



SWIRENEWS

CENTRE STAGE

Bulking up

October 2019



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NEWSWIRE

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

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PEOPLE

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In this edition, Centre Stage looks at the remarkable growth story of Swire Bulk and the opportunities that lie ahead for China Navigation's dry bulk division. See page 22.

Message from Group Chairman

Readers of *Swire News* – many of whom live outside the Hong Kong SAR – will be very aware of the difficult and stressful time endured over the past months by the territory's residents, Government, institutions and businesses (including those of the Swire Group).

The Swire Group has been active in Mainland China and Hong Kong for 150 years and, while the various crises faced by it over that time have differed in nature and in duration, the Group's commitment to persevere through thick and thin has been, and remains, unwavering. However, we hope that those whose task it is to find solutions to the present difficulties do so promptly, peacefully and harmoniously.

The Swire Group continues nevertheless to have great confidence in Hong Kong's future and in the bright opportunities that its growth, alongside that of China as a whole, will offer both individuals and commercial firms, and it will continue to invest in and wholeheartedly to support the development of those opportunities.

Barnaby Swire
Chairman
John Swire and Sons Limited

Cathay Pacific senior management appointments



Patrick Healy has been appointed Executive Director and elected Chairman of the Board of Cathay Pacific with effect from 6th November 2019, in place of John Slosar, who will retire from the company after 39 years of service. Mr Healy will also assume the role of Executive Chairman of Swire Coca-Cola and retain responsibility for the Group's worldwide beverages business.



Augustus Tang has been appointed Executive Director and Chief Executive Officer of Cathay Pacific with effect from 19th August 2019.



Ronald Lam has been appointed Executive Director and Chief Customer and Commercial Officer of Cathay Pacific with effect from 19th August 2019. He has also been appointed Chairman of HK Express.

Other senior management appointments

Swire Coca-Cola



Karen So has been appointed Managing Director.

Dang Jian has been appointed Executive Director – China.

John Swire & Sons (China)

Titus Diu has been appointed Director & Chief Representative.

John Swire & Sons Vietnam

Henry Bott has been appointed Chief Representative.

Cathay Pacific Group

Lavinia Lau has been appointed Director Commercial of Cathay Pacific.

Mandy Ng has been appointed Chief Executive Officer of HK Express.

HAECO Group



Frank Walschot will be appointed Chief Executive Officer of HAECO, with effect from 1st December 2019. Mr Walschot has over 30 years of experience in the aviation industry, most recently as Chief Executive Officer of SR Technics. He has worked in the aviation MRO industry in Europe, the USA, Singapore and Mainland China.

Summit Chan has been appointed Interim Chief Executive Officer of HAECO, until 1st December 2019. He will then take up the role of Group Director Corporate Development, and retain his current roles as Chairman of HAECO Xiamen and HAECO's other Mainland China joint ventures.

Jacqueline Jiang has been appointed Chief Operating Officer, HAECO Xiamen.

Richard Kendall has been appointed Group Director Airframe Services.

Board appointments

Cathay Pacific



Robert Milton has been appointed Independent Non-Executive Director of Cathay Pacific Airways Limited with effect from 15th May 2019. Mr Milton is currently Lead Independent Director of Air Lease Corporation. He was President and Chief Executive Officer of Air Canada, Chairman and CEO of ACE Aviation Holdings, Inc., and Chairman of United Continental Holdings, Inc., holding company of United Airlines.

HAECO Group



TK Kallenbach has been appointed Adviser to the board of HAECO. He was previously CEO, Aerosystems Branch of SAFRAN Group. He also served in other leading corporations including Honeywell Aerospace, AlliedSignal Aerospace, and First Solar.

Swire Properties



Thomas Choi has been appointed Independent Non-Executive Director of Swire Properties Limited with effect from 14th May 2019. Mr Choi is a Fellow of the Royal Institution of Chartered Surveyors in the UK and of The Hong Kong Institute of Surveyors. He is also an Authorized Person (Surveyor). He was employed by Swire Properties from 1981 to 2002.

Swire Beverages Holdings Limited



Xiaoyan Wang has been appointed Adviser to the board of Swire Beverages Holdings Limited with effect from 1st September 2019. Ms Wang was previously Senior Vice President of Lenovo, and was named as one of the Top 25 Most Influential Businesswomen in China by Fortune magazine in 2010.



Jinlong Wang has been appointed Independent Non-Executive Director of Swire Properties Limited with effect from 12th September 2019. Mr Wang is Chairman and Chief Executive Officer of PizzaExpress Group Holding Limited. He is also an Operating Partner of Hony Capital Limited and a Director of Sonova Holding AG. He was previously President of Starbucks Asia Pacific, and Chairman and President of Starbucks Greater China.



Catherine Yang has been appointed Adviser to the board of Swire Beverages Holdings Limited with effect from 1st September 2019. Ms Yang is Managing Partner of YouShan Capital. In addition, she is an Independent Non-Executive Director of BUPA and Chair of the BUPA Board's Risk Committee. Ms Yang was previously Corporate Vice President of Baidu, in charge of Artificial Intelligence Commercialisation.

2019 Interim Results

Swire Pacific Limited

| | HK\$M | Change |
|--|--------|---------|
| Revenue | 42,870 | +1% |
| Profit attributable to the Company's shareholders | | |
| As reported | 7,939 | -41% |
| Underlying profit | 15,846 | +1,153% |
| Recurring underlying profit | 4,226 | +40% |
| | HK\$ | Change |
| Earnings per share | | |
| As reported | | |
| "A" share | 5.29 | -41% |
| "B" share | 1.06 | |
| Underlying | | |
| "A" share | 10.55 | +1,156% |
| "B" share | 2.11 | |
| | HK\$ | Change |
| First interim dividends per share | | |
| "A" share | 1.35 | +13% |
| "B" share | 0.27 | |

Swire Pacific's results for the first half of 2019 were solid. Recurring underlying profit grew by 40% to HK\$4,226 million, demonstrating a continuation of the recovery which started last year. There was steady growth at Swire Properties. Cathay Pacific continued to benefit from its transformation programme although yield was under pressure and the geopolitical environment was challenging. HAECO's results improved. Swire Coca-Cola did well in Mainland China. The performance of Swire Pacific Offshore remained weak.

The consolidated profit attributable to shareholders for the first half of 2019 was HK\$7,939 million, a 41% decrease compared to 2018. Underlying profit attributable to shareholders, which principally adjusts for changes in the value of investment properties, increased significantly, to HK\$15,846 million. The increase principally reflects a gain on disposal of the Cityplaza Three and Cityplaza Four properties of HK\$11,221 million. Disregarding significant

non-recurring items in both years, the recurring underlying profit for the first half of 2019 was HK\$4,226 million, an increase of 40%. Dividends for the first half of 2019 increased by 13%.

The HAECO group's attributable profit was HK\$535 million for the first six months of 2019. This compares with a profit of HK\$469 million on a 100% basis for the first half of 2018. The higher profit primarily reflected profit growth at HAECO Hong Kong, HAESL and the component repair businesses in Mainland China. The losses of HAECO Americas were similar to those in the first half of 2018.

The Beverages Division made an attributable profit of HK\$748 million in the first half of 2019, compared with an attributable profit of HK\$880 million in the first half of 2018. The 2018 figure included a non-recurring gain of HK\$144 million arising from the disposal of a plant in Kaohsiung, Taiwan. Disregarding the non-recurring gain in 2018, the attributable profit was 2% higher than in the first half of 2018. There was strong profit growth in Mainland China in the first half of 2019 but the overall results of the period were adversely affected by withholding tax of HK\$83 million on a dividend paid from the USA. Total revenue increased by 3%. Overall sales volume increased by 1% to 885 million unit cases. Revenue and volume grew in Mainland China and Taiwan. In the USA, revenue grew and volume decreased. In Hong Kong, revenue and volume slightly decreased.



(Left to right) Swire Properties Chief Executive, Guy Bradley, Swire Pacific Chairman, Merlin Swire and Swire Pacific Finance Director, Michelle Low at the Swire Pacific 2019 Interim Results announcement.

Swire Pacific Offshore reported an attributable loss of HK\$633 million for the first half of 2019, compared to a loss of HK\$663 million (disregarding impairment charge and associated write-offs). There was some increase in utilisation of its fleet in the first half of 2019. This reflected more working rig activity. Average day rates remained depressed due to oversupply of vessels.

