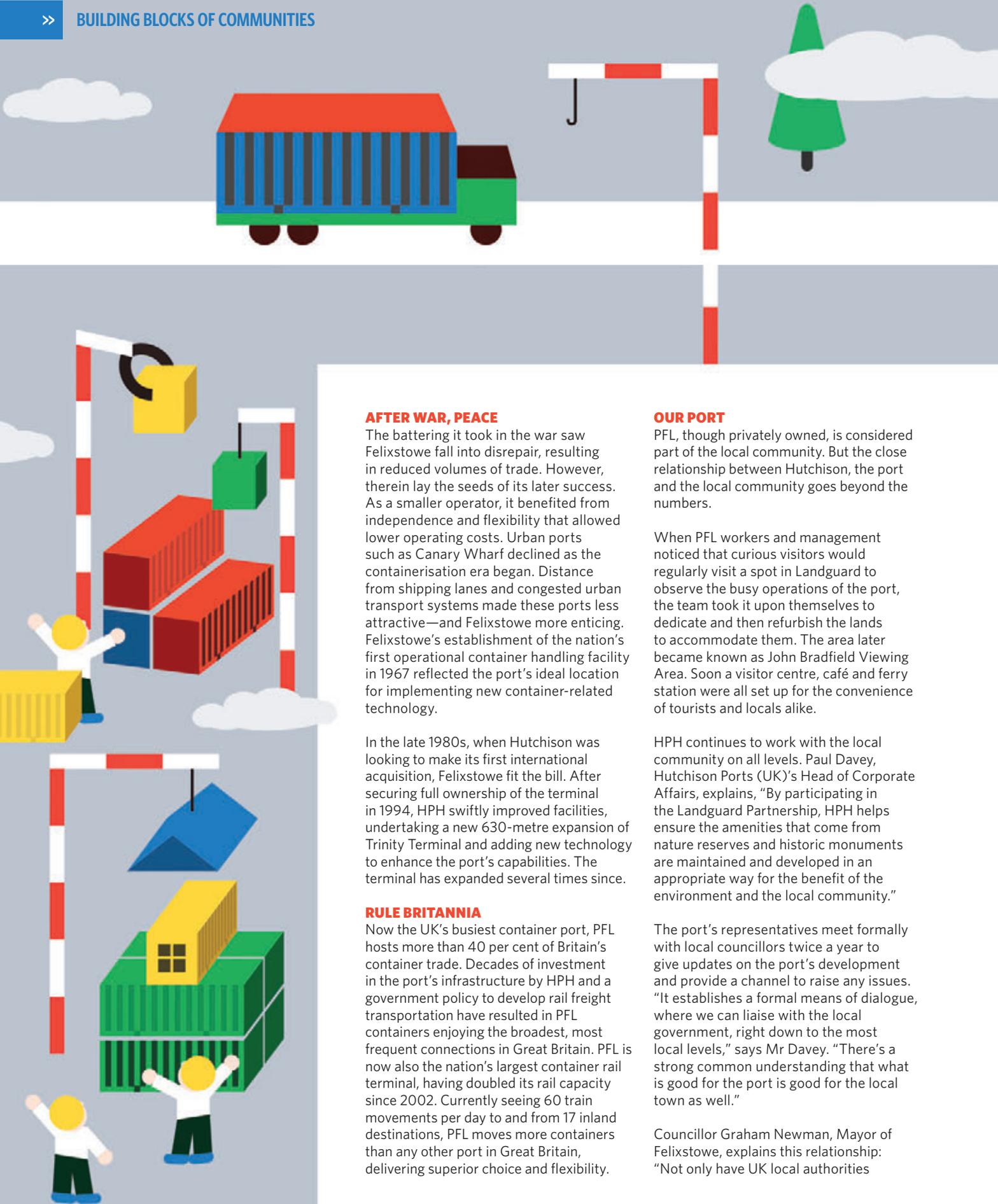
Felixstowe the port cannot be separated from Felixstowe the town. Yantian, in Shenzhen, China, has played a key role in the development of the Pearl River Delta in southern China. Panama, the nation, is defined by the canal that is anchored by two port cities that host HPH facilities. Barcelona survived the rise of Atlantic

trade and steamships to become a global leader in technology. And HPH's headquarters in Hong Kong impact the global ports community with the spread of people and technologies.

#### **FELIXSTOWE FIDELIS**

The Port of Felixstowe (PFL) has played a vital role in the defence of Great Britain and its economic development. Ever since the Roman era, the beachhead has protected the land behind it. It was crucial to defending Britain in 1667 when Dutch invaders failed to overcome the English at the local Landguard Fort.

The modern incarnation of Felixstowe originated as a trading dock in 1886. The military took control between 1914 and 1918, when the Felixstowe dock was used as a base for warships. In the Second World War, it was requisitioned for Motor Torpedo Boats.



**AFTER WAR, PEACE**

The battering it took in the war saw Felixstowe fall into disrepair, resulting in reduced volumes of trade. However, therein lay the seeds of its later success. As a smaller operator, it benefited from independence and flexibility that allowed lower operating costs. Urban ports such as Canary Wharf declined as the containerisation era began. Distance from shipping lanes and congested urban transport systems made these ports less attractive—and Felixstowe more enticing. Felixstowe’s establishment of the nation’s first operational container handling facility in 1967 reflected the port’s ideal location for implementing new container-related technology.

In the late 1980s, when Hutchison was looking to make its first international acquisition, Felixstowe fit the bill. After securing full ownership of the terminal in 1994, HPH swiftly improved facilities, undertaking a new 630-metre expansion of Trinity Terminal and adding new technology to enhance the port’s capabilities. The terminal has expanded several times since.

