

SWIRE NEWS



A sparkling future
Salute to 55 years of
partnership

High-flying pioneer
The journey from cabin to
flight-deck

Art for everyone
Making space for
accessible art

Photo courtesy, The Coca-Cola Company.

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Photo courtesy: The Coca-Cola Company.

As Swire and Coca-Cola say “cheers” to 55 years of partnership, we talk to passionate advocates on both sides about their winning formula. More on page 22.

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150TH
ANNIVERSARY IN
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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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Message from Group Chairman

The New Coronavirus outbreak is causing unprecedented heartbreak, disruption and uncertainty throughout the world and certainly everywhere that the Swire group does business.

Many of the challenges that we all now face on a daily basis have aspects that are beyond our control, so I should like all colleagues to remain focussed on those things over which they can have some influence. The first of these is your family and your immediate circle of friends: everyone's priority must be to ensure a home environment that is as safe as possible, within the context of what is required or permitted by local authorities and, wherever possible, Swire group operating companies will support staff in their efforts to do this. Secondly, individuals can make a significant difference in their local communities, in particular by supporting those who are most at risk from contracting New Coronavirus and, again, group companies will do whatever they can to assist colleagues who wish to contribute in this way. Indeed, this edition of *Swire News* contains stories of initiatives already taken in and around Hong Kong and Greater China, while the next one will feature efforts made by Swire colleagues and companies more widely around the globe. Lastly, when it comes to ensuring that Swire group businesses survive this crisis and are ready to flourish once some degree of normality returns to society and to the economy, we can all play our part in controlling costs, in conserving our capital and in maintaining a focus on the maintenance of the safest possible operational standards both now and in the future.

The Swire group has strong foundations, a wonderful team spirit and an excellent mutual support network. John Swire & Sons Ltd. and Swire Pacific are able and ready to support their businesses as we look to the future and, together, we shall find our way through this crisis.

Barnaby Swire
Chairman
John Swire and Sons Limited
May 2020

Helping combat COVID-19

With the scale of the human costs and global economic impact of the COVID-19 pandemic continuing to unfold, Swire group operating companies have been working hard to find ways in which they can help: by supporting those in their communities who are fighting the virus, as well as those most vulnerable to infection.

In Hong Kong, the Swire Group Charitable Trust has donated over HK\$12 million to St. James' Settlement and the Hong Kong Council of Social Service, to support three projects designed to assist underprivileged members of society; these initiatives have included the distribution of food and disinfectants. The group has also donated RMB 10 million to The Red Cross Society of China to purchase medical supplies and equipment on the Mainland. These donations have helped bring immediate relief to those most in need.

The rapid spread of the virus has caused unprecedented disruption to the global transportation network and also a surge in demand for essential goods, posing significant challenges to the worldwide logistics sector. The Cathay Pacific Group has made use of its network and capacity to fly vital medical supplies, including surgical masks and other personal protection equipment, via its Hong Kong hub to cities across the world. The Cathay Pacific Group has assisted the HKSAR Government by operating 11 charter flights to repatriate

Hong Kong residents stranded in Tokyo and Hubei Province – with all flights being operated by volunteer crew members. Subsidiary airline HK Express has supported the Post Crisis Counseling Network by transporting 1,700kg of medical supplies from Japan to Hong Kong. Cathay Pacific Services has meanwhile set up a temporary mail-handling centre at the Cathay Pacific Cargo Terminal, to assist Hongkong Post in coping with the huge volume of medical supplies in transit.

Swire Coca-Cola and its bottlers from 12 provinces and cities have donated over a million bottles of drinking water and other beverages to local governments, frontline healthcare workers, and workers on hospital construction sites in cities across the Mainland. Around half of the total beverages donated were distributed in 45 days in Wuhan, the city most severely affected, by a special team of staff volunteers formed immediately after the outbreak; Swire Coca-Cola Hubei has meanwhile donated RMB 1.5 million to the Wuhan municipal government to assist its relief efforts and the beverage group has also donated surgical masks and an additional RMB 116,000 on behalf of staff at Swire Coca-Cola Beverages Zhejiang. Swire Coca-Cola Hong Kong has supplied bottled water and other beverages to seven quarantine centres around Hong Kong and has also donated medical supplies and disinfectant to members of The Hong Kong Federation of the Blind.

With the closure of bars, cinemas and other 'high-risk' venues and government tightening of social distancing rules, the retail sector has been hard hit. Swire Properties was one of the first landlords to offer rental concessions and other tailored support to its tenants in Mainland China and Hong Kong, with the aim of helping businesses to keep their operations afloat during these challenging times. In addition, Swire Properties has been implementing a variety of outreach programmes to help sustain local communities. In Hong Kong, the company's staff volunteer network, the Swire Properties Community Ambassadors, have launched "Dial a Lo Yau Gei" – a service to regularly telephone senior citizens who live alone in the Island East district. The Community Ambassadors in Mainland China have also distributed care packs, including food, sanitiser and face masks, to disadvantaged families. Another initiative, funded by Swire Properties Community Caring Fund, is the "Caring Starts from Home" programme, which has distributed 2,800 safety care packs to at-risk frontline workers.

While the coronavirus pandemic will continue to have profound and long-term effects, it is hoped these contributions will go some small way towards sustaining the communities where Swire operates and help equip them to meet the challenges they face.



1 & 2: Cathay Pacific Group charter flights repatriate Hong Kong residents from affected areas.

3: Cathay Pacific transports medical supplies to cities worldwide.

4 - 6: Swire Trust distributes food packs and hand sanitisers to the needy.

7 & 8: Swire Properties provides frontline workers with sanitising products, hot drinks and food.

9: Swire Properties Community Ambassadors help package care-packs for frontline teams.

10 - 12: Swire Coca-Cola delivers bottled water and other beverages to affected areas.

Promoting Hong Kong at Davos 2020

Swire Pacific Chairman, Merlin Swire, and John Swire & Sons Director, Sam Swire, took part in the World Economic Forum held at Davos in Switzerland in January. Swire was invited by the HKSAR government to join the TeamHK delegation at this important world forum where political, business, academic and other leaders in their fields convene to shape global economic agendas. During the four-day conference, Merlin and Sam took part in

Hong Kong Night: Perspectives from Hong Kong – a flagship event organised by TeamHK to promote Asia’s World City and its strengths as an aviation and business hub. Merlin was one of the speakers in a panel discussion on the Greater Bay Area development, during which he shared his thoughts on future opportunities for Hong Kong, leveraging the city’s strengths in global connectivity and its position as an international trading and finance centre.



“The Greater Bay Area – Mobility, Infrastructure and Property” panel (left to right): Dr Jacob Kam, CEO of the Mass Transit Railway Corporation, Merlin Swire and Mr Jack So, Chairman of the Airport Authority, with Geoff Cutmore, CNBC anchor, as facilitator.



At the Hong Kong Night reception are: (left to right) Mr Andrew Chiu, Vice Chairman of the Board of Directors of AMTD International, Mr David Chiu, Chairman and CEO of Far East Consortium International, Mr Jack So and Sam Swire.

Board change



Swire Pacific & Cathay Pacific

Zhang Zhuo Ping has been appointed Executive Director of Swire Pacific Limited and Non-Executive Director of Cathay Pacific Airways Limited with effect from 14th April 2020. He has also been appointed Director of John Swire & Sons (H.K.) Limited and Chairman of John Swire & Sons (China) Limited with effect from the same date. Mr Zhang, aged 48, joined the Swire group in 2002, when he first worked in corporate finance, including on Swire projects in Mainland China. In 2005, he became the Chief Representative of John Swire & Sons (China) Limited, where he was responsible for government relations and business development. In 2008, he moved to Swire Properties Limited as Commercial Director, assisting in the development of Swire Properties’ Mainland China strategy and evaluating new projects. From 2009 to 2011 he was the General Manager of Swire Properties’ Taikoo Li Sanlitun project in Beijing.

2019 Annual Results

Swire Pacific Limited



After an encouraging first half, in which Swire Pacific delivered a continued recovery in earnings and a solid set of results, 2019 proved ultimately to be a challenging year. Social unrest in Hong Kong and global trade tensions (particularly in the second half) had direct and indirect effects on demand in a number of our businesses.

The consolidated profit attributable to shareholders for 2019 was HK\$9,007 million, a 62% decrease compared to 2018. Underlying profit attributable to shareholders, which principally adjusts for changes in the value of investment properties, increased by 109% to HK\$17,797 million. Disregarding significant non-recurring items in both years, the 2019 recurring underlying profit was HK\$7,221 million, compared with HK\$7,489 million in 2018. The decrease was mainly due to a deterioration in the results of Cathay Pacific. Dividends for the full year were maintained at the same level as those for 2018.

The HAECO group reported an attributable profit of HK\$825 million in 2019, compared with HK\$993 million in 2018 on a

100% basis. Disregarding non-recurring items in both years, the recurring profit of the HAECO group in 2019 was HK\$1,059 million, compared with HK\$951 million in 2018. The higher profit primarily reflected reduced losses at HAECO Americas and growth in the volume of work at HAESL.

The recurring profit of Swire Coca-Cola was HK\$1,584 million in 2019, compared with HK\$1,354 million in 2018. Revenue (including that of a joint venture company and excluding sales to other bottlers) increased by 5% to HK\$44,719 million. Volume increased by 2% to 1,786 million unit cases. Revenue and volume grew in Mainland China, Taiwan and the USA, reflecting successful revenue growth management. In Hong Kong, revenue and volume declined.