The attributable loss of the Trading & Industrial Division was HK\$114 million in the first half of 2019, compared with an attributable profit of HK\$154 million in the first

half of 2018. Disregarding non-recurring items (write-off of the investment in an associated company and the write back of a provision in respect of the cold storage business), the attributable profit in the first half of 2019 was HK\$60 million. The decrease in profit mainly reflected the net adverse effect of disposals of the Akzo Nobel and Columbia businesses (which were profit making) and the cold storage business (which was loss making). There were reduced contributions from Swire Retail, Taikoo Motors and Swire Foods.

Swire Properties Limited

Swire Properties' consolidated profit attributable to shareholders in the first half of 2019 was HK\$8,973 million, compared to HK\$21,205 million in the first half of 2018. Swire Properties' underlying profit attributable to shareholders, which principally adjusts for changes in the valuation of investment properties, increased by HK\$12,387 million from HK\$6,219 million in the first half of 2018 to HK\$18,606 million in the first half of 2019. Recurring underlying profit (which excludes the profit on sale of interests in investment properties) was HK\$4,049 million in the first half of 2019, compared with HK\$3,732 million in the first half of 2018.

The increase in underlying profit from HK\$6,219 million in the first half of 2018 to HK\$18,606 million in the first half of 2019 principally reflected the profit arising from the sale of interests in two office buildings Cityplaza Three and Cityplaza Four in Taikoo Shing and in other investment properties in Hong Kong.

Recurring underlying profit from property investment increased by 7% in the first half of 2019, with satisfactory growth at the Hong Kong and Mainland China portfolios. Gross rental income increased by 6% (to HK\$6,346 million in the first half of 2019, compared with HK\$5,996 million in the first half of 2018). This reflected positive rental reversions at the office properties in Hong Kong and Mainland China and higher retail sales in Mainland China and the USA.

| | HK\$M | Change |
|--|--------|--------|
| Revenue | 7,510 | +3% |
| Profit attributable to the Company's shareholders | | |
| Underlying | 18,606 | +199% |
| Recurring underlying | 4,049 | +8% |
| Reported | 8,973 | -58% |
| | HK\$ | Change |
| Earnings per share | | |
| Underlying | 3.18 | +199% |
| Recurring underlying | 0.69 | +8% |
| Reported | 1.53 | -58% |
| First interim dividend per share | 0.29 | +7% |

Underlying profit from property trading in the first half of 2019 arose mainly from the sale of car parks at the ALASSIO development in Hong Kong and residential units in the USA.

Hotels recorded a profit in the first half of 2019 compared with a loss in the first half of 2018, principally due to improved performances at the hotels in Shanghai in Mainland China and in the USA.

Cathay Pacific Airways Limited

| | HK\$M | Change |
|---|----------|--------|
| Revenue | 53,547 | +0.9% |
| Profit attributable to the shareholders | 1,347 | +1,610 |
| | HK cents | Change |
| Earnings per share | 34.2 | +40.9 |
| | HK\$ | Change |
| Dividend per share | 0.18 | +0.08 |

The Cathay Pacific Group reported an attributable profit of HK\$1,347 million for the first six months of 2019. This compares to an attributable loss of HK\$263 million in the first half of 2018. The earnings per share in the first half of 2019 were HK34.2 cents, compared to a loss per share of HK6.7 cents in the first half of 2018. Cathay Pacific and Cathay Dragon reported an attributable profit of HK\$615 million in the first half of 2019, compared to an attributable loss of HK\$904 million in the first half of 2018. Passenger revenue was satisfactory, but overall yield declined. Our cargo business was weaker, due in part to US-China trade tensions, with a decline in both volume and yield. The Group benefited from lower fuel prices but were adversely impacted by a stronger US dollar.

The Group's passenger revenue increased by 5.6% to HK\$37,449 million in the first half of 2019. Capacity increased by 6.7%. The growth in revenue reflected the full impact of new routes introduced in 2018, the introduction of two new routes in 2019, increased frequencies on existing routes and the use of larger aircraft on popular routes. Load factor remained unchanged at 84.2%. Passengers carried increased by 4.4% to 18.3 million. Yield decreased by 0.9% to HK54.9 cents due to intense competition in premium classes and long haul economy class, and adverse foreign currency movements.

Cargo revenue declined, reflecting weaker global trade brought about in part by US-China trade tensions. Volume and yield declined. The Group's cargo revenue in the first half of 2019 was HK\$11,498 million, a decrease of 11.4% compared to the same period in 2018. Flown cargo capacity of Cathay Pacific and Cathay Dragon increased by 1.1%, principally due to additional belly cargo space in newly acquired passenger aircraft. Facing weak demand, the Group rationalised freighter capacity and emphasised shipments of specialist cargo. Load factor decreased by 4.9 percentage points, to 63.4%. Tonnage carried decreased by 5.7% to 979 thousand tonnes. Yield decreased by 2.6% to HK\$1.88.

This document may contain certain forward-looking statements that reflect the Company's beliefs, plans or expectations about the future or future events. These forward-looking statements are based on a number of assumptions, current estimates and projections, and are therefore subject to inherent risks, uncertainties and other factors beyond the Company's control. The actual results or outcomes of events may differ materially and/or adversely due to a number of factors, including changes in the economies and industries in which the Group operates (in particular in Hong Kong and Mainland China), macro-economic and geopolitical uncertainties, changes in the competitive environment, foreign exchange rates, interest rates and commodity prices, and the Group's ability to identify and manage risks to which it is subject. Nothing contained in these forward-looking statements is, or shall be, relied upon as any assurance or representation as to the future or as a representation or warranty otherwise. Neither the Company nor its directors, officers, employees, agents, affiliates, advisers or representatives assume any responsibility to update these forward-looking statements or to adapt them to future events or developments or to provide supplemental information in relation thereto or to correct any inaccuracies.

Developing young talent

On 18th June, Swire held an induction for summer interns, as part of its collaboration with the HKSAR Government's "Scheme on Corporate Summer Internship on the Mainland and Overseas". Under the scheme, 20 intern placements have been made available at the Mainland offices of five Swire group operating companies, including Cathay Pacific, Hong Kong Aircraft Engineering Company, Swire Coca-Cola, Swire Foods and Swire Properties. At the event, interns were introduced to their summer assignments and new work environments. Mrs Cherry Tse, Permanent Secretary for Home Affairs, delivered a speech expressing her appreciation for Swire's commitment to nurturing young talent, and underlining the scheme's importance for social advancement and

growing the talent pool. Interns who joined the scheme last year also shared their experiences with the audience. Meanwhile, Swire has announced that it will offer its "Swire China Scholarships" scheme for a second year. Launched in 2018, the scheme provides funding for Hong Kong students to pursue tertiary education at 13 renowned universities in Mainland China. In response to the burgeoning Chinese economy and new opportunities offered by developments in the Greater Bay Area, Swire will continue to nurture talented young people who will contribute to the growth of the Hong Kong and Mainland economies.



Mrs Cherry Tse (centre) and John Swire & Sons (China) Chairman, Ivan Chu (sixth from right) at the induction for corporate summer interns.

Thriving together

Swire Pacific's Sustainability Report 2018 was launched in July (See <https://www.swirepacific.com> for further details). The report details Swire Pacific's sustainability performance as measured against the commitments made under SwireTHRIVE, the Group's sustainability strategy.

It sets out Swire Pacific's approach to sustainability, and describes how this strategic imperative is being integrated into its operations, for its investors, those with whom it does business and the communities in which it operates.

Sustainability reporting is integral to the Swire Pacific Group's commitment to facilitating an open and honest dialogue with all its stakeholders. The report content

was driven by a stakeholder engagement and materiality assessment exercise. Some highlights include:

- Swire Pacific has been listed as constituent stock on the FTSE4Good Index Series.
- Swire Pacific has introduced Group Human Rights, and flexible working policies.
- 92% of Swire Properties' existing buildings are now certified as 'green' buildings, with 75% achieving the highest possible ratings.
- Swire Coca-Cola has announced a joint venture to build and operate Hong Kong's first dedicated PET/HDPE plastics recycling facility.

Swire House Green & Wellbeing Committee



Staff signed a pledge and committed themselves to making Swire House a more sustainable workplace.