**RULE BRITANNIA**

Now the UK’s busiest container port, PFL hosts more than 40 per cent of Britain’s container trade. Decades of investment in the port’s infrastructure by HPH and a government policy to develop rail freight transportation have resulted in PFL containers enjoying the broadest, most frequent connections in Great Britain. PFL is now also the nation’s largest container rail terminal, having doubled its rail capacity since 2002. Currently seeing 60 train movements per day to and from 17 inland destinations, PFL moves more containers than any other port in Great Britain, delivering superior choice and flexibility.

**OUR PORT**

PFL, though privately owned, is considered part of the local community. But the close relationship between Hutchison, the port and the local community goes beyond the numbers.

When PFL workers and management noticed that curious visitors would regularly visit a spot in Landguard to observe the busy operations of the port, the team took it upon themselves to dedicate and then refurbish the lands to accommodate them. The area later became known as John Bradfield Viewing Area. Soon a visitor centre, café and ferry station were all set up for the convenience of tourists and locals alike.

HPH continues to work with the local community on all levels. Paul Davey, Hutchison Ports (UK)’s Head of Corporate Affairs, explains, “By participating in the Landguard Partnership, HPH helps ensure the amenities that come from nature reserves and historic monuments are maintained and developed in an appropriate way for the benefit of the environment and the local community.”

The port’s representatives meet formally with local councillors twice a year to give updates on the port’s development and provide a channel to raise any issues. “It establishes a formal means of dialogue, where we can liaise with the local government, right down to the most local levels,” says Mr Davey. “There’s a strong common understanding that what is good for the port is good for the local town as well.”

Councillor Graham Newman, Mayor of Felixstowe, explains this relationship: “Not only have UK local authorities



generally enjoyed an excellent facilitative relationship with PFL, but the port has also become a key part of our community on numerous fronts over the years. PFL is responsible—either directly or through associated logistics and support businesses—for more than the equivalent of one in 10 jobs in the county of Suffolk. As such, our town has enjoyed near full employment and significant economic growth over the years. It is for this reason that the port is greatly valued and held in such high esteem in the town.”

Where Felixstowe’s development has propelled the growth of the local town, halfway around the world, port development in a rural seaside county in Mainland China spurred the transformation of an entire region.

**YANTIAN: TRANSFORMING THE PEARL RIVER DELTA**

It’s hard to imagine that in 1979, Shenzhen was home to just rice paddies and some fisherfolk. The transformation began when former leader Deng Xiaoping implemented a policy of economic reform for China, and Shenzhen was designated as the nation’s first Special Economic Zone. The area was developed as an experiment in urbanisation and industrialisation, opening China to the world. This programme transformed the region and millions of peoples’ lives.

Over the course of 30 years, Shenzhen grew from a rural county of about 30,000 people into a modern city of 15 million, as people flocked from all over China to be part of the vanguard of a nation’s opening.

From 1980 to 2011, the city’s annual GDP growth averaged a staggering 25 per cent. Up to 2013, Shenzhen claimed the highest

export volume in China for 21 consecutive years. Along with Shenzhen’s economic development came extensive growth of the city’s physical and human infrastructure.

**SHENZHEN’S PORT, CHINA’S WINDOW**

But to create this modern trading centre and open China’s economy, the nascent city would need a port—and a port operator. If Shenzhen was to be China’s catalyst for change, the port would be its window to the world. The Chinese and new Shenzhen government recognised the importance of getting this right.

In 1993, with the endorsement of the Shenzhen government, HWL and Shenzhen Dongpeng Industry Company Limited (now Shenzhen Yantian Port Group) signed a joint-venture agreement to establish Yantian International Container Terminals (YICT). The terminal became the first foreign-held joint-venture port in Mainland China.

**FROM HUMBLE BEGINNINGS TO WORLD LEADER**

Before the port was built, the area now known as Yantian District was just a sub-district within the Luohu District. When the port became operational in 1994, the local government saw and acted on the need to facilitate transport and exchange by building freeways, rail and other key supporting infrastructure. In 1997, the State Council officially declared the area its own district, meaning it could undertake independent policies that catered to its new residents. Soon, schools and hospitals were built in the district to accommodate incoming talent.

YICT handled a mere 13,000 twenty-foot equivalent units (TEUs) in its first year. Growth quickly escalated as HPH



**“The port has become a key part of our community.”**

Councillor Graham Newman,  
Mayor of Felixstowe



leveraged its strategic position next to Hong Kong. Ships could connect to the trans-shipment hub of Hong Kong, where additional HPH expertise was readily at hand.

Port logistics became one of the pillars of Yantian’s economy and related industries created a total of 143,000 jobs. The jobs demanded an educated workforce, so the Yantian District and surrounding Shenzhen became the home of high-quality local and international schools accepting students from all over the country. To this day, the Shenzhen Foreign Languages School in Yantian is one of the top secondary schools in China.

Mr Li Yinjun, the principal of a local primary school, has been in Yantian since 1991. Mr Li emphasised that the port put Yantian on the map. “Without the port,” he said, “Yantian would not be an independent district. And it would have been less likely for people abroad and in China to know that it even existed.”

The development of the regional economy meant that millions were able to leave



100 000 000  
TEUS & BEYOND IN 18.5 YEARS

YANTIAN



precarious rural lives and enter a modern economy. None of this would have been possible without the growth brought about by YICT.

**GLOBAL ASPIRATIONS, LOCAL EXECUTION**

YICT's positive impact is not limited to Shenzhen. In addition to meeting the logistic demands of local cargo owners, YICT has launched intermodal transportation services to inland cities like Chongqing and Kunming, effectively giving them coastal access. The human development benefits that Shenzhen has seen over the last 30 years are now extending inland, as high-technology logistics and supply chain supporting industrial development spread demand for an educated workforce into new parts of China.

The success and trading prowess of Shenzhen paved the way for the opening and development of the Pearl River Delta and neighbouring parts of China, as Deng Xiaoping intended. Future trading entrepôts would follow the Shenzhen and Yantian model as China reclaimed its place as a great trading nation.

Across the Pacific Ocean, the progress of another nation—and even the world—is also inextricably tied to its ports: Panama.