The recurring loss of the Marine Services Division was HK\$1,347 million in 2019, compared to HK\$1,122 million in 2018. These figures exclude impairment charges, a restructuring provision and a loss on disposal of vessels aggregating HK\$2,287 million at Swire Pacific Offshore in 2019 and impairment charges and write-offs of HK\$3,911 million at Swire Pacific Offshore in 2018. Offshore industry conditions remained difficult. Vessel utilisation rates were higher. However, the oversupply of offshore support vessels continued to put pressure on charter hire rates.

The recurring profit of the Trading & Industrial Division (which excludes net non-recurring losses of HK\$493 million) was HK\$41 million in 2019, compared with HK\$164 million in 2018. The result principally reflected worse results from Swire Resources in the second half of the year and the disposal of the paints business (which was profit making), partly offset by the absence of losses from the cold storage business (which was loss making before its disposal).



(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 Final Results announcement.

Swire Properties Limited



Swire Properties Finance Director, Fanny Lung and Swire Properties Chief Executive, Guy Bradley speaking at Swire Properties 2019 Final Results Analyst Briefing.

Underlying profit attributable to shareholders, which principally adjusts for changes in the valuation of investment properties, increased by 138% to HK\$24,130 million in 2019. The increase principally reflected the profit arising from the sale of interests in two office buildings in Taikoo Shing and in other investment properties in Hong Kong.

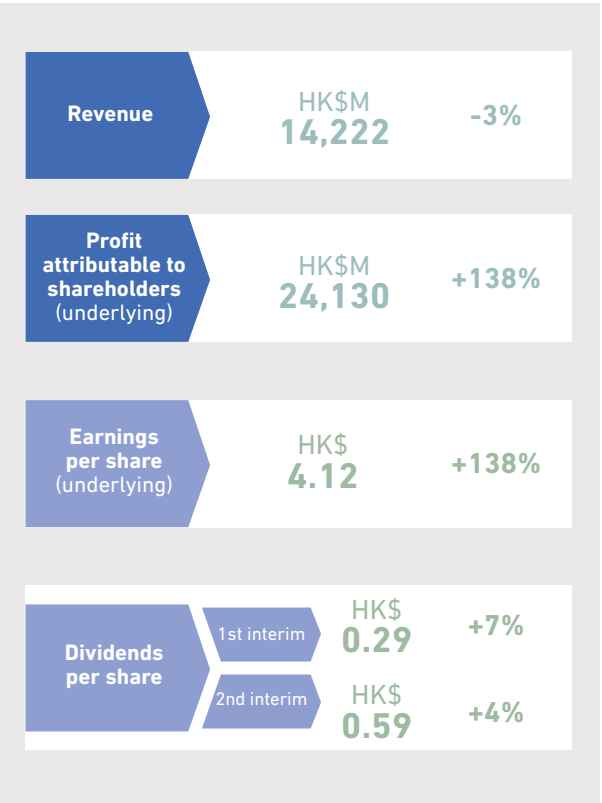
Recurring underlying profit (which excludes the profit on sale of interests in investment properties) was HK\$7,633 million in 2019, compared with HK\$7,521 million in 2018. The increase principally reflected higher underlying profit from property investment in Mainland China. Recurring underlying profit from property investment increased by 3% in 2019. There was satisfactory growth from the Mainland China and USA portfolios, and from the Hong Kong office portfolio.

Gross rental income was HK\$12,271 million in 2019, compared to HK\$12,117 million in 2018. In Hong Kong, office rental income increased due to positive rental reversions, firm occupancy and a full year of rental income from One Taikoo Place, which opened in the last quarter of 2018. However, this was more than offset by a reduction in retail rental income in Hong Kong. This was due to rental subsidies and lower retail sales in the second half of 2019. Disregarding rental subsidies, gross retail rental income in Hong Kong decreased slightly. In Mainland China, gross rental income increased by 8%, mainly due to positive rental

reversions, higher retail sales and firm occupancy. There was satisfactory growth in rental income in the USA, due to improved occupancy and higher retail sales.

The underlying loss from property trading in 2019 related to the residential units in the USA, partly offset by profit from the sale of carparks at the ALASSIO development in Hong Kong and from the share of profit from the sale of offices and carparks at Sino-Ocean Taikoo Li Chengdu in Mainland China.

Hotels recorded a loss in 2019, mainly due to a deterioration in the results of the Hong Kong hotels (reflecting social unrest) in the second half of the year. The performance of the hotels in Mainland China and the USA improved.



Cathay Pacific Airways Limited

The Cathay Pacific Group reported an attributable profit of HK\$1,691 million for 2019. This compares with a HK\$2,345 million profit for 2018. The earnings per share was HK43.0 cents in 2019 compared to an earnings per share of HK59.6 cents in 2018. The Cathay Pacific Group reported an attributable profit of HK\$344 million in the second half of 2019, compared to an attributable profit of HK\$1,347 million in the first half of 2019 and an attributable profit of HK\$2,608 million in the second half of 2018. Cathay Pacific and Cathay Dragon reported an attributable loss of HK\$434 million in the second half of 2019, compared to an attributable profit of HK\$675 million in the first half of 2019 and an attributable profit of HK\$1,253 million in the second half of 2018.

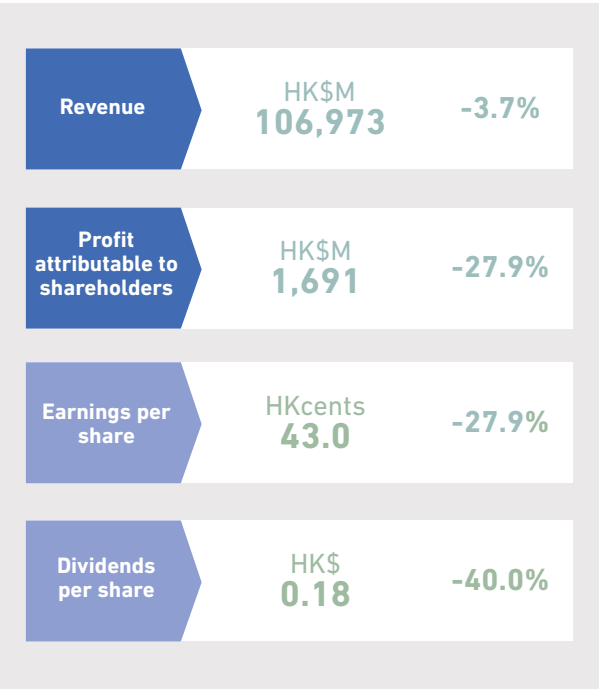
Overall, passenger and cargo yields were under intense pressure in 2019 and both were below those seen in 2018. Events in Hong Kong in the second half of the year significantly reduced load factors, forward bookings and the number of passengers the Group carried. Inbound traffic was hit hard, particularly on short-haul and Mainland China routes, while outbound traffic also decreased. Demand for premium travel was weak and the Group became increasingly reliant on lower-yielding transit traffic. The Group carried 0.7% fewer passengers in 2019 than in 2018.

Cargo demand was depressed all year as a result of US-China trade tensions and was noticeably below that of 2018. However, it did pick up later in 2019 during the traditional high season, reflecting new consumer product, specialist airfreight shipments and restocking ahead of holiday periods. Exports from Mainland China and Hong Kong to trans-Pacific and European markets were more encouraging later in the year. Nevertheless, the cargo business performed significantly below expectations in 2019.

The Group benefited from lower fuel prices for most of the year, but was adversely affected by a strong US dollar. There was a 2.7% decrease in non-fuel costs per available tonne kilometre ("ATK"), reflecting its focus on productivity and efficiency as part of the Group's successful transformation programme.



Cathay Pacific's senior management team (left to right): Chief Financial Officer, Martin Murray, Chief Executive Officer, Augustus Tang, Chairman, Pat Healy, Chief Customer and Commercial Officer, Ronald Lam and Chief Operations and Service Delivery Officer, Greg Hughes.



The non-statutory accounts (within the meaning of section 436 of the Companies Ordinance (Cap. 622) (the "Ordinance")) in this document are not specified financial statements (within such meaning). The specified financial statements for the year ended 31st December 2018 have been delivered to the Registrar of Companies in Hong Kong in accordance with section 664 of the Ordinance. The specified financial statements for the year ended 31st December 2019 have not been but will be delivered to the Registrar of Companies in Hong Kong in accordance with section 664 of the Ordinance. Auditor's reports have been prepared on the specified financial statements for the years ended 31st December 2018 and 2019. Those reports were not qualified or otherwise modified, did not refer to any matters to which the auditor drew attention by way of emphasis without qualifying the reports and did not contain statements under section 406(2) or 407(2) or (3) of the Ordinance.

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.

Leading the way in sustainable management

In January, Sino-Ocean Taikoo Li Chengdu was awarded a 'triple' LEED EBOM ("Existing Buildings: Operations and Maintenance") v4.1 Platinum certification by the US Green Building Council. This certification recognises the mall's sustainable operations and management. It also acknowledges building standards that address energy efficiency, water conservation, site selection, material selection, day lighting and waste reduction issues, to offer maximum benefit to the environment and building occupants.

Sino-Ocean Taikoo Li Chengdu was the first LEED EBOM v4.1 certified shopping mall in China and is the world's first open-plan, lane-driven and retail-led mixed-use development to be awarded Platinum certification, demonstrating Swire Properties' commitment to putting environmental considerations at the heart of its business model.