The Swire House Green Committee was convened in February 2018 and joined forces with the Finlays' Wellbeing initiative to become the Swire House Green & Wellbeing Committee ("SHGWC") in April 2019. The Committee is formed of staff from JS&S, Finlays and Swire Bulk to fully represent those working at Swire House in London.

The SHGWC is tasked with making Swire House a greener and healthier environment for all. In 2018, the committee took 'Recycling' as its focus. In an effort to reduce the use of single-use plastics, all staff were invited to a lunch-time event, where they were invited to sign a sustainability pledge and were given reusable cups and bottles. Further initiatives have included removing all desk waste bins – an idea that has seen a significant decrease in the amount of waste going to landfill.

In 2019, the committee has taken 'Energy' as its major theme. The building's temperature and timer settings have been adjusted to reduce consumption whilst

maintaining comfort levels. Staff are being encouraged not to leave computers and monitors on standby, but to turn them off at the end of the day. Wireless computer keyboards and mice are now powered by rechargeable batteries and additional passive infrared sensors are being installed to ensure that office lights are automatically turned off when not in use.

To get the occupants of Swire House moving, staff have been challenged to record the distances they cover as part of their personal exercise regimes - be it walking, running, swimming, rowing or cycling. The aim is to achieve an office target of 30,000 miles, which is the distance from Swire House London to China and then back again via Africa. All distances are logged via the website myvirtualmission.com. Staff have risen to the challenge and participation has exceeded expectations. The Swire House team have so far covered 14,000 miles, are significantly ahead of schedule, and will soon cross from Myanmar into Bangladesh.

Acquisition of HK Express



In July, Cathay Pacific completed the acquisition of Hong Kong Express Airways ("HK Express"). HK Express is now a wholly owned subsidiary of the Cathay Pacific Group and will continue to operate as a stand-alone airline using the low-cost carrier business model. Founded in 2013, HK Express offers convenient and reliable air travel to 26 destinations in Asia, operating a young and modern

fleet of 24 narrow-body aircraft, including Airbus A320, A320-neo and A321 aircraft. The acquisition is expected to help the Cathay Pacific Group develop and grow its aviation business over the long-term, while enhancing the competitiveness of its Hong Kong home base as a leading aviation hub.

New Shanghai lounge

In July, Cathay Pacific opened its newly refreshed First and Business Class lounge at Shanghai Pudong International Airport. Designed by Studioilse, the London-based studio led by Ilse Crawford, the new lounge uses wood, stone and leather accents for a sophisticated but natural look, while floor-to-ceiling windows allow plenty of natural light. A feature of the new lounge is The Terrace, an open-ceiling, L-shaped seating area that gives guests a stunning view of the runway. The Pudong lounge offers a variety of international food and drink options, including Cathay Pacific's signature Noodle Bar. This is the first time the airline's award winning lounge design has been introduced in Mainland China.



Accentuated with natural materials such as cherry wood and limestone, and Alcantara-upholstered designer furniture, the lounge is designed to allow guests to socialise in open areas or wind down more privately in peace and solitude.

Line services capability extended

HAECO Xiamen has extended its line services capability to cover Airbus A350 aircraft, after welcoming its first A350 customer at Beijing Capital International Airport, Lufthansa German Airlines.

HAECO Xiamen already offers capability on Airbus A320neo, A380 and Boeing 787 aircraft and will continue extending its technical capabilities and services to cover new-generation aircraft types.

'Multiple win' service innovation

At the start of May, HAECO Hong Kong began to offer a 'dry wash' service to scheduled customer, Cathay Pacific; the airline has since switched its entire passenger and freighter fleet from wet to dry washing. Using biodegradable, non-toxic and non-flammable chemicals, the dry wash process removes dirt – including oil, carbon, insects etc – from the aircraft exterior with minimal water usage. While a standard aircraft wash might use up to 8,000 litres of water, a dry wash will reduce this amount by 90%. The chemicals used are also more

effective cleaning agents, which means fewer washes per year for the Cathay Pacific fleet. Moreover, it requires a shorter tow to take the aircraft to the bays used for dry washes and therefore less fuel is used. HAECO sees the dry wash as a 'multiple win' for its service offering – reduced carbon footprint and water use, more efficient aircraft rotation and increased revenue for the customer – and one more step on the journey towards carbon neutrality within the aviation sector.

New residential developments in SE Asia



As its name suggests, EDEN aims to offer residents a home in a garden where they can enjoy an unparalleled lifestyle.

In April, Swire Properties unveiled its first ultra-luxury residential project in Singapore. EDEN is an exclusive apartment building inspired by Singapore's vision as a 'city in a garden' and designed by Thomas Heatherwick of Heatherwick Studio. With its iconic hanging balconies and abundant tropical greenery, the property is designed to reconnect its residents with nature. Located in the prestigious District 10 Orchard Road neighbourhood, EDEN offers just 20 apartments, each occupying an entire floor, with a saleable area of over 3,000 square feet. Scheduled for completion in the fourth quarter of 2019, the project's environmentally friendly features have also earned EDEN a "Green Mark Platinum" rating from Singapore's Building and Construction Authority.

Meanwhile, in July, Swire Properties and Jakarta Setiabudi Internasional Group announced a partnership to develop a luxury residential property in Jakarta. The joint venture company, PT Jantra Swarna Dipta ("JSD"), will bring together Swire Properties' expertise in designing and developing residential properties and Jakarta Setiabudi Internasional Group's rich real estate experience in Indonesia. JSD's debut high-rise apartment building will be located in the upscale neighbourhood of Dharmawangsa in South Jakarta. The development will include a host of bespoke amenities set within a three-hectare urban parkland. This is Swire Properties' first project in Indonesia.

Modernising real estate

July saw the launch of *UrbanLab*, Mainland China's first corporate accelerator programme focusing on property technology, or "PropTech". *UrbanLab* is a joint initiative by Swire Properties, real estate and investment management specialist, JLL, and Ping An Urban Tech, a subsidiary of China's largest insurance group. During the three-month programme, between six and a dozen mature PropTech start-up companies will be selected to test and refine their products in a real-world environment at Swire Properties' two large-scale Shanghai developments, HKRI Taikoo Hui and Taikoo

Li Qiantan, as well as at JLL and Ping An Urban Tech projects in Shanghai. The initiative aims to foster development of promising tech companies and create innovative solutions for China's real estate industry. Targeted technology areas will include smart buildings, artificial intelligence and sustainability. Participants will be mentored by industry leaders, who will help them enhance their solutions and explore ways to scale up their products to regional and international levels. They will also have opportunities to connect with investors to discuss funding prospects.



(Left to right) Ping An Urban Tech Chief Technology Officer, Mr Wei Baisong, Swire Properties Chief Executive, Guy Bradley and JLL Chief Executive Officer, Greater China, Mr KK Fung, jointly announced the launch of *UrbanLab* on 19th July.

Green hospitality

Swire Hotels' properties in Hong Kong, The Upper House in Pacific Place and EAST Hong Kong in Quarry Bay, actively seek to operate in an environmentally responsible and sustainable manner. A number of initiatives have recently been introduced at both hotels, ranging from the increased use of eco-friendly utensils, cutlery and products at The Upper House, to sustainable food and beverage options and installation of in-room water filters at EAST. In addition to creating a greener environment for hotel guests, The Upper House has announced a Green Leaders programme and has created a Green Learning Centre in its staff canteen. By raising environmental awareness amongst hotel staff and supplying them with the appropriate tools and skills to make a difference, Swire Hotels aims to make a positive impact in terms of reducing the businesses' environmental footprints.

Sale of interest in 625 King's Road

Swire Properties has sold its 50% interest in Island Land Development Limited, the owner of 625 King's Road, North Point (Inland Lot No.7550), to Jacko Rise Pte. Limited. Completion of the sale on 19th July took place simultaneously with the completion of the sale of the remaining 50% interest in Island Land Development held by Communication Holdings Limited, a wholly owned subsidiary of China Motor Bus Company Limited.

New extension at Citygate

A new extension was opened at Citygate Outlets in Tung Chung in August, expanding the popular outlet shopping hub near Hong Kong International Airport to 800,000 square feet of mall space that is now home to over 150 international brands and more than 30 food and beverage outlets. The new extension introduces 50 new brands to the complex, with some hosting their first outlet store in Hong Kong – including China Duty Free Group’s multi-brand travel retail store. Positioned as a gateway to popular attractions on Lantau Island and in the Greater Bay Area, the new development at Citygate Outlets offers a unique shopping destination to locals and tourists alike.