**PANAMA: GAME CHANGER**

There is no Canal without ports and there is no modern Panama without its highly efficient maritime services. The modern cities of Cristóbal (on the Atlantic) and Balboa in Panama City (on the Pacific) have grown up around the ports. American interest in building the Canal went back to the Panamanian separation from Colombia back in 1903 and they administered the Canal until the late 1990s.

Improvements in health care, roads, sewage, communication and transportation were legacies of processes implemented to effect the completion of the canal. The building of the ports and canal saw resources and management dedicated to bringing better quality food and housing to the areas flanking the Canal Zone, and the enormous increase of trade through the canal led to rapid economic growth.

In 1997, HPH obtained the 25-year extendable concession of the ports of Balboa and Cristóbal, now known as Panama Ports Company (PPC). It has since invested over USD1 billion in expansion, equipment and infrastructure.

The Port of Balboa, inaugurated in 1909, was reinvented as a modern container terminal in November 2000 after significant expansion to upgrade its facilities. Located

on the Pacific side of the Panama Canal in the city of Panama, the port holds a strategic position in world trade.

**MEGA**

Under the management of PPC, investments have transformed the Ports of Cristóbal and Balboa into “mega-ports”, boosting the local economy and matching the 25-year expansion of the canal currently underway. The Panama Canal's expansion will double its capacity by 2016 and allow passage of larger, more modern ships. After expansion, the combined PPC ports will handle up to 6.5 million TEUs, representing one third of all cargo moving through Panama's ports.

The capacity will certainly double—but will traffic? This will only happen if the service the ports and canal provide is competitive. “If the service we provided were not good enough, shipping lines could spend a little more and go around the canal,” says Aitor Ibarreche, CEO of PPC. “We do make a difference for shipping lines who choose to use the canal.”

**PORTS AND PEOPLE**

When the Americans left in 1999, only 300 people worked in the ports. Today, the ports of Balboa and Cristóbal employ more than 4,200 staff, mostly in high-skilled trades. In terms of indirect

60 TRAIN  
MOVEMENTS A DAY





employment, over 25,000 people have found jobs thanks to the Ports of Cristóbal and Balboa in related industries such as storage, distribution and vessel repairs. "For a country of four million people, that's a huge impact, and it's why our ports are so important and highly regarded in this country," says Mr Ibarreche. On average, PPC's recruiting department receives 1,000 resumes per month, demonstrating the ports' importance and attractiveness to the local workforce.

"The millions of dollars in investment require continuous recruitment and training programmes," says Mr Ibarreche. Workforce training drives productivity, which guarantees a return on the investment in infrastructure. Accordingly, PPC consciously devotes resources to enhance the nation's human capital. Many of the employees hired are given months of training so they can operate the ports' largest and most complex machinery. Employees are encouraged and sponsored to participate in customised management coaching programmes and practical training designed to accelerate learning.

"The company is aware of the fact that human resources are the most valuable assets of an enterprise," says Mr Ibarreche. "For that reason, year after year it invests

in its labour force...so that it can be fully qualified to carry out its mission."

Often, new recruits come from unrelated industries or arrive completely unskilled and benefit greatly from PPC's world-class training. "It's a huge investment of time and money," adds Mr Ibarreche.

Educating the national workforce and creating a better future for Panamanians is important to Panama Ports. PPC built and continues to sponsor a local school in a remote province. The first generation of students graduated in late 2014, with PPC staff in attendance to witness the achievement. The school, rebuilt and refurbished by Panama Ports, has incorporated the company's name and logo into its infrastructure.

Because of the ports' integral role to the local economy, PPC engages in frequent and open communication with Panama's President, Minister of Economy and Chamber of Commerce. "We often give them feedback on how our operations are going, because the ports are a vital component in the economy," shares Mr Ibarreche. "Good relations with the government, port regulators and community are vital to the work we do."

Just as Panama has built a country

around the two ports that connect the world's greatest canal, so has another city flourished around its port: the great trading and logistics hub of Hong Kong.

**HK: GLOBAL INFLUENCE**

Since its colonial origins, Hong Kong's raison d'être has been its port. Hong Kong became an important trading entrepot between China and the West starting in the mid-19th century. Between the 1950s and 1970s, Hong Kong emerged as a manufacturing power, its growing ports exporting its products to the world. But when China opened in the 1980s, Hong Kong's role as a port city expanded again as China flexed its newfound manufacturing muscle as the world's workshop.

**BIG DREAMS: THE MODERN ERA**

With great foresight and ambition, Hong Kong set out to modernise the city through its shipping industry. That meant new ports. Hong Kong's container industry launched in the 1970s, when the first large-scale container terminal was built in Kwai Chung. In order to accommodate the new large container ships at Kwai Chung, more than three million cubic yards of seabed material were dredged to provide a depth of 40 feet below the water's surface, the minimum required for modern vessels.

With 45 years of local experience and





supervision spanning over 26 countries, HPH's cumulative knowledge of the ports and shipping industry is unrivaled. Hong Kong is the lighthouse and command post for HPH's many terminals abroad.

#### GLOBAL INCUBATOR

Hongkong International Terminals Limited (HIT) was established in 1969 to manage cargo handling facilities in Hung Hom, Kwun Tong and North Point. By the 1980s, HIT had grown exponentially, rising to the top of the world in throughput rankings by the end of the decade.

Upon that foundation, Hutchison has expanded its reach globally through operations that mirror the success of its home base in Hong Kong. With each acquisition, HPH has accumulated valuable expertise in every aspect of terminal management, including financial planning, design, development, training, IT and operations. For example, teams from Hong Kong planned every detail of the automated system that would define Barcelona's port.

#### SPREADING TALENT

The talent that has grown out of HIT has helped to build HPH's network of terminals all over the world. Patrick Lam, now General Manager at YICT, was groomed under the HIT banner early in his career. Originally a stalwart of HIT's HR department, Mr Lam was entrusted with full reign of YICT, leading the world-class port to record-breaking levels of business. Having the experience of cultivating and being cultivated in HIT, Mr Lam has insight into the success of HIT as a talent incubator for the broader HPH network.