Accelerating innovation in real estate

In December, The Middle House in Shanghai hosted an UrbanLab Demo Day, bringing together 12 tech companies as part of Mainland China's first corporate property technology accelerator. UrbanLab was established last year as a collaboration between Swire Properties, JLL and Ping An Urban Tech, to foster technological innovation in China's real estate industry.

The UrbanLab Demo Day provided an opportunity for the 12 tech companies selected to participate in the programme to give updates on their progress and present the results of their proof-of-concept trials with their assigned partner companies. One of the selected tech companies was GIGA, which has partnered with Swire Properties to create an environmental leaderboard for tenants at the company's Shanghai mixed-use development, HKRI Taikoo Hui. This data platform engages tenants by communicating key environmental metrics, for example real-time air quality data, in an easily understandable way and aligns closely with Swire Properties' SD2030 strategy.



Twelve tech companies gathered for the UrbanLab Demo Day at The Middle House hotel on 17th December.

New conference facility at Highlander Hotel

On 30th January, the Coral Sea Hotels Group hosted an event for the business community in Mount Hagen to launch the new Highlander Hotel Conference Centre. The new facility can accommodate up to 300 guests and provides state-of-the-art audio visual, call conferencing and other technological capabilities, all complemented by the highest standards in catering and hospitality services. Mount Hagen is the gateway to the Highlands region: Papua New Guinea's food basket, and a thriving hub for the agricultural and tourism sectors. Through its investment in the Highlander Hotel and of other commercial ventures, including Pacific Palms Property's Hagen Central Development, Steamships is demonstrating its ongoing commitment to this economically and culturally important PNG destination.



The new facility provides an ideal environment for business symposiums.

1,000th input

In January, HAECO Xiamen celebrated a milestone 1,000th aircraft input from the Cathay Pacific Group. The company hosted a reception to mark the redelivery of the Cathay Pacific Boeing 747-8F aircraft (B-LJB) attended by officials from the Civil Aviation Administration of China ("CAAC") Xiamen, the Hong Kong Civil Aviation Department ("HKCAD"), as well as Cathay Pacific management.

The enduring partnership between the two companies dates back to 1996, when HAECO Xiamen commenced operations. Over the past two decades, HAECO Xiamen

has provided airframe services, line services, passenger-to-freighter conversions and cabin modifications on a wide range of aircraft types for the Cathay Pacific Group, including Boeing 747 and 777, as well as Airbus A320, A330 and A340 aircraft. The company will continue to enhance its safety and quality standards to provide the Cathay Pacific Group with best-in-class maintenance, repair and overhaul services. HAECO Xiamen will commence servicing Cathay Pacific's A350 fleet in mid-2020.



At the ceremony are (left to right): HAECO Xiamen's Chief Operating Officer, Jacqueline Jiang, and Chairman, Summit Chan; HAECO Group CEO, Frank Walschot, Neil Glenn, Cathay Pacific's Director Engineering, Mr Simon Li, Former Director-General of the HKCAD, Mr Cai Wenwei, Deputy Director General of CAAC Xiamen Safety Oversight Administration, Robert Taylor, Cathay Pacific's General Manager Engineering Operations, and Richard Kendall, HAECO's Group Director Airframe Services.

Catalysts for positive change



The three Cathay ChangeMakers for 2020 are (left to right): Alman Chan, Eni Lestari Andayani Adi and David Yeung.

In January, Cathay Pacific named its new ChangeMakers for 2020: three Hong Kong people who are making significant contributions to environmental protection, youth development and cultural inclusion – three key pillars of the airline's community engagement strategy.

As Hong Kong's home airline, Cathay Pacific is able to provide innovators and advocates for positive change with a platform to connect to important people, places and experiences. The three Cathay ChangeMakers who have received this year's awards are David Yeung, an environmental advocate who has helped create sustainable and healthy lifestyles as the co-founder of Green Monday; Alman Chan, the principal of Christian Zheng Sheng College and the founder of School Without Doors, and Eni Lestari Andayani Adi, the founder of the Association of Indonesian Migrant Workers and chairperson of the International Migrants Alliance. By creating opportunities for these leaders to reach a broader audience, it is hoped that different social issues can be addressed in a lasting and effective way.

HAECO expands GES network

In March, HAECO Group announced its acquisition of Jet Engine Solutions LLC ("JES"), an aero-engine MRO company based in Dallas, Texas. JES specialises in quick-turn repairs and lease returns for commercial aircraft engines, and with its strong reputation in the US aviation industry, the acquisition forms part of HAECO's strategy to grow its Global Engine Support ("GES") business.

This strategy also includes the opening of a new GES facility near Amsterdam, in the Netherlands, where the European Union Aviation Safety Agency Part 145-approved facility is located just 20 minutes by road from Schiphol Airport. The development of the HAECO Global Engine Support network adds 'hospital' and in-field engine maintenance to HAECO's existing service offerings. Together with the Group's Rolls-Royce and GE engine overhaul businesses, HAESL and TEXTL, HAECO now provides a comprehensive range of services – from on-wing repairs to full performance restoration – for a wide range of the most modern engines operating on commercial aircraft.



Building for a sustainable future

Swire Coca-Cola USA has installed solar panels on its new sales centre at Yuma, Arizona. At 70,328 square feet, the new facility is more than three times the size of Swire Coca-Cola USA's existing Yuma sales centre, which it replaces. It is anticipated that the solar panels will generate 100% of the electricity the building requires, thus aligning with one of Swire Coca-Cola's key sustainability pillars: mitigating climate change.

A cool new idea



The Carnot refrigeration system at USCS Turlock North.

United States Cold Storage ("USCS") has installed a new refrigeration system at its warehouse at Turlock, California, that is unique amongst its 42 cold store locations. The Turlock warehouse is dedicated to the receipt, storage and shipment of Blue Diamond brand almond products and ingredients, including a wide range of almonds, almond powders, flours and oils. To eliminate risk of contamination by accidental exposure of these products to anhydrous ammonia – a commonly used refrigerant – alternate technology was sought and the plant has opted for ammonia-free technology developed by Canada's Carnot Refrigeration. The unique Carnot transcritical CO₂ refrigeration system uses CO₂ gas, thereby eliminating the environmental and safety hazards associated with ammonia, and it also offers improved energy efficiency and reduced water consumption, making it a sustainable choice for USCS.



Advancing tea science

Finlays has joined the Tea Advisory Committee of the Global Tea Initiative for the Study of Tea Culture and Science (“GTI”): an initiative of the University of California, Davis – the USA’s leading agricultural university.

The GTI’s mission is to promote global understanding of tea and it aims to be a hub for international tea research, developing educational programmes and increasing engagement with consumers, professionals and other stakeholders.

Joining the committee as a Charter Leadership Member, Finlays will provide a vital source of industry expertise and play an influential role in advancing the initiative and its aims. Finlays is also providing internships to UC Davis students involved in the GTI, helping to bring a new generation of talent into the industry. Finlays will be part of the GTI committee for at least five years and will be also be involved in its Education Sub Committee.

Swire Shipping strengthens commitment to Asia Pacific region with new-generation vessels

The China Navigation Company’s first 2,400 TEU* newbuild vessel, *MV Changsha*, entered service in March. The vessel has been deployed on Swire Shipping’s Southeast Asia to Papua New Guinea and Solomon Islands service. Built by CSSC Huangpu Wenchong Shipbuilding, *Changsha* is part of a wider order book of eight large feeder container ships (four 2,400 TEU vessels and four 2,750 TEU vessels) scheduled for delivery in 2020, and marks the latest phase of a fleet renewal programme that began in 2015. These modern vessels are designed to offer maximum flexibility, including non-containerised and project cargo capability, with the needs of Swire Shipping’s customers and markets in mind. Optimised hull forms provide enhanced fuel efficiency and head an extensive range of eco-design features that have significantly reduced the ships’ environmental footprint.



(* TEU = Twenty-foot equivalent units, i.e. cargo capacity measured by volume of standard 20-foot shipping containers.)

CNCo launches new vessel

On 18th February, the China Navigation Company (“CNCo”) named and launched its new bulk carrier, *MV Singan*, at Hakodate, Japan; the vessel is scheduled to be delivered at the end of April. Mrs Kaori Imoto, the wife of JS&S Board Director, Jonathan Swire, was the lady sponsor for this vessel at a ceremony to celebrate the vessel’s transfer from land to water for the first time.

Singan is the first of the two Namura 34k dwt bulkers currently under construction for CNCo at Namura Shipbuilding in Hakodate. The second, *MV Sungkiang*, is scheduled to be launched in the middle of April and will be delivered at the end of June.



Mrs Kaori Imoto and Mr Yoshinori Sekikawa, President of the Hakodate Dock Company, hold a photo of the launch of CNCo’s first *Singan* in 1889.

Major windfarm contract



Mr Mats Vikholm, Head of Wind Farm Design, Vattenfall (left) and Mikkel Gleerup, CEO, SBO, (right) sign the contract on *Pacific Osprey*’s bridge.

Swire Blue Ocean (“SBO”) has signed a contract with Swedish energy company, Vattenfall, for the transportation and installation of turbines at the Hollandse Kust Zuid wind farm, off the coast of the Netherlands. It is expected that SBO will take approximately one year to complete the campaign, from loading the first turbine parts for transport, to installing the last turbine.