Green financing

Swire Properties has secured its first sustainability-linked loan facility. In July, the company reached an agreement with Crédit Agricole Corporate and Investment Bank (“Crédit Agricole CIB”) to convert an existing five-year revolving credit facility of HK\$500 million, dated August 2017, into a sustainability-linked loan, with the interest rate being indexed against the company’s ESG performance. Within this loan structure, Crédit Agricole CIB will grant a reduction in the interest rate each year, based on the company retaining its listing on the Dow Jones Sustainability World Index (“DJSI World”), and its

achievement of an annual reduction in energy use target in its Hong Kong portfolio. Swire Properties has been listed by DJSI World since 2017 and is the only property developer and multinational corporation from Hong Kong and Mainland China to be included in the index, consolidating its position as a sustainability leader in the global real estate industry. The loan is Swire Properties’ second sustainable financing initiative, following its issuance of a US\$500 million green bond in 2018.

Swire Coca-Cola signs strategic memorandum

Swire Coca-Cola signed a Memorandum of Understanding on Strategic Cooperation with Shanghai Pudong New Area People’s Government on 31st July to establish its new China headquarters in the Shanghai Pudong New Area. Swire Coca-Cola will benefit from the convenient and efficient services provided by the

Area with this strategic investment in Pudong, Shanghai, allowing Swire Coca-Cola to further capitalise on the growth potentials in the Mainland beverages market. Swire Coca-Cola’s global headquarters will remain in Hong Kong.



In July, The Opposite House in Beijing unveiled UNION, its new lobby bar. Designed by New York-based design firm, AvroKO, UNION exudes elegance and comfort while paying tribute to 20th century modernism. Surprise elements such as the bar trolley, spicery wall and DJ booths also help create contrasting energy between day and night-time ambience.



At the signing ceremony are: (left to right) Swire Coca-Cola Managing Director, Karen So, Swire Coca-Cola Finance Director, Keith Fung, Swire Coca-Cola Executive Chairman, Pat Healy, Member of Standing Committee of CPC Shanghai Municipal Committee and Secretary of CPC Pudong New Area Committee, Mr Weng Zuliang, Deputy Secretary General of Shanghai Municipal People’s Government and Mayor of Pudong New Area, Mr Hang Yingwei and Deputy Mayor of Pudong New Area, Mr Wang Hua.

Expansion in Arizona



The ground-breaking ceremony at Yuma.

In May, Swire Coca-Cola, USA broke ground for a new facility at Yuma, close to the Mexican border in the Southern division. At 56,000 square feet, the new facility will be three times the size of its current facility at Yuma. The ground-breaking ceremony was attended by the Mayor of Yuma and other local dignitaries.

Meanwhile, Swire Coca-Cola, USA's divisional headquarters at Glendale in Northern Arizona is undergoing an expansion that will double the size of its current facility. In July, its

sales centre and warehouse broke ground on a 160,000 square-foot expansion to the existing 140,000 square-foot facility, which will turn Glendale into the largest Coca-Cola facility in Arizona.

The expansions follow the announcement in March that Swire Coca-Cola, USA will distribute Monster products throughout Arizona. In business since 1978, Swire Coca-Cola, USA is one of the largest independent Coca-Cola bottlers in the USA, operating six plants in 13 states.

New additions at Lebanon and Medley

In June, United States Cold Storage ("USCS") officially opened a 5.1 million-cubic-foot freezer addition to its warehouse at Lebanon, Indiana. The expansion includes an approximately 3.4 million-cubic-foot section with an automated storage and retrieval system, as well as a 1.7 million-cubic-foot section for conventional storage. The new operation primarily supports customers whose products are housed in both the automated and conventional storage areas for both full-pallet and case-pick load preparation. Completion of the two-year Phase 2 automation project marked the opening of USCS's second facility integrating both a conventional and automated design.

Meanwhile, USCS completed a Phase 2 addition to its operation at Medley, Florida, in July. With the new addition, Medley now boasts 6.1 million cubic feet of storage, with 35,975 pallet positions and 30 refrigerated dock doors. The operation's convertible rooms offer storage temperatures ranging from -20°F to +55°F. Opened in 2004, USCS Medley is just 22 minutes north of Miami and 30 minutes from Fort Lauderdale and the additional space is expected to better service growing needs in the Miami and South Florida markets.



The newly expanded warehouse at USCS Lebanon.

Winds of change

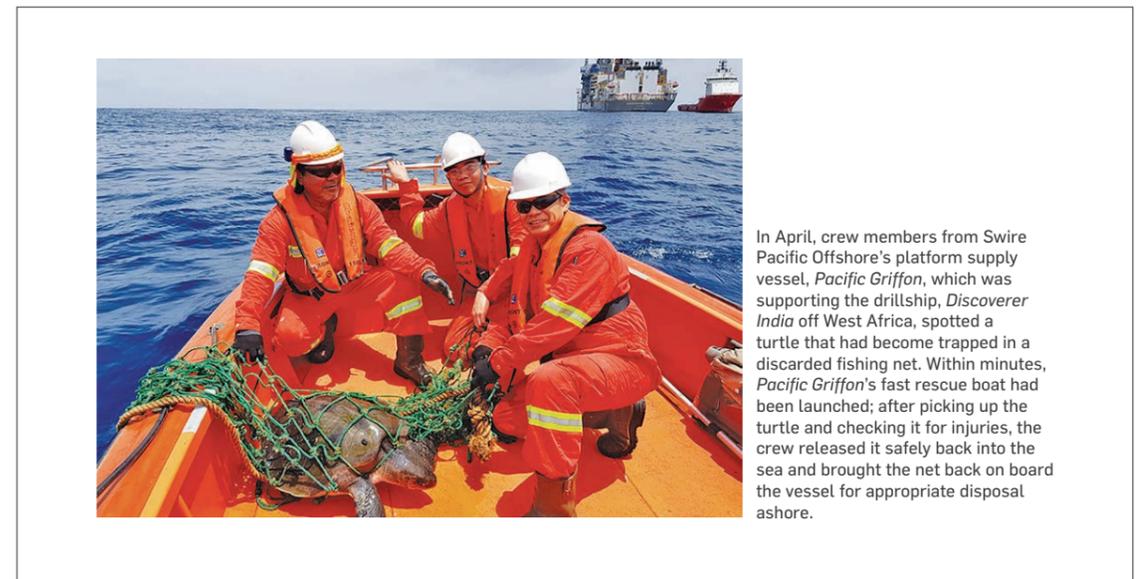
Three Swire Pacific Offshore ("SPO") vessels have been assisting with the installation of foundations for 20 wind turbines off the coast of western Taiwan region, where construction of a 120-megawatt offshore wind farm kicked off in May and is expected to be completed by the end of the year. *Pacific Warlock* and *Pacific Valkyrie* have been chartered by Seaway Heavy Lifting to carry out anchor handling duties for the heavy-lift vessel, *Seaway Yudin*, while *Pacific Liberty*'s role is to deploy a 'bubble curtain' at the construction site. The pile-driving involved in installing turbine foundations results in significant

underwater noise pollution, which can prove harmful to marine mammals, such as the endangered white dolphin. To mitigate this effect, each foundation site is encircled by a perforated tube filled with compressed air, which rises toward the surface, forming a circular wall of bubbles that contains the noise source. The project is a testament to the calibre of Swire Pacific Offshore's vessels and their crews, who are playing a critical role in the inception of Northeast Asia's renewable energy industry.



(Photo courtesy: Seaway Heavy Lifting)

Pile driving goes ahead, with the bubble curtain deployed.



In April, crew members from Swire Pacific Offshore's platform supply vessel, *Pacific Griffin*, which was supporting the drillship, *Discoverer India* off West Africa, spotted a turtle that had become trapped in a discarded fishing net. Within minutes, *Pacific Griffin*'s fast rescue boat had been launched; after picking up the turtle and checking it for injuries, the crew released it safely back into the sea and brought the net back on board the vessel for appropriate disposal ashore.