#### THE BEST OF BARCELONA

The romance between Barcelona and its port can be traced back to the Roman era, when the most popular Catalan products were stone blocks for grand building projects, fish paste and wine for festivities across the Mediterranean.

When the Industrial Revolution shook Europe in the 19th century, steam-powered vessels were introduced, leading to major modifications of the ports. With the establishment of the Suez Canal in 1869, Barcelona's port gained significant ground against ports on the Atlantic coast, becoming a key port of call for ships from the Far East.

The port truly took flight at the end of the 20th century and continued to expand in the new millennium. When the Llobregat River was diverted to relocate its river mouth two kilometres away from the port, effectively doubling the port area, HPH came into the picture. Initially in a joint bid with a local group, HPH was granted the contract to build and operate a new container terminal in the Port of Barcelona. Barcelona Europe South Terminal (BEST) was officially inaugurated on 27 September 2012.

BEST has since become a worldwide reference for terminal operations, exceeding expectations and standards. The terminal brings the latest technological developments

to Southern Europe, including nGen, which was developed in Hong Kong. The scalable system is tailored and adapted to the needs of each terminal to achieve high productivity rates.

When the system was customised for deployment in BEST, the ODT team from Hong Kong was on site to support the new automatic yard cranes. Barcelona's nGen system was also configured to factor in daylight saving functionality, something not required in nGen's Southeast Asia systems.

Since then, the advancements in Barcelona have influenced the broader HPH community, as senior executives look to bring its success to other HPH ports. As a result of BEST's increased productivity, HPH decided to implement the semi-automated system to other terminals within its portfolio.

The port is an essential economic driver of Catalonia and a leading logistic hub for the Mediterranean. Cargo passes through Barcelona onwards through Spain, the south of Europe and North Africa. BEST is the logistics gateway that links markets in the Far East and Latin America. With more than 100 regular shipping lines connecting Barcelona with 300 ports in the five continents, Barcelona is one of Spain's main ports for international traffic.



"HIT has 45 years of experience to back it up as an exporter of talent and knowledge," Mr Lam says. "Many of my mainland colleagues consider receiving training at HIT an incomparable honour. Those from abroad consider it the Mecca of ports!"

Mr Lam adds, "HIT is willing to give its staff opportunities, not only according to their past merits, but also by the character they show when solving problems. And that amazing foresight in the value of talent, and even ports, is what makes it so successful."

#### PORTS OF TOMORROW

HIT has been more than a talent hub for its port operations abroad; it has also been an incubator for technology. The nGen system (Next Generation Terminal Management System), that has given HPH's network of ports the edge in terms of efficiency and productivity, was developed in Hong Kong.

Built in-house by the Operations

Development and Technology (ODT) team, the nGen system controls the entire scope of terminal operations and includes many intelligent features that ensure efficient performance. Having proven its prowess by outperforming similar solutions on the market, the system was successively rolled out in several international ports, including Poland, Oman, Thailand and Spain. The ODT team tailors the system to address each port's unique requirements, constantly monitoring the performance of the system and addressing feedback from local users. This is all facilitated by the expertise that comes from years of experience and cultivating talent.

None of this innovation could have occurred without the port and Hong Kong's maritime expertise. As manufacturing moved to China, Hong Kong expanded its maritime presence with the services that would come to dominate its economy. Hong Kong has since developed a global reputation as a

leader in maritime insurance, legal issues, arbitration and logistics planning. And as Hong Kong has grown as a trading port, HIT and HPH have grown with it, investing in new facilities and managerial expertise to maintain Hong Kong's status as a global leader in the industry.

#### THE BUILDING BLOCKS

For many communities, the presence of a port is a foundation for growth and development. The benefits a port can bring to a local county, a region, a nation and even the world are exemplified by the successes of Felixstowe, Shenzhen, Barcelona, Panama and Hong Kong. Thanks to Hutchison's vision in partnership with each community's stakeholders, mutually beneficial relationships have bloomed in each port location. HPH is committed to growth, not only of the company, but also to the communities that surround it, paving the way for shared success into the 21st century. □

## MODERNISATION

# TCM RETAIL: ANCIENT WISDOM, MODERN STRATEGY

Traditional Chinese Medicine (TCM) was always about much more than the medicines the doctor prescribed. It was a holistic approach to complete healing. But rapid change in lifestyles, careers and even new ailments mean that TCM has to keep up with the modern world. Watsons is leading the way.



The ancient art of cupping is practised in a hygienic clinical setting.

**A** generation of graduates trained under rigorous conditions in Hong Kong's finest universities is finding a new career path in a modern clinical setting with a groundbreaking programme introduced through Watsons pharmacies. Patients are reaping the benefits of TCM as the practitioner's art now accommodates 21st century lifestyles.

#### MODERN OPTIONS

In late 2013, A S Watson Group (ASW) introduced Chinese medicine services in its health and beauty chain, Watsons, in Hong Kong's Aberdeen district. Consultation and Chinese medicine prescription were offered by certified practitioners in a modern setting. The success of that programme led to its expansion, and today eight Watsons stores in Hong Kong serve patients with traditional Chinese medical treatments and herbal medicine.

This new medical service broadens the career options of graduates from Chinese medicine schools. While many seeking a career in TCM are motivated by the desire to heal, some are discouraged by the lack of a clear career path, particularly as the industry has been dominated by aging practitioners in antiquated settings. ASW changed that by creating an innovative practice model, allowing healthcare providers to perfect their craft in conjunction with other medical professionals in modern environments, supported by the latest technology.