SBO’s windfarm installation vessel, *Pacific Osprey*, will transport and install approximately 140 Siemens Gamesa Direct Drive offshore turbines – the newest and largest generation of wind turbines – which are expected to be rated with a capacity of up to 11 MW. By then, the vessel will be upgraded with a 1,200-ton crane with a boom 15 metres longer than the original, and a 4,300 square-metre deck area to meet the needs of transporting, lifting and installing turbines of this scale. *Pacific Osprey* is one of the few Windfarm Installation Vessels currently capable of installing the new generation of turbines and this contract demonstrates SBO’s ability to adapt to the rapidly evolving offshore energy market.

Saving lives at sea

In February, Swire Pacific Offshore's *Pacific Wrangler* rescued three fisherman lost at sea while supporting Japan Drilling's semisubmersible rig, *Hakuryu 5*, off Natuna, Indonesia. The three men were spotted clinging



Preparing to transfer the three fishermen to *Pacific Valour* using the platform crane.

to floating debris by one of the SPO crewmembers while carrying out his routine patrol. Other crewmembers assisted him to help the three men scramble aboard *Pacific Wrangler* and alerted the ship's and rig personnel.

The men were from Belibak Island, a small island east of Matak, and put to sea to fish on 27th January. Towards the end of the week, the weather deteriorated and their wooden fishing boat later broke into pieces in three-metre swells.

Since *Pacific Wrangler* was required to remain offshore as the designated storage vessel for the rig, the three men were transferred to SPO's *Pacific Valour* and taken to Matak. The platform crane was used to carry out the vessel-to-vessel transfer and as it was the first time that these fishermen had been lifted using the basket, a thorough check and safety briefing was carried out beforehand.

Sustainability efforts recognised

Swire Properties won a total of six awards at the Hong Kong Management Association's Hong Kong Sustainability Awards 2018/2019, held in November. The company secured the event's highest recognition, the Grand Award in the Large-Sized Organisation Category, as well as four Special Recognition Awards for its economic, social, and environmental performance, and for innovation.

Entrants were judged in a three-stage process, with Swire Properties winning out against competitors who included China Light & Power, the Airport Authority, Hong Kong Electric, New World Development and Towngas. Swire Properties' efforts to integrate sustainability into every facet of its business, as well as its staff's endeavours to live up to the "SD Starts With Me" promise were highly commended.



Swire Properties Chief Executive, Guy Bradley (right), receives the Grand Award recognising the company's commitment to sustainability.



A variety of Vespa models – from the latest GTS 300 Super Tech to the limited edition Primavera S – were on display at the 2020 Taipei International Auto Show, held during December and January. Yuntung Motors, distributor of the iconic Italian scooter brand, was joined as an exhibitor at the show by Taikoo Motorcycle, which distributes classic US motorcycle brand, Harley-Davidson.

Swire Coca-Cola clinches multiple awards

In November, Swire Coca-Cola China won the Excellent Organisation & Employee Health Award at the 2019 Best Employer of Excellent Workplaces Awards. Jointly organised by people.cn Shanghai and Yicai Media Group, the award scheme aims to promote a positive work culture and environment. Swire Coca-Cola China was recognised amongst more than 1,000 entrants for its efforts to provide a nurturing work environment and particularly for its promotion of gender equality in the business.



Daniel Feng, Swire Coca-Cola's Head of Bottler IT - China, accepts WeChat's Annual Intelligent Service Award.

Meanwhile, in December, Swire Coca-Cola HK Limited received the NEXX INSPIRE Leader Award 2019. The awards are organised by the Hong Kong Trade Development Council and Network of EdTech Hong Kong ("NEXX") to recognise outstanding business organisations and individuals who promote social innovation through creativity, design thinking, shared values, education and technological innovation. Swire Coca-Cola HK's commitment to environmental sustainability, exemplified by its launch of reverse vending machines and promotion of the bring-your-own-container ("BYOC") culture to help reduce the use of single-use plastics, was particularly commended.

In January, Swire Coca-Cola was presented with an Annual Intelligent Service Award by multifunction messaging app, WeChat. Since its official launch in 2017, Swire Coca-Cola's Wechat platform has been widely used by its over 20,000 employees across Mainland China, Hong Kong and Taiwan and has resulted in enhanced efficiency and greatly improved internal communication. The platform's key functions include news and announcements, work reporting and online learning. Swire Coca-Cola is expected to collaborate with WeChat in building an innovative digitised sales platform, connecting customer touch points in order to achieve enhanced growth.

Outstanding safety performance

In December, Swire Pacific Offshore ("SPO") was presented with a safety award by Reliance Industries Ltd ("RIL"), India's largest private sector hydrocarbon company, in recognition of its strong commitment to safety, contributing towards a 'recordable incident free' year in RIL's ongoing drilling campaign.

The award ceremony was held at RIL's headquarters in Mumbai and was attended by senior management from Reliance Industries and other key service providers. The charter with RIL commenced on 24th August 2018, with SPO's *Pacific Aurora* providing support to RIL at their R Cluster and SAT cluster offshore gas fields in the Krishna Godavari Basin off the east coast of India. The vessel was contracted by RIL for six firm wells, followed by eight six-month extension options.



(Left to right): Mr Claudio Tigre Maia, RIL Drilling Superintendent, presents the award to Chris Thor Illum, SPO's Regional Manager, HSEQ and Nithin Menon, SPO's Country Manager, India.

Coastal conservation



Stephen Soco, one of the CNCo volunteers, planting mangrove seedlings.

A group of five seafarers from CNCo joined a coastal conservation exercise at Sarangani Bay in the Philippines in November. The project is part of an on-going partnership with Endangered Species International ("ESI") to protect and restore coastal mangroves and coral reefs, with the aim of protecting the endangered Philippine forest turtles (*Siebenrockiella leytensis*) and enhancing their biosphere to encourage population growth. The CNCo volunteers – Francis Carias, Frank Banico, Stephen Soco, Earl Candelita and Rico Alvarez – planted 400 mangrove seedlings in the Sarangani Bay Protected Seascape area and also learned how to use abandoned fishing nets to make sacks in which to collect plastic waste and other debris. The group collected 424kg of non-biodegradable waste along the shoreline. They also had the opportunity to snorkel in Malapatan Marine Protected Area and to learn about coral reefs and various fish species found in the coral ecosystem. A highlight was seeing an adult turtle; the area is also home to endangered dolphins, dugongs, and whale sharks.

Protecting young girls from cervical cancer

Steamships has been funding Spacim Pikinini Incorporation ("SPI") since June 2019, supporting the charity's efforts to raise awareness of cervical cancer and provide free vaccinations for young girls in Papua New Guinea. The funding supports SPI's work in partnership with Boroko Rotary Club and the National Health Department and targets primary schoolgirls in Milne Bay Province. Cervical cancer is the second most frequently occurring cancer amongst PNG women, with thousands dying from the disease annually. With the availability of a safe, highly effective vaccine for HPV – the virus that causes the cancer – it is hoped that unnecessary deaths will be reduced, with the long-term goal of eventually eliminating cervical cancer. The funding initiative is supported by the Steamships Community Grants Programme, and will be continued in 2020.



A young girl receives the HPV vaccination.

CNCo seafarers taking steps to achieve the company's zero waste goal.



Working towards a waste-free future

To achieve its goal of eliminating the use of Single Use Plastic ("SUP") water bottles on board its ships, CNCo has distributed reusable water bottles to its seafarers and has also installed reverse osmosis units on its vessels to provide potable drinking water.

CNCo's two business divisions, Swire Shipping and Swire Bulk, have both significantly reduced SUP water bottle consumption since setting the sustainability target in 2018. Swire Bulk has reduced SUP use by 70% overall and Swire Shipping has halved consumption on a number of its ships, with two of its vessels using no SUP bottles at all over the past six months. Plastic pollution is a major issue for the world's oceans and CNCo is determined to achieve its goal of zero SUP water bottles, thereby reducing its contribution to the plastic waste stream.

Combating the Australian bushfires

Earlier this year Australia experienced its worst bushfire season to date. Unprecedented numbers of people, wildlife and properties were lost. Fires impacted most states and required the help of thousands of volunteers.

A number of staff from Kalari and HSE served as volunteer firefighters, assigned to tackle the blazes and help contain the spread across Victoria, New South Wales and parts of South Australia. One of the volunteers was Nick Ferguson, a Driver Trainer with Kalari, who was deployed as fire crew leader on Kangaroo Island in South Australia, where bushfires devastated the island's unique wildlife.

Nick's task was to help farmers protect their properties by controlling embers and preventing further flare-ups caused by the heat contained in the roots of burnt vegetation. Nick also helped save a local pub being burned down, after fire spread to an adjacent property.

Attending these scenes was emotionally taxing. Says Nick: "I'd be crazy if I said I didn't have moments that got to me, like seeing the affected wildlife. In transit you'd

see a koala on the side of the road, singed and looking around at how their world has changed". Despite this, Nick says there was nothing quite like the interaction with the farmers and people he was called on to help: "There's something about giving freely without expecting anything in return that's quite liberating".

Meanwhile, Swire Shipping and Swire Bulk Australia have provided both financial and practical assistance to those impacted. In the catastrophic fires, Clifton Creek Primary School, a tiny school in south-eastern Victoria with just 10 students – mostly with special needs – was completely destroyed. The school was built in 1911 and – reflecting the values of the small rural community – was not only a place for students to learn, but also a centre where the local community came together for various annual events. In cooperation with Port of Melbourne, Swire donated and arranged transport of a 40-foot shipping container packed with donated goods from Foodbank for the school and the Clifton Creek community.