PNG's Pacific Towing expands in Fiji

Steamships' subsidiary, Pacific Towing has completed its first major project in Fiji. Based at the main wharf in the capital, Suva, Pacific Towing's newly established wreck retrieval business employs four Papua New Guinean divers and six Fijian locals. The team of divers, engineers, welders and a crane operator was commissioned to retrieve the container ship *Southern Phoenix* which capsized and sank in Suva Harbour on 6th May 2017. Pacific Towing commenced the multi-stage retrieval of the 88-metre-long vessel in November 2018 and completed the project in May. In addition to wreck retrieval, the company sees opportunities to introduce its towage, salvage, mooring and commercial diving services to the Fijian market. Pacific Towing is the only member of the Steamships Group with business interests in Fiji.



Raising the container ship's hull.

HUD adds tugboat duo



Nearly 400 guests from the maritime industry got a chance to view *Mai Po* and *Sung Kong* on 28th June, at a party at the Hong Kong Maritime Museum to welcome the tugs to the HUD fleet.

Hongkong Salvage & Towage, a division of HUD Group, has taken delivery of two 6,500 BHP new-built tugs, *Mai Po* and *Sung Kong*, which entered service in the second quarter of 2019. Designed by naval architect Robert Allan Ltd. and built by Cheoy Lee Shipyards, *Mai Po* and *Sung Kong* are the most powerful tugs on Hong Kong Harbour. With service speeds of 13.64 knots and a maximum bollard pull of 88.2 tonnes, they will be used for berthing ultra-large vessels, ocean towage, fire-fighting and salvage operations and are equipped with a number of features to enhance navigational safety and support operations in tough conditions, including render recovery winch, liquefied natural gas detection system and explosion-proof lighting.

Vespa launches new Sprint family

On 15th May, Vespa launched its new Sprint family sport series in Taiwan region. The new Sprint series models include the latest version of the Sprint S and the debut of Sprint 125.

Founded in 1946 and manufactured by Italian motor vehicle brand Piaggio, Vespa symbolises youth, freedom and passion. Taikoo Motors has been exclusive distributor for Vespa motorcycles in Taiwan region since 2011.



Taikoo Motors Director, Motorbike, Alvan Huang with Piaggio's Executive Vice President Asia Pacific 2 Wheeler, Mr Gianluca Fiume, at the launch event.

New store openings



Repetto's new store at Ocean Terminal provides customers with a fresh and modern shopping environment with a touch of French flair.

To provide their customers with an enhanced shopping experience, four of Swire Resources' sports and lifestyle labels have opened newly-renovated stores, as well as new boutiques at new locations in Hong Kong and Shanghai. These include the re-opening of Marathon Sports stores at Telford Plaza in Kowloon Bay and MOSTown, Ma On Shan; the re-opening of the Columbia Sportswear store at New Town Plaza, Shatin, and the opening of a brand-new Columbia store at Port Centre in Aberdeen. Repetto has also re-opened its newly renovated concept store at Ocean Terminal in Harbour City. Meanwhile, in Shanghai, THE KOOPLES has opened two new boutiques at Shanghai Galleries Lafayette and iapm Mall.

Focus on marine conservation



Many hard coral species face a serious threat to their survival in Hong Kong waters.

The Swire Trust is supporting a push by the World Wide Fund for Nature in Hong Kong ("WWF-HK") for 30% of Hong Kong's waters to be designated as Marine Protection Areas ("MPAs") by 2030.

As a partner in the charity's *Sea for Future* project, which aims to safeguard marine life in Hong Kong, to date the Trust has helped WWF-HK identify 31 areas of the SAR's waters which merit special protection.

MPAs are areas of the sea where human activity is restricted for the purposes of conservation. The idea is to give marine life the opportunity to "rest" and replenish itself. At present, however, only 2% of Hong Kong's marine area is protected in this way, compared to the 40% of the SAR's land-mass that is contained within country parks or reserves.

Hong Kong waters are home to some 6,000 marine species, including critically endangered Chinese white dolphins, green turtles, horseshoe crab, Chinese bahaba (giant yellow croaker), and a rich diversity of coral types. However, many of these species are under threat from over-fishing, marine traffic, land reclamation, major infrastructure projects, and plastic pollution. For example, as few as 47 Chinese white dolphins are believed to remain in Hong Kong's waters.

Besides stakeholder engagement, awareness-building and education activities, *Sea for Future* is focused on conducting in-depth historical research at key sites to better understand changes over time. By measuring what has been lost, the project hopes to establish what measures will be needed to protect marine ecosystems from further degradation.



(Photo courtesy: Jürgen Freund)

The endangered green turtle.



A horseshoe crab at Shui Hau, one of the species' key nursery grounds.

Suite of hope

Continuing United States Cold Storage's ("USCS") support for Ronald McDonald House Southern New Jersey, staff volunteers took part in a contest to create home-away-from-home accommodation for seriously ill and traumatically injured children and their families. With the theme, "Up in the Air", 50 volunteers took part in the design, purchasing, engineering, clean-up and set-up processes of the project. The newly-redesigned and renovated room will be maintained by USCS for three years and its employees plan to take this support further by raising money to cover the cost of any family staying in the room during a one-year period.



The newly-renovated room aims to create a "homey" feeling for seriously ill kids and their families during the treatment period.

Volunteering for a sustainable future

In July, a team of seafarers from Swire Pacific Offshore ("SPO") visited Sarangani Province in southern Mindanao for a five-day volunteer programme. This is an ongoing partnership programme with Endangered Species International ("ESI") in the Philippines since 2013 which promotes the importance of sustainable development through nature conservation and rehabilitation.

The SPO volunteers began their assignment with a courtesy call on the local Mayor and Officer of the Department of Energy and Natural Resources. In conjunction with the local People's Organisation, they also hosted an informal seminar for residents, to give them an insight into ESI-SPO conservation activities in the area and to share helpful tips on adopting a

more sustainable lifestyle – such as the strict waste-segregation methods practiced on board SPO ships. The team then assisted local communities to clear up rubbish along the shoreline in the local barangay (village) areas, collecting around 400 kilograms of plastic garbage, as well as planting a variety of species of mangroves. The volunteers also got a chance to snorkel in the area as part of the reef monitoring process conducted by ESI, appreciate the beauty of the marine ecosystem as well as to see the impact of human activities on the reef.

As a part of SPO's sustainable development strategy, this project aims to help create a resilient environment that will thrive and provide for future generations.



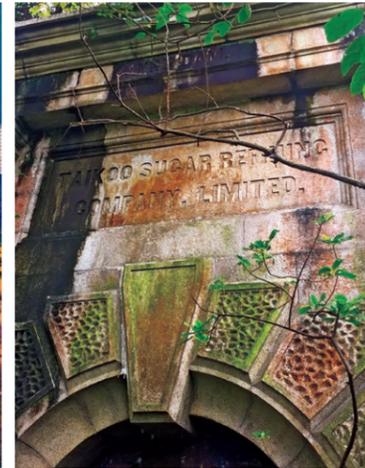
(Photo courtesy: Roger Ripalda)

The SPO volunteers at Sarangani (in green T shirts), including (left to right) Team Leader Joelito Murcillo, Briccio Alilano, Roger Ripalda, Efren Samonte Jr and John Oliver Labordo.

Historic Grade 2 listing



Braemar Reservoir in January 1974.



The No. 5 Dam tunnel portal.

Hong Kong's Antiquities and Monuments Office recently designated the surviving water mains tunnel portal for the former Taikoo Sugar Refinery "No. 5 Dam" a Grade 2 Historic Building. Located on Braemar Hill Road, within Choi Sai Woo Park, the tunnel portal is built in a classical revival architectural style and inscribed *No. 5 Dam Taikoo Sugar Refining Company 1894*. Also known as "Braemar", the reservoir was completed in 1894, and was the largest of Swire's Hong Kong reservoirs, with a capacity of 137,700,000 gallons of water. The dam not only provided fresh water for use at the refinery and at Taikoo Dockyard, but it also assisted the government to supply water to residential areas beyond Quarry Bay

– especially during droughts. The reservoir was also considered so scenic that locals named it Choi Sai Woo, meaning "comparable to West Lake" – the famous beauty spot in Hangzhou.

Braemar ceased operation when Taikoo stopped refining sugar in 1972 and was redeveloped as Braemar Hill Mansions. This is the second Swire-built structure that has been listed as a historic building; nearby 'Woodside', the former residence of Taikoo Sugar Refinery managers on Mount Parker, is also a Grade 2 building.