In 1998, universities in Hong Kong started offering full-time undergraduate degree programmes for Chinese medicine. So far, three universities in Hong Kong offer such degrees: Hong Kong Baptist University, Chinese University of Hong Kong and the University of Hong Kong. Graduation requires six years of learning and intensive training. The training at the universities had been upgraded, but the industry has not kept up. Graduates would likely end up in traditional clinics with restricted career prospects. But now, because of ASW, change is afoot.

#### PROFESSIONAL PROGRESS

Watsons not only offers modern facilities, integrated practice areas, quality medicine and the latest technology, but practitioners have the opportunity to continue their professional development. Watsons' Operations Controller and Chief Pharmacist Margaret Lau explains that Watsons hosts a monthly meeting of the Health Professional Team which consists of pharmacists, dietitians and Chinese medicine practitioners (CMPs) to share and exchange medical experience and skills. The sharing is a way to create synergy among the health professionals, allowing Watsons' patients to receive advice from not one, but three professionals at a time. It is also a chance for the CMPs to share their views on management of common medical problems such as diabetes and high blood pressure from the in-store dietitians and pharmacists. There is a monthly training among Watsons' CMPs on case studies to improve on the services provided to patients.

## When Chinese medicine meets the modern pharmacy retail environment, patients win.



“These meetings and training will give our health professionals continued learning and professional development that will benefit their career development,” says Ms Lau.

### ELEVATING THE STANDARDS

Measured by sheer volume, TCM clinics are plentiful in Hong Kong. However, service standards is variable, at best. Watsons is changing the industry with a blend of professionalism and a human touch that distinguishes the new business. A former staffer in the Hong Kong government’s public health service, now a Watsons TCM practitioner, CMP Daphne Chong explains that there is more time to spend on each patient, a delight for both the practitioners and, of course, the patients. “We not only provide the treatment but also give advice on diet and take care of the psychological conditions of the patients,” Ms Chong says. “To do this, we need time to talk with the patients in order to understand their needs.”

Given Watsons’ emphasis on service, hiring standards are high. On top of work experience and the licence to practise Chinese medicine, Ms Lau explains that they look for candidates who are outgoing, sociable and can easily relate to patients. Whereas old school practitioners would poke and prod their patients in public view, talking loudly so that all other patients in the queue could hear, a more modern approach is taken at Watsons.

In contrast to the traditional clinic, Watsons conducts counselling inside

a private room to enhance privacy and avoid embarrassment. Practitioners can also conduct physical treatments such as acupuncture and spinal manipulation for chiropractic care inside the room. An x-ray viewer is available for practitioners to have a better understanding of patients’ problems. Watsons has also computerised prescriptions and medical records to track patients’ histories.

Traditional clinics require patients to prepare herbal remedies at home with sometimes multiple steps that can be complex and lead to error. Watsons provides patients with herbs that are already processed into granules. This is more convenient for busy working class Hongkongers and results in a more consistent delivery of dosage.

Another dimension of modernisation is the integration of other modern medical fields. Watsons is currently the only healthcare company in Hong Kong where patients can seek counselling from pharmacists, dietitians and CMPs at the same time. A patient with knee pain due to obesity, for instance, can seek help from dietitians for weight loss, a pharmacist for painkillers and a TCM practitioner for physical therapy such as acupuncture.

### ATTRACTIVE ALTERNATIVE

More people are becoming aware of the benefits and the potential of Chinese medicine. At the same time, they are growing wary of over-medicating themselves with heavy-handed treatments for minor issues and discovering the

efficacy of the more subtle approach offered by TCM.

In one instance, a patient came to Watsons for treatment of chest discomfort that had gone undiagnosed elsewhere. Watsons’ new Chinese medicine team discovered a slight displacement of the thoracic intervertebral discs. By correcting the displacement, the problem was solved and the patient did not require the use of drugs.

The demographic trends in the patient base show how TCM is evolving in modern society. Though patients range from toddlers to the elderly, a majority of Hong Kong patients are white collar workers. This is because many office workers face long and inflexible working hours which affect their health. In many jurisdictions, patients are trending younger as well.

In recent years, public hospitals in Hong Kong have begun offering Chinese medicine services, and there has been a double-digit growth in demand. Figures from the public health service show that over a million TCM consultations were sought in Hong Kong’s public hospitals last year. People are seeking out TCM options through modern tools like Facebook and other online channels.

“Traditionally TCM practitioners in Hong Kong carry out their practice in Chinese medicine herbal shops,” says Watsons’ General Manager Diane Cheung. “Most of them are quite small and the surroundings are quite unwelcoming. The situation is changing today. Watsons is introducing a comfortable environment with a contemporary setting, allowing our patients to receive treatment and advice in privacy. We have responded to our patients’ needs and I am confident this business will grow as we expand our clinic network.”

The decision to launch the new programme has proven sound. At a time when Hong Kong is working to develop competitive sectors to stand against aggressive neighbouring cities, ASW is leading the modernisation of TCM and providing new career opportunities for young professionals seeking to heal modern patients with ancient wisdom. □

YOUTH DEVELOPMENT

# BURNING BRIGHT

## FANNING THE FLAMES OF INSPIRATION

“The future of our imperfect world needs the commitment, positivity, compassion, fortitude and resolve of the young people.” Hutchison has caught a little of Chairman Li Ka-shing’s fire and is spreading its warmth to young people around the world.





**From supporting primary school children to engaging unemployed young people and funding postgraduate excellence, Hutchison is helping youth across the globe to grow small sparks of promise into bright flames of success that will benefit the world.**

**HPH: SPARKING EXCELLENCE THROUGH DOCK SCHOOLS**

Bright young people around the world are finding support among local ports operated by Hutchison Port Holdings Limited (HPH). The Dock School Programme has seen schools “adopted” by over 20 ports worldwide. The aim of the Dock School initiative is to match selected schools with a nearby port in the HPH global network. The programme focuses on schools that are in need of support for basic facilities and equipment. Most of the 28 schools adopted thus far are primary schools located in the same district as the ports. Many of these schools provide education for children who come from

underprivileged families. The schools often lack sufficient funds to maintain the bare necessities for providing a quality education.