Nick Ferguson (left in front row) oversaw a team of four volunteer firefighters tackling blazes across Kangaroo Island, in South Australia.

Art for everyone



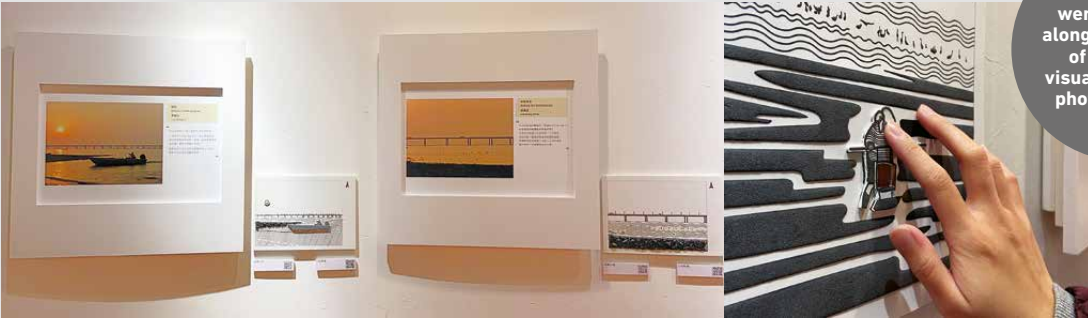
Paint'scape showcased artworks by 22 artists with disabilities.

One of the Swire Group Charitable Trust's ("Swire Trust") key missions is to create positive change through art. This vision focuses heavily on arts accessibility and education for the disabled and disadvantaged, as well as using the arts as a means to address social issues. The Swire Trust has been providing funding to the Arts with the Disabled Association Hong Kong ("ADAHK") since 2006, helping to promote the arts and artistic talent amongst people with disabilities, in order to foster social integration and create equal opportunities in the arts world.

ADAHK is dedicated to providing platforms for artists with disabilities to showcase their talent. Paint'scape, a community arts exhibition held in July 2019, featured a selection of landscape paintings by both amateur and professional artists with disabilities, offering participants the opportunity to express their worldview, while viewers had the chance to experience a different perspective on familiar landscapes interpreted according to the artists' own personal narratives.

Through its programme of workshops and professional training, ADAHK aims to develop and nurture disabled artists' talent, and promote excellence in their work. And by providing people with disabilities with more opportunities to experience art in all its forms, the association hopes to promote an inclusive society, where cultural enrichment is available to all.

To further this aim, ADAHK is advocating for the inclusion of Arts Accessibility services under the HKSAR Government's rehabilitation policy. Arts Accessibility means overcoming the barriers that prevent disabled people from engaging with art, by providing such facilities as wheelchair access, appropriate signage, braille information, tactile maps, audio description and theatrical interpretation for a range of art forms including drama, dance, music and film, as well as the visual arts. By improving accessibility, it is hoped that people of all abilities can participate in and enjoy culture and the arts to the fullest extent possible. For further information about the project or the Swire Trust, please contact swiretrust@jsshk.com.



Tactile images were exhibited alongside a series of photos by visually-impaired photographers.

High-flying pioneer

Curious, fearless and focused – recently qualified Second Officer Christina Ho believes in giving things a try. The fine arts graduate explains how she found herself on the flight deck of an aircraft as a Cathay Pacific pilot after starting as cabin crew– and how she hopes to inspire others to follow her lead.



What first attracted you to the job of cabin crew?

After graduating with a fine arts degree I did various nine to five jobs in art and design. But I am a person who wants to try new things. I like travelling, I knew that Cathay is a Hong Kong company with a good reputation, and I knew about the job of cabin crew from recruitment posters. I thought it was a very good opportunity. I like to connect with people, I like to work with people – and I enjoyed dealing with passengers in the cabin. This job also gave me the chance to handle pressured situations. When I was a junior staff-member, a passenger collapsed in the aisle – it happened right in front of me. I thought “I have been trained for this” so I followed the procedure and took care of the situation with other crew members. I realised that I am calm under pressure, I don’t panic.

What drew you to change path and train as a pilot?

Working as cabin crew gave me an insight into aviation. I don’t have family members working in the industry, so it was the job of cabin crew that opened my mind to the possibility of becoming a pilot. I realised that “pilot” isn’t just a word in the dictionary, because I saw pilots at work on the flight deck.

The turning point came when I booked a jump seat on the flight deck as a passenger (a perk of being airline staff). I saw the whole operation of the flight from the deck and then I understood what pilots do at different stages of the flight, how they communicate and how they multitask. Being a pilot is challenging and I like a challenge. I felt like this role was for me. That was the first time I ever thought I wanted to be a pilot.

“Don’t listen to people who say you can’t do something because it is too hard. You don’t know how hard anything is until you try!”

How did you make the move onto the flight deck?

First, I needed to know that I really wanted to do this – so I did some ground classes and trial flights. I also did some extra study to be sure that I would be able to handle the job. Once I felt prepared and ready, I applied for the Cathay Cadet Pilot Scheme. The selection process is rigorous and took about six months. I was accepted onto the scheme, which involves an intensive course in Australia.

What were the challenges you faced in training?

As I do not have a background in mathematics or physics, I needed to work extra hard compared to the others. Also, while many other pilot training courses can run for up to a period of three years, Cathay’s takes just 53 weeks – which means you are doing the equivalent of three days’ work in one. It requires a lot of hard work and discipline. You need to get each task done, then focus on the next one and you must look after your health.

There was also one solo flight which I found particularly challenging. I was faced with difficult operating conditions and a number of interruptions during the flight, but despite all these, I did my best landing ever – because I was concentrating so hard and remembering everything I had been taught. I learned a lot about myself, especially how I react in stressful situations, so it ended up being great experience for me.

What are your plans for the future?

Every pilot wants to be a captain one day – but I’m not in a rush, I want to learn. There are many great senior staff here who have given me plenty of good advice and can teach me a lot. One day, I’d really like to be a training captain so I can pass my knowledge onto my trainees. Because, when you teach people, you also learn from them – they give you back something new.

What advice would you give to other women considering the role of pilot?

Go and try and believe in yourselves! Women are doctors and lawyers but so few (only around five percent) become pilots. Maybe it is because, like me, they just didn’t consider it as a career. When I first started, I didn’t know anything about the job – but I knew that I could learn. Don’t listen to people who say you can’t do something because it is too hard. You don’t know how hard anything is until you try!

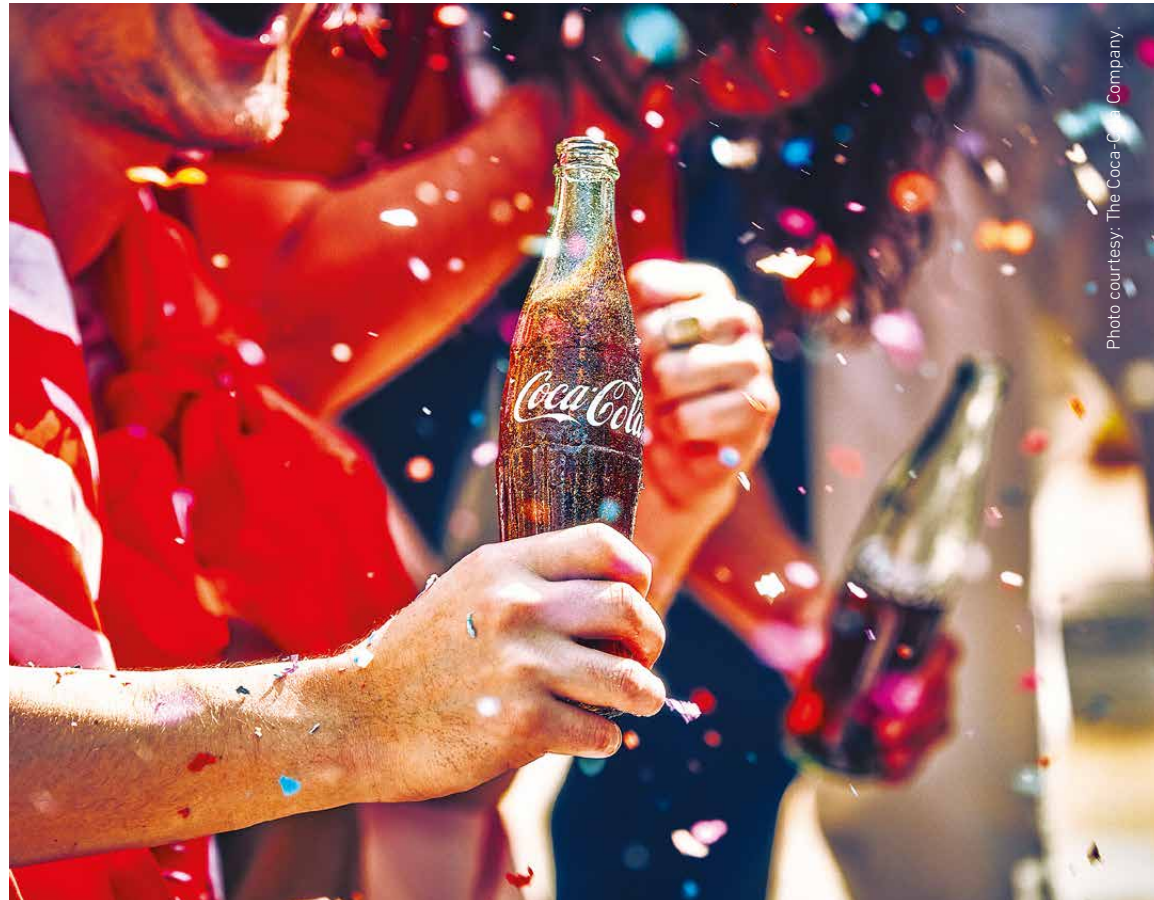


Photo courtesy: The Coca-Cola Company.