Music for youth

With the aim of developing young people's interest in classical music, Taikoo Motors held a music appreciation event in Taipei on 22nd May. Tickets for the concert, featuring organist Cameron Carpenter performing Bach, were offered at an affordable price and on the day, Taikoo Motors laid on Volvo coaches to take 200 students from rural primary and secondary schools to enjoy the performance at the National Concert Hall in Taipei.



SCCHK takes top prize for eco-excellence

Swire Coca-Cola HK has struck "gold" by winning the coveted Gold Award at the 2018 Hong Kong Awards for Environmental Excellence in the "manufacturing and industrial services" category. The company was recognised for its commitment to sustainability in every aspect of operations including packaging, manufacturing, logistics, waste management, environmental education and the recovery of plastic beverage containers.

Organised by the HKSAR Government's Environmental Protection Department and Environmental Campaign Committee, together with nine influential environmental and trade organisations, about 2,000 companies competed for the award this year.

Awards for excellence in marketing



Swire Properties' General Manager Taikoo Place, Priscilla Li, and the Office Marketing team, accepted three Gold awards at the ceremony.

Swire Properties clinched three Gold awards at the 2019 Marketing Events Awards ceremony, which is held annually to recognise outstanding performers in the event marketing, management and planning industry in Northeast Asia. The awards are organised by *Marketing* magazine and the judges include senior marketers from across Northeast Asia, with challenge, strategy, execution and results being key judging criteria. Swire Properties won a Gold award in the "Best Mall Event" category for its Greater China tour of the "Shoes:

Pleasure & Pain" exhibition. ArtisTree, the event space at Taikoo Place, won two Gold awards: "Best Cultural Event for Urban Playgrounds" and "Best Exclusive Event" for Beyond Fashion. Swire Properties also won a Silver award in the "Best Event – Retail" category and four more Bronze awards, and the company's creativity and precision in marketing and operations were highly acclaimed.

Bulking up

The senior management team from CNCo and Swire Bulk talk to *Swire News* about a dry bulk shipping growth story that shows no signs of stalling.



One of the B.Delta handy-size logger bulk carriers that was built at Chengxi Shipyard in China.

It would not be inaccurate to state that the global dry bulk shipping sector has faced significant headwinds in recent times. Trade flows have been disrupted by a series of exceptional events over the last six months, including the Brumadinho dam disaster at the Córrego do Feijão iron ore mine in Brazil, and an outbreak of swine flu in China that has lowered demand for soy beans. Lingering uncertainty around the future of US-China trade relations has also impacted the market.

It is all the more cheering to note, then, that the team at the helm of Swire group's shipping arm,

The China Navigation Company ("CNCo"), and its dry bulk division, Swire Bulk, exude a quiet confidence in the continuation of the latter's remarkable growth story to date.

"The growth in the bulk division has been an exciting new venture for the company," says CNCo Chairman Sam Swire, noting that Swire Bulk's parent business is the oldest operational business in the Swire group.

He adds: "We have invested many hundreds of millions of US dollars into new ships in this decade, and the company itself has grown dramatically. There have been challenges along the way, but we

are confident that we have timed our entry into the market well and that we will make decent returns over the length of the current cycle. This will be a matter of years, not months, but as a ship owner with the ability to take a long-term view, we are well positioned to succeed in this sector."

Seas of opportunity

That view is echoed by CNCo's Managing Director, James Woodrow. He readily acknowledges that there will always be challenges in a sector where commodities and the management of assets (in this case,

ships) are paramount. However, he believes dry bulk's exposure to wider economic variables favours operators who take a long-term view and are uncompromising on quality and sustainability. "We have grown Swire Bulk to where it's at today in a relatively short space of time, but we've been very careful to make sure the fundamentals of our business are strong," he says.

For his part, Swire Bulk's General Manager, Rob Aarvold, insists that the singular dynamics of dry bulk shipping make it more exciting – and more freighted with opportunity – than many outsiders imagine. "We have seen probably the worst sequence of events imaginable this year, but this volatility actually creates the space to add value and become more competitive. Dry bulk is a trading business that requires a trading mindset and it's a sector with fantastic opportunities to build meaningful long-term partnerships with customers."

Balancing act

Established in 2012, Swire Bulk now accounts for a far greater proportion of CNCo's revenues than the company's traditional mainstay, Swire Shipping, its liner shipping division, which focuses on niche markets in the South Pacific. Swire Bulk has emerged as a top-five geared operator in the dry bulk segment and expects to post turnover of US\$750 million this year and US\$1 billion in 2020. Earlier this year, it acquired the bulk shipping business of Germany's Hamburg Süd, including a fleet of 45 chartered vessels, from Maersk.

"Dry bulk is a global business and one that's very scalable," says James Woodrow, when asked what motivated the initial shift into dry bulk. "In 2012, we decided it was time to diversify, and we determined that the handy-size bulk segment – that is, carriers that can take up to 40,000 deadweight tonnes ("DWT") – was one we could be successful in. These vessels are very adaptable to carrying different types of raw

materials: agricultural products like grains and fertilisers, construction materials like cement, logs and steel, and minerals like salt and sand."

He adds: "CNCo had already had success with building ships in China, so Swire Bulk's first piece of business was to place orders with Chinese shipbuilders for what would eventually add up to 24 new-built B.Delta ships. Similarly, we decided to focus on markets that we already knew well through the Swire Shipping footprint, so the greater part of our early business was focused on Australia, New Zealand and China – particularly logs from New Zealand into China."

At the time, Aarvold – who began his career at Swire Shipping in 2002, left the Swire group to gain experience in the dry bulk sector from 2008, then returned to the fold to become General Manager of Swire Bulk in 2017 – was able to observe CNCo's move from outside.

"Going into the log market was shrewd, because it allowed CNCo



(Left to right) CNCo's Managing Director, James Woodrow and Swire Bulk's General Manager, Rob Aarvold.



Sam Swire, Chairman of CNCo, dots the eyes of the lion at the opening ceremony for the company's new China Headquarters in Shanghai.

to use its network and experience of dealing with Chinese shipbuilders to go out and find a market-leading design for its loggers," he says. "That gave Swire Bulk a running start. Establishing that China presence was also key, because today China accounts for about 65% of global bulk volumes. In almost any commodity you can think of, China is either a producer or a major consumer."

Since those early forays, Swire Bulk has, accordingly, increased its exposure to different commodity classes, and also its fleet and its geographic reach. What started as an APAC-centred business now has a global footprint, says Aarvold, explaining that success on the minor bulk chessboard demands strategic balancing between the number of ships you have and the number of commodities you are focused on, between owned and leased vessels, and between "front-haul" and "back-haul" cargos.

"We've seen growth in commodities like cement, steel and fertiliser," he says. "Typically, these back-haul trades will be from the Far East into places such as Australia, New Zealand, Hawaii, the US west coast, the US gulf or east-coast South America. These trade flows position the fleet more efficiently than if you were just to ballast it empty. The ships will then pick up higher-paying front-haul cargoes to take back to Asia – including logs, scrap, or grain crops."

Critical mass

Having commenced operations in 2012 with offices in Singapore, Melbourne and London, Swire Bulk had already expanded to Miami, Vancouver and Shanghai before the Hamburg Süd deal, which extended the company's presence to Hamburg itself, and to Rio de Janeiro. Finalised in April this year, it also took the combined Swire Bulk fleet to 132 ships – of which 28 are owned, with a further 10 new vessels on order from Japanese shipyards.

"It put us on the map and changed the way the market views CNCo almost overnight," is Aarvold's assessment of the Hamburg Süd acquisition. "As a prominent shipping brand, primarily in the containerised business, they've been around since 1871 – one year longer than us. It's also a family business like Swire and they have always taken a long-term approach to the industry: they have a great reputation in the market for safety and for the commercial relationships they've built up. So we didn't do a deal for the sake of it."