In 1992, Hongkong International Terminals Limited first provided a local school with book coupons to encourage students to study hard for their exams. Over the past two decades, the philanthropic efforts of Hutchison’s port operators have expanded to include donating money to schools, taking students on excursions, helping to build and repair school facilities, and providing students with books, uniforms, stationery and even meals. This is “a way for us to give back to, and connect with, the communities in which we operate,” according to HPH Group Managing Director Eric Ip.

Projects are varied and typically tailored to match the needs of each school. For example, Huizhou Port Industrial Corporation and Huizhou International Container Terminals in Mainland China

donated 3,000 table tennis rackets to a primary school last year along with 250 desks and chairs. Internacional de Contenedores Asociados de Veracruz in Mexico provided its dock school with urgent renovation work on the school’s broken floors. Last year, Saigon International Terminals Vietnam (SITV) supported the installation of 27 wall-hanging fans to a primary school in Toc Tien Village in Vietnam. Headmaster Dang Phuc Ton has encountered difficulties cooling the classrooms over the summer, but now, he says, “thanks to SITV’s support, children can now study in a better environment with the proper resources at hand.”

The Dock School Programme has given schools around the world tools to assist teachers to give students what they need in the classroom. The A S Watson Group (ASW) in Hong Kong looks beyond the classroom by fanning the flames of competition in the hearts of young athletes to help youth reach their maximum potential.



**“Children can now study in a better environment with the proper resources at hand.”**

Dang Phuc Ton, Primary school headmaster in Vietnam

Hola! Schools from China to Mexico benefit from partnership with HPH.



From left to right: Sporting spirit—at school, participation is encouraged. Winners: the best step to the next level. Athletes travel to Nanjing 2014 Youth Olympic Games to get into the sporting spirit.

**A S WATSON: KINDLING CHARACTER DEVELOPMENT**

“ASW’s corporate brand value is about passion, commitment, teamwork and science,” says Malina Ngai, Chief Operating Officer of ASW. “Competitive sports incorporate all these winning elements. We believe sports build character in young people, which is a key part of their overall development, which will ultimately benefit the society as a whole.”

With this in mind, ASW launched the Hong Kong Student Sports Awards (SSA) in 2005 to recognise the sports achievements of students and encourage broader character development than study alone provides. The project is ambitious in scope: over 7,830 students in Hong Kong have been honoured with the awards to date, and the number of schools joining the SSA has risen more than 50 per cent since the programme started, with over 85 per cent of Hong Kong primary, secondary and special schools joining.

**COMPETITIVE SPIRIT**

Celebrating its 10th anniversary in 2015, SSA is now a popular programme in the academic field, with the endorsement of the Education Bureau, Home Affairs Bureau and school principals associations in Hong Kong and various sports

authorities in the Mainland. Awards are open to all schools in Hong Kong, but each school can only nominate one student per year. The competition in the schools is intense. Not only do nominees have to demonstrate outstanding performance or great potential in sports, but they must also display good character and academic achievement.

The award has also fostered excellence in sports, producing some of Hong Kong’s top athletes. For example, gymnast Shek Wai-hung was a 2006-07 SSA awardee who went on to win Asian Games gold in the men’s vault at Incheon 2014, defeating the current World and Olympic champion. Mr Shek inspired young SSA awardees in the 2013 award ceremony by sharing his story of persistence after recovering from a serious neck injury. The SSA has nurtured many sports elites who have become role models in their communities.

**ROAD TRIP**

Each year’s SSA awardees are eligible to apply for a sports exchange tour in August. Only 30 students (roughly half from primary schools and another half from secondary schools), based on a written submission and interview performance, are selected to go on the road with the exchange tour.

Past exchange tours were held in Beijing, Shanghai, Nanjing and Hangzhou in China, destinations chosen in light of upcoming international events at the time, such as the 2008 Olympics in Beijing, 2010 World Expo in Shanghai and the Nanjing Youth Olympics Games in 2014. During exchange tours, participants spend five days sightseeing, visiting national training bases and—most importantly—interacting with young, world-class athletes in the Mainland.

The SSA has not only helped students grow into well-rounded individuals but has also instilled a sense of stewardship in them. Acknowledging the generous support of ASW, many previous participants of exchange tours have returned as volunteers to lead subsequent juniors on the tour. ASW selects some of the volunteers and trains them to be group leaders.

Not all students shine so brightly straight out of high school. While the ASW programme uses sports to help gifted students further develop character, students in other parts of the world struggle to find the motivation to pursue goals. **3 UK** is there to help.

**3 UK: IGNITING THE FIRE OF AMBITION**

For many, leaving school can be a terrifying experience. Aimlessness and



drift can assail those who don't leave school with the drive, direction and skills needed to succeed in the next stage of life. In the UK, there are 737,000 young people aged 16 to 24 who are unemployed (September 2014 figures). The unemployment rate of this age group is a staggering 16.2 per cent. However, with the help of HWL, some of these young people have found a way to enter the workforce.

Since 2013, 3 UK has been working closely with Tomorrow's People, an employment charity that helps disadvantaged young people to get and keep jobs. The two organisations collaborate in a work placement programme targeting unemployed youth. The programme includes mentoring sessions with 3 UK's London store managers that enable participants to develop the skills and experience they need to find work. Many are offered permanent retail positions in 3 UK stores at the end of the programme.

"Young people told me that they found their life very dull before participating in our Tomorrow's People programme," says 3 UK's Tomorrow's People Programme Executive Claire Garner. "They said that they did not have a routine and that being unemployed caused them to have low self-esteem. They also explained that they felt

as though they were not getting much help from the job centre and that not being able to find employment opportunities was immensely frustrating."