A sparkling future

As Swire and Coca-Cola say “cheers” to 55 years of partnership, we talk to passionate advocates on both sides about what makes the relationship work and how they’re preparing for the next chapter in their growth story.

Swire Coca-Cola’s
Managing Director,
Karen So and
Chairman, Pat Healy.



“I can’t think of anything quite like it in the business world.” Pat Healy, Chairman of Swire Coca-Cola, isn’t one to mince his words when it comes to describing Swire’s 55-year partnership with one of the world’s biggest beverage companies and brands.

To say that the partnership has endured well into its sixth decade would be an inadequate description. Rather, it has grown and prospered in ways that could scarce have been imagined when, with the acquisition of Hong Kong Bottlers Federal and its Lai Chi Kok bottling plant, in 1965, Swire became the franchised bottler and distributor of Coca-Cola and its brands in Hong Kong.

Today, Swire partners The Coca-Cola Company in four markets – Mainland China, the United States, Hong Kong and Taiwan – and serves a franchise population of 736 million customers. Under its franchise model, The Coca-Cola Company is responsible for brand development, core marketing, consumer research, portfolio, R&D and manufacture of the beverage base for its products. Bottling partners take care of bottling, packaging, distribution, customer relationships and commercial execution.

Expanding on what he calls “an incredibly effective symbiotic relationship”, Healy comments: “The global bottling system has given Coke an edge in global expansion which is reflected in its speed to market. The exact system and formula varies across different markets, but it ensures both partners are aligned to work together to drive value.” He adds:



Photo courtesy: The Coca-Cola Company.

Manolo Arroyo envisions a bright future for the partnership with Swire.

“Coke’s absolute commitment to its global partners underpins its global success. These relationships are built on decades of mutual trust.”

That sentiment of mutuality and common goals is echoed by Manolo Arroyo, The Coca-Cola Company’s Asia Pacific Group President and Global Chief Marketing Officer. “Swire and The Coca-Cola Company share a common set of values and growth behaviours,” he says. “In my view, the secret formula for our strong and long-standing partnership is a shared purpose – to refresh the world, and to create a more sustainable business and better shared future that makes a difference in people’s lives, communities and our planet.”

Following exceptional revenue growth in 2019, Healy and Arroyo are agreed that huge opportunities lie ahead for further growth across all of Swire Coca-Cola’s markets. But they are also conscious that this year’s milestone offers the chance to celebrate the journey so far and to reflect on how the wealth of experience gained can anchor and shape strategies for future success.

Scaling up

The world of 1965 was, of course, very different to that of today. One small detail is that Hong Kong’s vendors took delivery of Coke from yellow trucks. These were later replaced by vehicles in Coca-Cola red, but most of the operational differences between

then and now are less cosmetic. From bottling and distributing three beverages brands in 1965, Swire Coca-Cola now has 61 in its stable, from sparkling drinks such as Coke and Sprite to juices, energy and wellness drinks, teas, water and more. It has gone from having one bottling plant to 26 (18 in Mainland China, six in the US and one each in Hong Kong and Taiwan), and produces more than 400 times as many cases of beverages as it did when it started. Today, Swire Coca-Cola is the fifth largest bottler by volume in the global Coca-Cola system.

According to Karen So, who served as Executive Director – China Operations before taking up the reins as Managing Director of Swire Coca-Cola last year, three significant phases stand out in the partnership's growth trajectory. The first of these began in 1978 with the acquisition of the company's first Coca-Cola franchise in the US, and continued

over the next decade with further expansion in the US market. That was followed by a watershed moment in 1989, when The Coca-Cola Company invited Swire to be its partner in the brand's return to Mainland China.

So states: "The third and most recent phase has been with our recent expansion in the USA, between 2014 and 2017, and Coca-Cola's re-franchising in China in 2017. Those developments have grown our franchise population in the USA almost five-fold, from six million to 29.8 million people, and increased it by more than 60% in China, from 420 million people to 674.9 million people. In both markets the company now operates larger contiguous territories, which introduces better economies of scale into our supply chain and many other aspects of our bottling operations. Against this backdrop, we've been able to focus our strategic priorities and deliver impressive revenue growth."

Swire Coca-Cola offers an extensive portfolio of beverage products.



An appetite for change

If there is a stand-out indicator of what might power the next phase of Swire Coca-Cola's sales growth story, Healy describes it neatly. "Per capita consumption today in our Mainland China territories is less than 50 servings of our beverages per person per year," he says. "In Hong Kong and the USA that number is over 200. So the opportunities for growth in China are enormous as we expand our portfolio across many new categories of soft drinks – coffees, teas, juices, waters, sports drinks, energy drinks, plant protein drinks and more besides."

As Arroyo puts it: "We're just getting started in China. With an urban middle class of 400 million with tremendous spending power, and new emerging economies in rural cities and towns, China remains one of the major engines of global growth for the future."

For So, the long-term growth outlook for the global beverage industry is enormously positive. She comments: "The global market's total retail value is \$1.6 trillion. Not only is there great scale, but the Non-Alcoholic Ready To Drink segment ("NARTD") is growing at 4.3% per annum – faster than packaged foods and household products."

What is also clear is that higher market share awaits those operators who are best able to leverage digitalisation and technological innovation. "Digitalisation is one of our core strategic priorities, particularly in the Mainland China market where there is a strong appetite to embrace digital change," says So. "It is very exciting to be operating in such a dynamic market right now." She expands: "On the supply chain side, we have been using digital tools to assist with our planning, to monitor the performance of our manufacturing facilities and to track our logistics operations. With regards to in-store execution, one key tool is our mobile sales force application, which helps boost the effectiveness of our fantastic sales force. We're also using image recognition to grow our share of visible inventory – by collecting real-time data on in-store operations, the technology tells us about consumer purchasing trends and allows us to fine-tune our marketing and operations

Ray's story



Few people can embody Swire Coca-Cola's commitment to sustainable value creation, or to people and communities, better than Ray Leung, a Sales Promotion Supervisor in Hong Kong who joined the business 37 years ago. "Having been with the company for so long, I really feel like it's one big extended family," he says. "I'm lucky to have a job that I truly enjoy, but there's also a big sense of everyone working together for a common goal."

In his previous job as a bus driver, Leung had seen Coke bottles being loaded and unloaded at North Point Ferry Pier – and he felt the pull of the brand.

"Being a Coca-Cola fan myself, I felt really proud when I finally got to join the team," he recalls. "Back then, we reached out and found new customers directly, on the road. Each van sales team had a fixed route and as we went around we would attract groups of 'fans' – mainly kids who loved Coca-Cola and got excited when they saw our trucks coming. The friendships I built with some of our customers have lasted for decades. In fact, my wife was working for a customer of ours – an electronics manufacturer – when I first met her!"

Swire Coca-Cola uses image recognition technology to collect information about consumer preferences.



accordingly. Another key competitive advantage is that we have the world's largest fleet of connected coolers."

She also believes current consumer trends highlight very specific opportunities for growth. These include the increasing popularity of functional beverages that boost physical performance, health or hydration, demand for smaller portion sizes, such as multi-packs and mini-cans, and a desire for more sustainable packaging such as the 100% rPET bottles in which Bonaqua is now sold in Hong Kong.

Says So: "Companies need to continue to innovate their products and then quickly reform their supply chain, sales and distribution systems to launch and support these products in the market. The organisation of the global Coca-Cola system encourages both rapid innovation – with one option being to 'lift and shift' successful innovations from one market to another – and a flexible supply chain, with partners of scale that are able to quickly support these new products."

Meanwhile, Swire Coca-Cola is focusing on sustainability, and will this year launch a comprehensive strategy, with key priorities focused around water stewardship, waste reduction and climate protection. This includes working to increase water efficiency and achieve a positive water balance in its operations, setting a target to recycle the equivalent of 100% of the packaging in which Swire