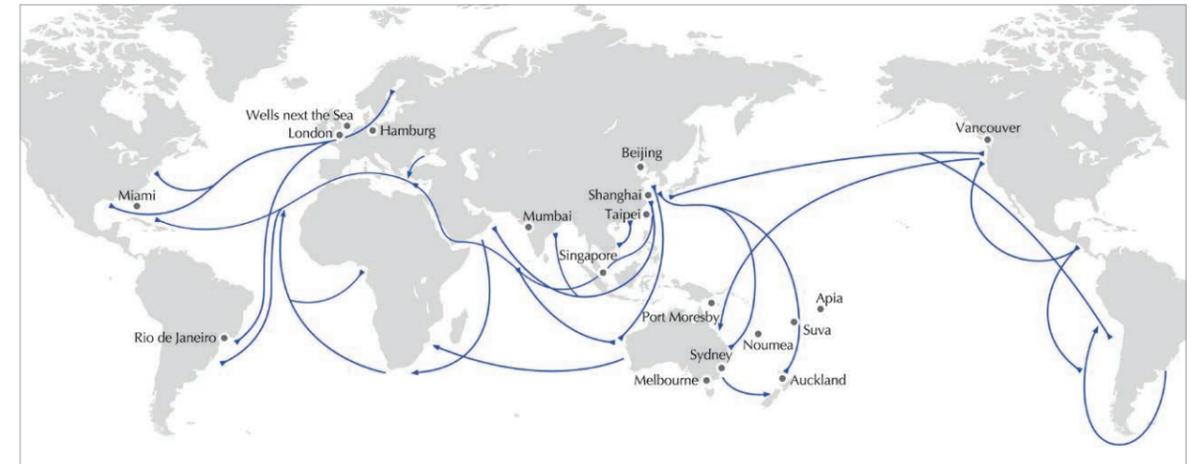
For his part, Woodrow stresses the value to Swire Bulk of incorporating Hamburg Süd's fleet of chartered ships, most of which are in the larger 58-64,000 DWT supra-max class. "It gives us critical mass in terms of our fleet profile and means we can compete across more asset classes," he says. "These ships are also very much aligned with where we want to be trading as a high-end operator: they're modern, fuel-efficient, Japanese-built ships."

Once Swire Bulk's own new-built ships have been delivered, its vessels will be on average four years old – and Woodrow believes having the youngest, most fuel-efficient fleet in the dry bulk sector equates to a significant edge as the company positions itself to get ahead of the market on a wave of change in the wider industry.

One seismic shift looms large: from 1st January 2020, the global shipping industry will be mandated to use fuel with less than 0.5% sulphur – down from the 3.5% sulphur content it has consumed up until now. "The change will add at least US\$15 billion to the global freight bill," Woodrow explains. "But we're confident we'll be able to manage the transition, because it will put a premium on efficiency, particularly fuel-efficiency. With the fleet we have, this will improve our competitive position."

Other ways in which CNCo hopes to differentiate its offering to customers include evolving vertically-integrated solutions that make it more of a freight partner than a freight provider. "If we can work with our wider skillset under the CNCo umbrella, and look at trans-loading opportunities, the provision of tugs and barges, or new innovations to reduce inefficiencies in the logistics chain, for example, we can offer a more complete package," says Aarvold.

He is also excited by the possibilities presented by the rapidly-maturing renewable energy industry. "Where minor bulk is concerned, bio-mass



Swire Bulk's global trading footprint.

– or wood pellets – is the fastest-growing commodity we'll see over the next five years. I really believe we can leverage our reputation as a responsible operator to be at the forefront of that new market."

Similar opportunities lie in wait, he says, for operators who can demonstrate proficiency in shipping wind turbines. "We're looking closely at what we can learn from Swire Blue Ocean, which operates two Windfarm Installation Vessels out of Copenhagen, to see how we can be an accredited carrier for the sector."

A never-ending journey

The company's drive for fuel-efficiency and eagerness to partner with renewables clients speak of a desire to embrace new challenges, but they are also indicative of a deep commitment to sustainability across the board. "As an industry, we have to get emissions down by 50% by 2050," says Woodrow. "Today, we're a lot more eco-friendly than the standard

vessel on the water, but we will continue adopting changes that give us emissions benefits. We have to be on top of this."

He cites CNCo's close supervision of the construction of its new ships and also of the bow-to-stern recycling of ships that reach the end of their lives, as further evidence of the company's "cradle to grave" approach to sustainability, adding that the company supports numerous environmental, conservation and grass-roots social projects in communities where it operates.

Two other priorities, meanwhile, round out the picture of CNCo's vision and values: diversity and safety.

"We have 25 different nationalities within the business, but the facts are that shipping has traditionally been very male-dominated and CNCo is no exception," says Woodrow. "We want to have a more inclusive workforce and we've started a scheme in partnership with the Australian government and our sister company in Papua New Guinea, Steamships,

to bring through more female seafarers. It's an industry-wide problem and one we're really just starting out on addressing, but we're determined to be successful and attract a more diverse group of people to the business."

On safety, CNCo has doubled down on putting "zero harm" at the heart of everything it does in the wake of three on-the-job fatalities in 2015. Says Woodrow: "Fundamentally, safety has to come first. Tragic incidents focus the mind on the whole culture of an organisation. We want to make sure that whenever people see the Swire flag they think 'safety'. Safety at sea and in ports is a never-ending journey, but I believe we have made significant progress."

And what other markers should CNCo have in the market? "I believe our customers recognise the quality of what we do. With our legacy, our history, the operating procedures we have and the balance sheet of our business, we're seen as a reliable, trusted counter-party – and one that will be around for generations to come."

An appetite for innovation

Leo Shing from Cathay Pacific Catering Services (“CPCS”) talks about his approach to balancing quality, variety and efficiency in one of the world’s busiest flight kitchens.



Can you tell us about your role at CPCS and your personal journey as a chef?

I’m currently a sous chef in the research and development team. I’m responsible for exploring new cooking techniques and ingredients to make sure we’re always improving the quality and variety of our food and also the efficiency of our methods. We cater to more than 52 airlines and on average we cook for about 200 flights per day, so we’re constantly trying to perfect that balance.

I attended the Chinese Culinary Institute after secondary school,

then worked in various restaurants before joining CPCS as a trainee in 2004. From a young age, I knew I wanted to have a career in food – mainly because I liked eating it so much! I still enjoy eating but I also love experimenting with food and how to prepare and serve it. I’m also very interested in the nutritional side of it.

What would you say is different or more exciting about working in airline catering?

The kitchens are much bigger than in hotels and restaurants, but it’s also different in terms of preparation. At CPCS, we are

meticulous about our production processes – and that demands exceptional management to make sure all of our chefs are cooking consistently, for example. At the same time, it’s not mechanical: there’s always an artistic element to putting dishes together.

The variety is also very stimulating. Cathay Pacific is our biggest single customer, but we provide food for so many different airlines from all around the world: Japanese, Malaysian, Indian, Western, Middle Eastern. And we cook in each of these different styles.

What changes have you seen over your time at CPCS?

When I started, we were producing around 60,000 meals per day. Today, it’s typically anywhere up to 90,000. But the main changes have been around automation. The machines we use are bigger, more sophisticated, more efficient. One example that has really been a game-changer is the introduction of the large auto-braising machines we use. You can effectively programme them to run themselves, which takes a lot of the physical labour out of the process and frees us up to be more creative.

Another piece of equipment that has changed how we operate is an

omelette station that requires much less supervision than if you were doing everything manually. We’re also looking to install automated filling technology that can feed ingredients into our machines. That will allow us to move towards an automated inventory management model.

What are some of the other demands and challenges of the job?

We are continually challenging ourselves to find the best ingredients for the best price. We also have to stimulate our customers’ taste-buds by staying on top of what’s new in the market and striving to replicate wider trends in food and cooking methods. The challenge is doing that within the constraints of inflight catering, where we cook everything on the ground, chill it, then re-heat it in the air before serving. Each step has to be considered very carefully and we’re always very rigorous about maintaining the highest food safety standards.

There are different challenges depending on who you are cooking for. If you’re cooking 2,000 or 3,000 portions of beef curry in one go, you need to look for pre-cut beef or pre-cut vegetables to make it possible to get those meals cooked. When you are creating dishes for passengers in



A selection of international and contemporary Asian dishes are available to passengers in all classes on Cathay Pacific flights.

First or Business class, obviously you can be more focused on the complexity of the flavours and how to present the food in the best way possible.

Are there any CPCS innovations you're particularly proud of?

Yes: our inflight burger on Cathay flights. Serving burgers on a plane is a real challenge. The burger can’t be prepared in advance, because you need to cook the meat but not the bun, the cheese, the sauces, or the vegetables. We separated all the different components and they’re actually reconstructed on the plane after the patty is heated. In a sense it’s simple food – but not on a plane!

I’m also proud of the Hong Kong favourites we serve on Cathay flights. Cooking Chinese food is very much my passion – it’s what I still enjoy cooking at home.