#### REAL OPPORTUNITIES

Participants of Tomorrow's People receive general training on the working environment and attend workshops aimed at building confidence and improving their presentation and communication skills. There is also a session at 3 UK's Discovery area in Maidenhead, where participants are trained on mobile technology and money management. The young people then take part in 3 UK's induction session and the "Experience Three" course that all retail staff attend before spending two weeks working in one of 3 UK's stores in London. At the end of the programme, participants are interviewed for a full-time retail position with 3 UK.

Over 100 participants have joined the programme since 2013, and 45 graduates have found employment in 3 UK's retail team. The numbers will undoubtedly grow as 3 UK expands the programme.

Tomorrow's People succeed today with 3 UK in their corner.

**"This programme has demonstrated the value of giving young people with the right attitude and aptitude a chance."**

Celina Benedict,  
3 UK's Corporate Responsibility Manager





The state of the art Lakeland College Energy Centre is built with industry support including Husky Energy. Real equipment and Husky Energy support make real education happen.



“This programme has demonstrated the value of giving young people with the right attitude and aptitude a chance, even if they have limited experience,” says 3 UK’s Celina Benedict, Corporate Responsibility Manager. One of the participants, now a permanent staff member of 3 UK, admits that at the beginning of the programme, he “hid behind the counter, too afraid to speak to customers”, but now he receives positive feedback from customers. Another participant says the programme changed his life from one that was “dull and boring, with no purpose” to one where he is “bouncing out of bed” to get to work.

The young people who are now employees of 3 UK thank the company for the opportunity they were given and for changing their lives. “They all feel sure that, without the experience that they gained through participating in the programme, their lives would have been very different and could have possibly headed down much less optimistic paths,” says Ms Garner.

Big cities aren’t the only places Hutchison is making a difference. In Alberta and Saskatchewan, Canada, Husky Energy Inc supports training and job opportunities that create high-tech careers in rural areas. Keeping the region’s best and

brightest on the Prairies invigorates local communities, turning their youth into world-class engineers.

**HUSKY ENERGY:  
POWER ON THE PRAIRIES**

Power engineers are some of the most sought-after skilled workers for oil production and refining operations, especially in rural areas where it can be difficult to attract talent. However, for those from these areas, training has been previously near unattainable without travelling far from home. This created a dissonance among industry needs, personal desires to stay on the Prairies (Western Canada) and education. Husky Energy has stepped in to close the gap.

Saskatchewan and Alberta are known for endless fields of wheat that are the granaries to the world. The provinces are also home to massive reserves of oil and gas—as well as many Husky Energy operations, including an upgrader, ethanol plant, pipeline terminal and refinery. The company also has a suite of thermal heavy oil projects in production and development that relies on power engineers. However, attracting engineers can be challenging. Getting smart, qualified local talent to work in Husky Energy’s expanding operations is the ideal solution.

**KEEPING IT LOCAL**

Husky Energy has reached out to two centres of higher learning in the Prairies with funding to support education for power engineers. Saskatchewan Polytechnic is one institute using Husky Energy’s financial support and a close working relationship to create opportunities for young people. It runs a network of technical schools across the province laser-focused on ensuring graduates emerge from programmes knowing where to deploy their new skills.

Across the provincial border in Alberta is Lakeland College. Whereas in the United States, the terms “university” and “college” are used interchangeably, Canadian colleges offer two- to four-year degrees focused specifically on technical training. Lakeland does just this and has a campus in Lloydminster, the city that straddles the Alberta-Saskatchewan border and is home to Husky Energy’s upgrader and asphalt refinery.

Husky Energy works with the school to improve facilities and provide scholarships for high-potential students. Funding for labs has topped over CAD1.125 million for Saskatchewan Polytechnic—the school’s largest corporate donation ever. Edward Connolly, Husky Energy’s Senior Vice President, Heavy Oil, explains the importance of the project: “The success of the company, and Saskatchewan as a whole, is dependent on ensuring we have the people with the skill sets needed for today and tomorrow. And one of the areas of highest demand is power engineering.” Two-thirds of the donation funds have gone to the newly renamed Husky Energy Power Engineering Lab, allowing the school to work year round to provide education for power engineers. The remainder of the donation is dedicated to scholarships.

In 2012, Husky Energy donated CAD1.1 million to Lakeland College, allowing improved facilities to help power engineering graduates better explore the scientific and technical implications of their work, making them more prepared for the workplace. Husky Energy has been supporting programmes at Lakeland since 1983. “In the college’s almost 100-year history, Husky Energy stands out as one of Lakeland’s most generous supporters,” Glenn Charlesworth, President & CEO of Lakeland College explains. “This contribution helps us expand and enhance our Lloydminster Campus facilities so we

can offer more power engineering training and other industry-related programming.”

In addition to improving lab facilities, funds provide scholarships to encourage top-notch local students to enter the industry and succeed.

### HANDS-ON EXPERIENCE

The connections that graduates build with Husky Energy throughout their programmes are critical to their success. Working as a power engineer requires not only theoretical knowledge, but also real experience in facilities, known as “steam time”.

Husky Energy recruits power engineers at all levels and supports trainees in obtaining hands-on experience with actual equipment. This has led to permanent job offers for scholarship recipients who meet Husky Energy’s high standards. The first group will graduate in June 2015, confident in their skills and many with a job in hand. More Husky Energy-supported graduates will follow.

In different parts of the world, young people have different needs. On the Canadian Prairies, it may be access to world-class training so they can have meaningful careers close to home. Other youth may hope to travel the world to pursue their dreams.

### ALIGHT WITH ACADEMIC PASSION: HUTCHISON CHEVENING SCHOLARS

For students who excel academically, tremendous opportunities await. HWL helps those with the brightest potential to

further their ambitions. The rare few are rewarded with the prestigious Hutchison Chevening scholarship.

The global Chevening scholarship programme was founded in 1983 by the British government with the aim of providing talented young people from around the world the opportunity to study in the United Kingdom and immerse themselves in British culture. HWL has supported the Hutchison Chevening Scholarships since 2002.