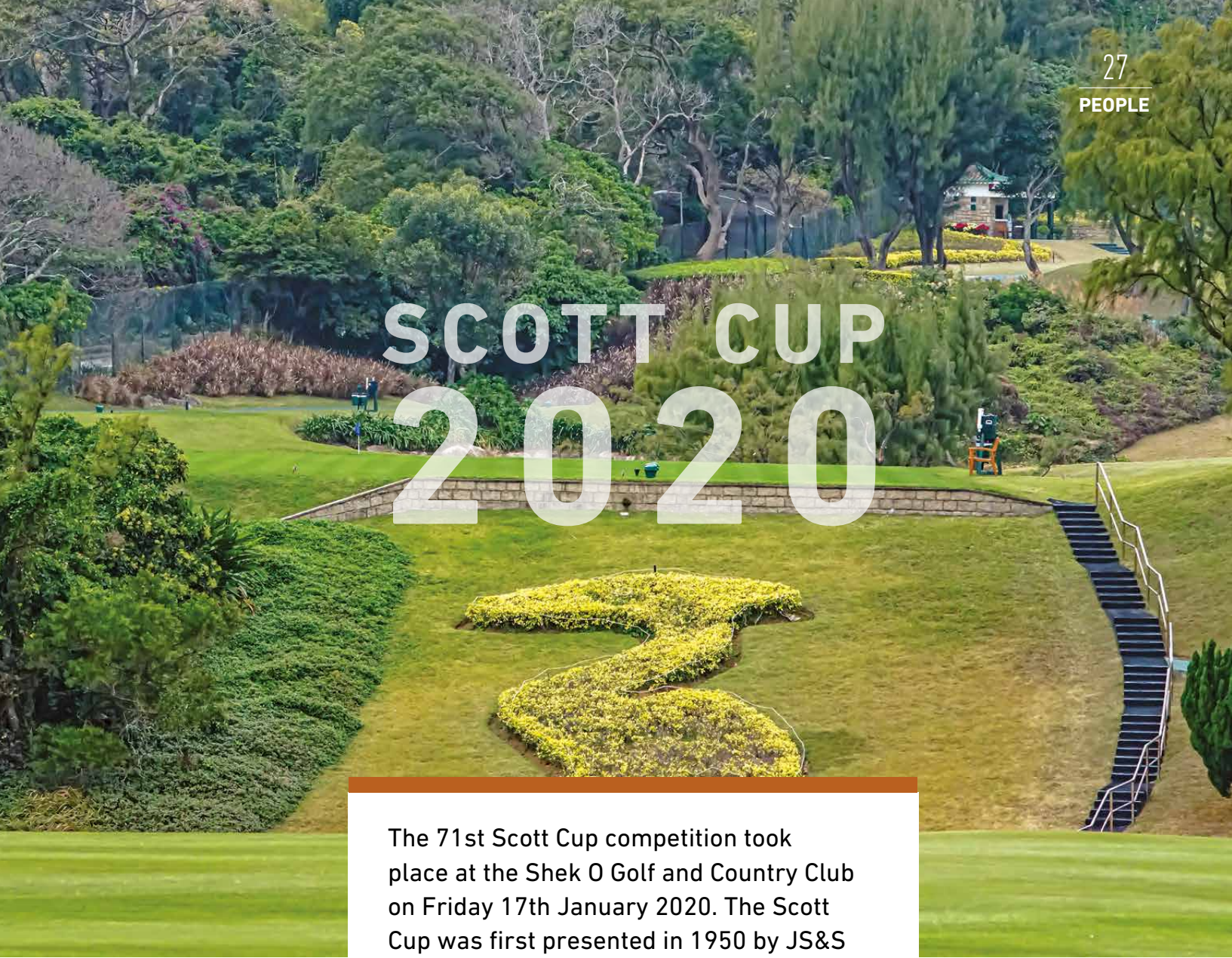
Coca-Cola products are sold by 2030, and limiting greenhouse gas emissions from company operations to levels that are consistent with reductions required to keep global warming to below two degrees Celsius. There is also a drive to increase diversity and inclusion within the organisation, partly through implementing measures to promote equal gender representation at all levels of the business.

Toasting the future

Asked where Swire Coca-Cola will be in five years' time, when the partnership reaches its 60-year milestone, Karen So responds: "Our vision of success for 2025 is to be a leading bottler in the global Coca-Cola system. This is defined by having a leading market share in all our markets, sustainable revenue and profit growth, and world-class commercial execution – but also by us being a leader in digitalisation and sustainability."

Those yardsticks strike a chord with Pat Healy, who comments: "We continue to invest in everything from cold drink equipment to new production lines, new bottling plants, sales and distribution centres, fleet and digital infrastructure. This level of continuous investment speaks volumes for our confidence in the future of the bottling business." He adds: "Three factors common to all Swire businesses – an unrelenting focus on people that drives an undying team spirit, excellence in execution over time and across regions, and a focus on doing the right thing for long-term sustainable profit growth – are what has made the business successful and will continue to do so."

For his part, Manolo Arroyo observes that Swire Coca-Cola's strategy for sustainable success mirrors many of the commitments and targets adopted by the global Coca-Cola system. He remarks: "I'm deeply impressed by how Swire encourages a growth mindset and social conscience, which allows the team to adapt quickly to meet evolving market demands while always ensuring its business is held rightly to greater accountability and sustainability. "I firmly believe that our shared values and purpose will ensure the success of our partnership for the next 55 years and beyond."



The 71st Scott Cup competition took place at the Shek O Golf and Country Club on Friday 17th January 2020. The Scott Cup was first presented in 1950 by JS&S Director, John Swire Scott, who decided that a golf tournament would be a suitable sporting event for an annual gathering of Swire staff from around the group. The Alethea Scott Rose Bowl trophy for ladies was presented by his wife, Alethea, in 1964; while the Taikoo Cup – for the leading score achieved by a Hong Kong-based player – was introduced by the group's Chairman, Sir John Swire, in 1973.



Eddie Tsao is presented with the Taikoo Cup.



(Left): Martin Murray from Cathay Pacific wins the Men's Nearest the Pin.

(Right) Richard Gould from Swire Coca-Cola receives the Wooden Spoon.



The winner of the Rose Bowl, Yumiko Noguchi, and the winner of the Scott Cup, Matthew Young, receive the trophies from Merlin Swire.



Six overseas winners from regional competitions in Mainland China, Japan, Kenya, Singapore, Taiwan and the UK played in the Scott Cup this year, together with 49 entrants from Hong Kong, making up a total field of 55 players.

The weather was favourable, with little wind and mild sunshine. As a result, the standard of scoring was high. The winner of the Scott Cup, with a Stableford score of 41 points playing off a handicap of 18, was Matthew Young of John Swire & Sons (HK). The runner-up was Kelvin Ng from Swire Properties, with a score of 40 points off a handicap of 18.

The Taikoo Cup went to Eddie Tsao, also with a score of 40 points. Eddie had just retired from Cathay Pacific Catering

Services in December 2019 and joined the competition as the spouse of Vera Yuen of Cathay Pacific.

The winner of the Alethea Scott Rose Bowl, with a score of 36 points, was Yumiko Noguchi, who won the Rose Bowl in 2016. The runner-up was Vera Yuen, also with a score of 36 points. (In the event of a tie, the winner is decided by the highest number of Stableford points on the final nine holes of the course.)

The winner of the Men's Longest Drive was Alexander Chow of Cathay Pacific. Martin Murray of Cathay Pacific won the Men's Nearest the Pin on both Hole Number 4 and Hole Number 17. The Award for Sportsmanship (better known as the Wooden Spoon) went to Richard Gould of Swire Coca-Cola.

The Ladies' Nearest the Pin Prize on Hole Number 4 was won by Caren Li of Swire Properties, and on Hole Number 17 by Rita Ng of HAECO. The Ladies' Nearest the Line on Hole Number 13 was won by Susan Lee of Cathay Pacific.

The Chairman of John Swire & Sons (HK) Limited, Merlin Swire, and his wife Laura, kindly presented the trophies and hosted the prize-giving party at the Shek O Bungalow.

Congratulations to all the winners. The 72nd Scott Cup and 58th Rose Bowl will take place at the Shek O Golf Club next year on 15th January 2021.

Reports from the regional qualifiers

UK

On 12th June 2019, golfers representing John Swire & Sons, Swire Oilfield Services, Finlays, Swire Bulk and Cathay Pacific met for the UK Scott Cup qualifier at the Royal Wimbledon Golf Club. It was lucky that the rain held off for most of the rounds during the wet summer season, especially since a deluge in the afternoon stopped further play. The course played well and remained a tough challenge. The winner was Graham Hall, the win being all the more impressive given this was Graham's first visit to the course. It also meant that Finlays retained the trophy. Prizes were also awarded for big hitting Alan Robson (Swire Oilfield Services) for Longest Drive and accurate Paul Smith (Cathay Pacific) for Nearest the Pin.

Mainland China

The Swire Mainland China Scott Cup qualifier was held at Mission Hills Golf Club Haikou in Hainan Province on 29th November 2019. A total of 20 players took part in the competition. The event started at 1pm, after a warm-up round, and finished at 6pm. O'Neal Qin, Cathay Pacific's Area Manager Shanghai & Jiangsu was announced the winner.

Japan

The Japan Scott Cup qualifier was held on 27th May 2019 at Taiheiyō Club, Narita Course. Twenty-eight players participated this year and the winner was Seigo Eshima, Duty Airport Operations Manager, from Fukuoka.

Southeast Asia

The Southeast Asian Scott Cup was held at Sentosa Golf Club on 8th November 2019. This year the weather was not so kind and the play was suspended by a lightning warning. Fortunately, play resumed after an hour and in the end everyone managed to complete their round. This year the top prizes were dominated by China Navigation's Swire Bulk division picking up both Nearest the Pin and Longest Drive and Paolo da Silva winning the trophy with a respectable score of 37 Stableford points. There was a good battle for the Wooden Spoon with Florent Kirchhoff finally claiming the prize.

Taiwan

Scott Cup Taiwan 2019 took place on 24th October at Sunrise Golf Country Club in Taoyuan County. The weather was sunny and a total of four teams – 13 players – took part, representing Cathay Pacific, Cathay Dragon and Taikoo Motors. This year's champion was Johnny Yang from Cathay Pacific. Several prizes were also given away for Nearest the Pin and Longest Drive. Derrick Chan, Swire Pacific's Director Trading & Industrial, thanked all the players for their participation and support for this meaningful annual event.