What makes you happiest in your job?

There’s a lot of trial and error in R&D and statistically speaking that means most of the time it’s error. But that makes it all the more rewarding when you hit on a success. When that happens there’s a great sense of team spirit.



The game-changing auto-braising machines free up cooking staff for high-value work.

Unleash the dragon spirit



The enthusiastic Swire Dragons and Swire Dinosaurs team members.



Paddlers rowing to the rhythm of the drummer.

On 7th June, paddlers from the Swire Dragons and Swire Dinosaurs teams gathered for a day of dragon boat racing at the Sun Life Stanley International Dragon Boat Championships.

The Swire Dragons, made up mainly of management trainee staff, put in months of diligent practice, in the hope of repeating their Gold Bowl Championship win from last year. Although most of the members were newbies to the sport, the team chemistry was apparent from the first warm-up race.

The team's hard work and perseverance paid off, with Swire Dragons coming home with two trophies, including the Hong Kong Institute of Surveyors 35th Anniversary Dragon Boat Cup and the Gold Bowl Final. A big shout-out should also go to the Swire Dinosaurs, consisting of senior executives and managers, who competed valiantly in the Gold Plate Final. On top of their great performances, the races gave participants from around the Swire group an opportunity to come together and bond. Both the Dragons and Dinosaurs cannot wait to come back again next year!

Yipper's Chipper

The annual golf contest between Swire, Jardine's and HSBC, known as Yipper's Chipper, is now in its 34th year. Three gentlemen – David Beauchamp from Swire, Alex MacKinnon from Jardine's, and Ian Menzies from HSBC – originally established the challenge match in Taiwan region. Ken Sien, who is a former auditor for the three companies from PWC, made his 34th appearance this year, honouring the past, present and future of the competition. Teams compete for a trophy, which is a model of Mr MacKinnon's family clipper, and a plaque, donated by Swire, symbolising the fun, camaraderie and sportsmanship of the annual event.

Since 1998, the Swire team in Taiwan region has won 11 championships in total. This year, the team included staff from Taikoo Motors and Cathay Pacific.

| FOR ANNUAL PLAY YIPPER'S CHIPPER | | |
|-------------------------------------|----|--------------|
| 太古 WINNERS | 怡和 | 渣打 CAPTAINS |
| 2009 怡和 | | L.CHANG |
| 2010 渣打 | | N.WINSOR |
| 2011 渣打 | | JOHN LI |
| 2012 渣打 | | JOHN LI |
| 2013 怡和 | | L.CHANG |
| 2014 太古 | | Derrick Chan |
| 2015 太古 | | Derrick Chan |
| 2016 太古 | | Derrick Chan |
| 2017 太古 | | Derrick Chan |
| 2018 太古 | | Derrick Chan |
| 2019 太古 | | Derrick Chan |

The Swire team has had six consecutive wins since 2014.

Mama University

Winner of the Swire Sustainability Project Competition 2019 under the category "Creating Value for Our Community" was Swire Coca-Cola's 5by20 Coca-Cola Mama University scheme in Mainland China. Winners were selected from operational businesses around the Swire group, based on degree of impact, innovation and business relevance. The Mama University programme ticked all the boxes, with its mission of empowering and upskilling women – particularly, mothers – as key parts of the company's value chain in China.

Recognising that women have long been vital contributors to its business – but often face significant barriers to realising their own full potential – The Coca-Cola Company made a commitment in 2010 to economically empower five million women globally by 2020. The company's global bottlers implement this scheme in a variety of ways. In Hefei, for example, Swire Coca-Cola has focused on increasing the percentage of women represented in its sales rep team, as well as assisting local street food vendors to improve their earning potential; it's an act of enlightened self-interest, because empowering its stakeholders – staff, customers and others – also brings significant benefits for the business.

Huang Ting Ting joined Swire Coca-Cola Hefei in 2012 and worked at the production line. After the birth of her baby boy in 2017, Ms Huang felt she was being left behind as her husband progressed in his own career path and she knew she had the capacity to do more. So when Swire Coca-Cola began to implement policies to improve its gender balance, she decided that here was a chance to

better herself. Through the Mama University programme, she was given professional sales training, enhancing her skills in communication and inventory management. Ms Huang now has a rewarding, better-paying job as a sales rep, and as a result, feels much more self-confident and independent.

Meanwhile, Niu Yu Juan, a lady in her 50s, has a motorbike food cart business, selling the sweet snack honey lotus root. Last year, Mama Niu took part in Swire Coca-Cola Hefei's 'Push cart life' programme, a part of its Mama University initiative especially aimed at food vendors. She learned a range of new skills that have helped her run her business more efficiently and profitably, and has made new friends and business contacts. After completing the programme, Swire Coca-Cola gave her food cart a complete makeover. Mama Niu has even added soft drinks to her food cart offerings – Coca-Cola products of course! – and they're helping to bring in more custom. Her husband says he is happy for her and she now exudes confidence and energy.

General Manager Swire Coca-Cola Hefei, Fish Yu, says he believes spending more time taking care of the community is inseparable from the company's business development and makes the business as a whole more sustainable. Swire Coca-Cola has now rolled out the Mama University programme in all its franchise territories in Mainland China, running workshops, courses and online training that have helped empower more than 200,000 women since 2017.



Taking part in the Mama University programme has helped Huang Ting Ting realise her full potential – both professionally and personally.



Mama Niu and her refurbished motorbike food cart.

Changing lives

In June, Swire Properties Community Ambassadors from Hong Kong teamed up with colleagues from Beijing, Chengdu and Guangzhou for a five-day volunteering trip to Sichuan Province. During the trip, the Ambassadors assisted with a village house-building project in Lezhi County, in partnership with NGO Habitat for Humanity. They also visited the Sichuan Community Centre at Shuanghong Village in Guihua Township, Pengzhou City, where they donated more than 600 children's books and took part in a range of fun extra-curricular activities with children from the nearby Fengle Nine-Year School. The Ambassadors helped teach English to the school children through interactive games and singing English songs.

John Swire & Sons (HK) Head of Group Public Affairs, Cindy Cheung, joined the trip and tells us about her house-building experiences:

"I have participated in different Community Ambassador Programme projects before, but building a house was quite a different experience, as it is such a tangible way of giving service to the community. Our mission was to help build a new house for a farmer, Mr Wen and his son in Xiagiagou Village in Lezhi County, which is approximately two and a half hours' drive from Chengdu. Before the trip, I was a bit nervous, because I didn't have any house-building experience or brick-laying skills and was worried that the tasks would prove too daunting. When we arrived at the site, I was shocked by the dilapidated state of the farmer's house. It was basically a leaking shed – with no proper roof and walls, let alone any decent furniture –

and it was in danger of collapse. (In fact, it had collapsed during the Sichuan earthquake in 2008, and had been temporarily restored to its present state). It was quite an overwhelming sight, and we immediately understood how important our undertaking was for the farmer.

After we set to work, I found that the tasks were not as daunting as I had earlier imagined. We helped pick up, pass and stack bricks in an efficient assembly line that kept the construction process moving quickly. It was raining on the morning of the first day, but that didn't dampen our spirits or efficiency. Luck was on our side, as the weather improved towards the afternoon and on the following day, so we brought the same efficient teamwork to mixing concrete and laying courses of bricks for the walls of the new house. Mixing concrete

was quite a challenging task, as we had to muster all our strength to mix it properly with water. Laying bricks was very satisfying, as we saw the walls getting higher and higher. We all focused very hard on learning the skills taught us by the construction foreman, as he told us that if we didn't lay the bricks correctly, it would affect the foundations of the house! Although we didn't manage to finish the entire house before we left the village, the majority of the walls were completed. Hard work and sweat aside, there was excellent teamwork as well as laughter and fun for the Ambassadors. I will never forget the big smile on the farmer's face as we said goodbye to him. I think the build project has not only transformed his life, but also mine as well, as I have come to realise that a little effort can have such a direct impact on another person's life. I hope the farmer and his son will settle in their new home soon".



Future homeowner Mr Wen in his old house.



The Ambassadors form a chain to pass and stack bricks efficiently.



Cindy Cheung and other Ambassadors preparing the concrete mix from scratch.



After two busy days of house building, the Ambassadors moved on to the Sichuan Community Centre in Shuanghong Village, where their lively learning games were a big hit with students.