Chevening’s global budget each year is approximately GBP18 million, the majority of which is funded by UK’s Ministry of Foreign and Commonwealth Office. The remaining funding is donated by organisations around the world, including HWL. For the past 12 years, HWL has donated over GBP6.5 million to sponsor more than 710 scholars from Hong Kong and Mainland China to study in the UK.

“Since taking up my post in Hong Kong last September, I have been struck by what a great friend and commercial partner Hutchison Whampoa is to the UK,” said Caroline Wilson, British Consul General to Hong Kong, in 2012. “This is exemplified by the fact that HWL is the most generous funding partner for Chevening. I am very proud that we have the Hutchison Chevening scholarship and want to thank HWL for their massive contribution. The work ensures that a fantastic pool of talented candidates have access to the opportunities the programme provides.”

**“The strong financial support from this scholarship has been incredibly helpful.”**

Chung Pui-shan,  
Hutchison Chevening scholar

With the support of HWL, young people in Hong Kong can access one of the best education opportunities in the world. Alongside their formal studies, they can experience all the history, heritage, scenery, art, culture and sport that Britain offers to broaden their horizons. “I think the strong financial support from this Scholarship has been incredibly helpful, allowing us not only to focus on our studies, but also to participate in extracurricular activities,” says Chung Pui-shan, a current Hutchison Chevening scholar at the Institution of Development Studies in the University of Sussex.

“One of the biggest gains from this programme is definitely the connections I’ve made,” says Paul Li, the 2004 Chevening scholar and current Vice President of the British Chevening Scholars (Hong Kong) Association. “Even when I travel abroad, I frequently meet up with other foreign Chevening scholars through its extensive global alumni network.”

While the complex needs of students vary from place to place—from the heights of British education to humble Vietnamese villages—Hutchison is making a difference in the lives of young people all around the world. □



Chevening scholars congregate in Britain.

## LKSF sparks innovation



The source of the tech success of Israel, also known as the “Start-up Nation”, is unknown to many Hong Kong people. It is no mystery, however, to the Li Ka Shing Foundation (LKSF), which has long supported connections between Haifa’s Technion - Israel Institute of Technology and Guangdong’s Shantou University (see *Sphere* #35), seeking to link Israel’s innovative spirit with education in China.

The Techcracker Lab programme continues that bridge building by giving enterprising young people a chance to see Israel up close to learn how to cultivate innovation and operate successful start-ups.

This new programme supported a large cadre of carefully selected university and high school students, accompanied by their teachers and professors, to visit the “Start-Up Nation” for a week in early 2015. The Consulate General of Israel sponsors media to document the exchange. The over 100 participants found the experience an eye-opener.

Davon Hui, from Hong Kong Polytechnic University, and Felix Yung, a student in the University of Hong Kong, shared their thoughts with *Sphere*. “I am grateful for the sponsorship of LKSF,” says Mr Yung. “Not only have I had the opportunity to learn about entrepreneurship and experience the culture of Israel that breeds innovation, the trip made me realise that the development of a society will depend on the advancement of technology. And thanks to the Foundation, I am able to visit a place where people normally will not go at

this young age and learn something that cannot be possibly learnt in Hong Kong.”

### THE CAN-DO SPIRIT

Apart from learning about the conceptualising, funding and development of start-ups, participants interacted with prominent entrepreneurs and, at the end of the visit, had the chance to pitch a business plan to start-up experts.

Mr Yung cited meeting Waze founder Uri Levine as one of the highlights of the trip. Waze is a traffic and navigation app that was sold to Google for USD1.1 billion in 2013. One thing that struck Mr Yung was the perseverance Mr Levine has demonstrated, explaining, “Uri shared with us that every start-up faces a cycle—the motivation will drop as a start-up struggles to materialise a business idea and later rise again. He says it is like crossing the desert, where you find the scenery is always the same, but as long as you keep walking, you will find your way out of the desert one day and see a different picture.”

Mr Hui too was impressed with the spirit of the entrepreneurs. He worried he lacked the technical skills to set up his business but, after hearing from Wibbitz founder Zohar Dayan, Mr Hui discovered that Mr Dayan once felt he too lacked the technical background to build his groundbreaking app that allows users to literally watch news articles. And even though Mr Dayan failed many times in the early days, he persisted and finally emerged as a success.

### CITY TOUGH, DESERT TOUGH

Mr Dayan’s spirit is perhaps part of Israel’s national fibre. With limited natural resources, resilience in the face of adversity has created the Israel of today, rewarding the nation’s innovation and perseverance. These are the exact qualities required for a start-up to blossom and an entrepreneur to be successful.

LKSF sought to give the relatively sheltered Hongkongers a taste of Israel-style mental toughness needed to reach their goals. Apart from spending a night camping in the desert, participants went swimming in the cold Dead Sea and trained to shoot with an M-16 rifle and a pistol in the heavy snow. “We were wet and it was very cold,” Mr Yung recalls of his first-ever shooting experience. “The weather condition was not good, but we pulled ourselves together and stayed till the end of the shooting exercise.” To him, the training was an experience he would never forget.

### FROM LEARNING TO APPLICATION

Mr Hui had the idea to take styrofoam and transform it into condoms. He is keen to emphasise the environmental upside of recycling. Moreover, “apart from being a gimmick, I believe my idea will really help the Third World to fight HIV.” It might take some time before we see the next-generation condom in the market, but Mr Hui has learned from this trip to be persistent.

Mr Yung, on the other hand, is eager to dive into the online shopping business as he sees the market potential growing. Leveraging the network he established on his trip and the lessons learnt from successful entrepreneurs, he has firm plans to open his business someday.

Both students were excited about the insights they gleaned on their trip. “It is not easy to become an entrepreneur in Hong Kong, but this trip has provided me an invaluable opportunity to move in this direction,” says Mr Hui. At a time when Hong Kong is exploring ways to encourage young people to become entrepreneurs, LKSF is fanning the flames of innovation in eager young minds to help them become the next Thomas Edison, Craig Venter or Elon Musk.