North America

The North American Scott Cup was held on 11th October 2019 at the English Turn Golf and Country Club in New Orleans, Louisiana. The event was hosted by Swire Oilfield Services and 31 golfers from Swire Coca-Cola, China Navigation, United States Cold Storage, Swire Oilfield Services, Swire Properties, Finlays and Cathay Pacific participated. The Sportsmanship award was given to Fernando Dragonne of Cathay Pacific. The Low Gross Award for a gross score

of 74 and a Stableford score of 37 went to Rusty Frain of Swire Coca-Cola. The second-place award with a 38 Stableford Score and a gross score of 74 went to Todd Andrews, also of Swire Coca-Cola. The first-place winner of the tournament was Swire Oilfield Services' very own Tré Aucoin with a Stableford Score of 43 and a gross score of 81.

Kenya

The Scott Cup qualifier was held on 9th November at Kericho Golf Club, in the Rift Valley Province in western Kenya. There were 66 participants, who played in typically fine Kericho weather. The tournament was open to Finlays staff and Kericho Club golfers.

Job Kaibei emerged as the winner with 34 points, playing off a handicap of 15. Chris Birgen was runner-up with 33 points, while Sammy Kirui and Eunice Korir took third and fourth positions respectively.



Finding her niche

When Tamara Palefsky joined United States Cold Storage ("USCS") in the summer of 2008, she was jobless and temporarily living at home in Tracy, California. Dad, Steve Palefsky, was Operations Manager at USCS Tracy and it was Steve who persuaded Tamara to take a temporary position as Shipping & Receiving Clerk. Within four years, her natural interest and aptitude for operations helped her rise through the ranks to Assistant Superintendent and the customer knowledge and communication skills she gained along the way helped open other doors too.

In 2016, USCS selected Tamara for an eight-month business analyst programme at its Voorhees headquarters in New Jersey. There, she provided real-life operations and customer needs information to IT programmers working on the company's new PHENIX platform, which consolidates USCS's warehouse, transportation and online management systems into a single, web-based information platform.

After this, the company shifted Tamara into broader Northern California roles related to continuous improvement and

enhancing customer-warehouse interface and in January 2018, she was promoted again to Western Region Manager of Continuous Improvement and Measuring Achievement through Recognition and Coaching ("MARC").

"It's always great to see individuals develop and in some cases create their own roles as they grow. Tamara definitely fits this description, as she has continued to challenge herself," says Chris Harrington, USCS Director, Northern Central Valley – California.

For her part Tamara feels as though she's grown in a job that is well suited to her natural interests and over the last dozen years, USCS has become like a second family to her: "There are many things I love about my current role, but I guess if I had to pick one, it would be the ability to create special relationships with everyone around the company," she says. "It is truly special to walk into a facility and know everyone from every department, and not only know them, but call them friend."



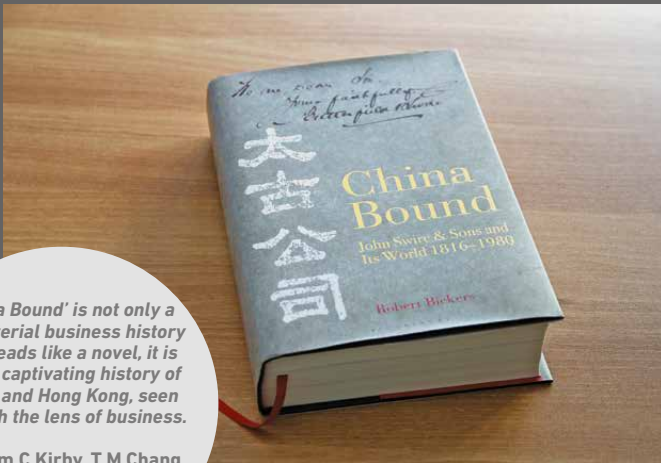
International Women's Day 2020

In support of International Women's Day on 8th March and in line with its global campaign theme of #eachforequal, the Swire Women's Network launched an internal campaign that included a series of interviews with female leaders, highlighting how individual staff across the Swire group can make a difference by challenging stereotypes and biases, broadening perspectives and celebrating women's achievements. With a commitment to raising awareness, developing partnerships and impacting policy change, the network aims to strengthen the female talent pipeline and support women's career development and advancement within the group.

Staff at Cathay Pacific's Mumbai Town Office striking the "hands out" equal pose – a reflection of the International Women's Day 2020 campaign theme of #eachforequal.



China Bound



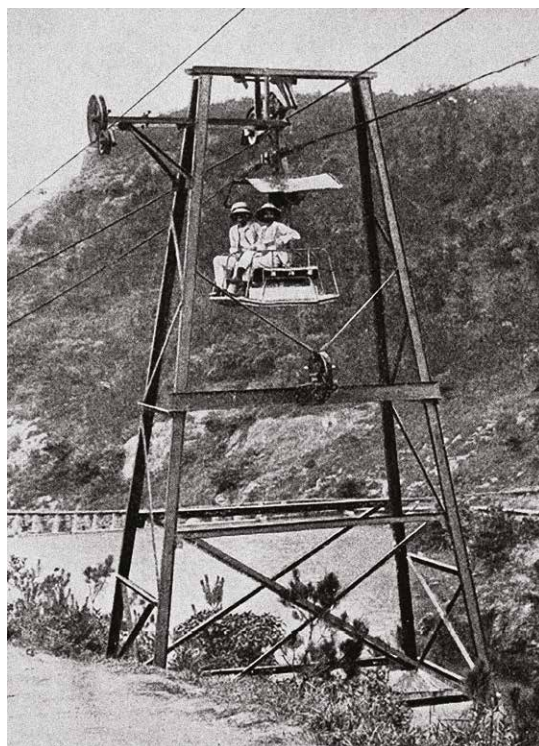
'China Bound' is not only a magisterial business history that reads like a novel, it is also a captivating history of China and Hong Kong, seen through the lens of business.

William C Kirby, T M Chang
Professor of China Studies,
Harvard University

Published in March 2020, China Bound is the sixth book by Robert Bickers, Professor of History at Bristol University and renowned historian of modern China. China Bound charts the story of John Swire & Sons, its family owners and staff, its operations, its successes and disasters, as it endured wars, uprisings and revolutions – China's, Britain's, Japan's – and the twists and turns of the global economy.

This book has been some years in the making. Eight to be precise. Professor Bickers was approached by JS&S in 2012 to see if he might be interested to write a new, updated, history of the firm. All were agreed that this was to be Professor Bicker's book, his words, his interpretation, his 'warts and all' account. Granted unfettered access to the Swire archives the project took Professor Bickers to unexpected places – both geographic and figurative – and the scale and timeframe for the book grew accordingly.

"China Bound: John Swire & Sons and its world, 1816 – 1980" by Robert Bickers (ISBN: 9781472949943) is published by Bloomsbury and can be purchased from them online; it is also available from good bookshops.



High-wire act



Foundations of the cable car pylons can still be located today.

Two European staff cross the refinery's reservoir in 1899. The unusual headgear worn by the man on the left is a variation on the standard-issue solar topee worn by Victorians in the tropics as a protection against the sun; this one was designed to facilitate a flow of air to the scalp.

The term “cable car” tends to conjure images of snow-clad mountains in Europe. But in fact the world's first aerial cable car system designed to carry passengers rather than freight was built in Hong Kong – and it belonged to Swire.

The Taikoo Sugar Refinery opened for business at Quarry Bay on Hong Kong Island in 1884 – the establishment of the factory on a remote, green-field site leading to the development of an entire ‘company town’ to service its 24-hour-a-day production schedule. By 1892, Taikoo was employing almost 2,000 people and Taikoo Village would be further enlarged by the construction of Taikoo Dockyard in the early 1900s.

At their peak, the sugar and dockyard businesses supported a workforce of about 6,000 and with their dependants a community of maybe five times that number, serviced by shops, recreational and welfare facilities and a school. Swire also provided a variety of benefits and amenities to attract skilled managerial staff from

overseas. One initiative was the creation of a summer hill station for senior staff and their families. Located 1,000 feet above sea level on Mount Parker, the “Sanitarium” provided summer accommodation at a time when outbreaks of “Hong Kong fever” (malaria) and bubonic plague were common.

The “aerial tramway”, completed in 1892, enabled staff to commute conveniently between this seasonal home and the refinery below. At roughly a mile and a half in length, it consisted of two fixed steel cables supported on pylons, carrying two six-person cars. Propulsion was provided by a steam-powered winch located at the lower terminal and the tramway worked on a counterweight system, with the winch pulling one car down and using its weight to pull the other car up.

By the 1930s, with plague eradicated in Hong Kong and innovations such as electric ceiling fans making summertime at sea level more bearable, the Sanitarium had become

an expensive luxury. After an unsuccessful attempt to sell, the company tore down the buildings and the cable car system in 1932. Traces of its whereabouts can still be found however, and Swire's Archive Service has recently joined forces with a local heritage group to produce a hikers' guide to the area, which is now part of Tai Tam Country Park. The group has located the foundations of 24 of the pylons used to support the cable system – and believes one is yet to be found. They have also mapped an old trail that follows the cable car route, and have identified the foundations of the Sanitarium, as well as an old rifle range used by staff for target practice. These remnants can all be located with the aid of a new leaflet produced by the Archive Service with funding from the Swire Trust. You can obtain an electronic or a printed copy by contacting the Swire HK Archive Service archiveservice@jsshk.com with your mailing information.