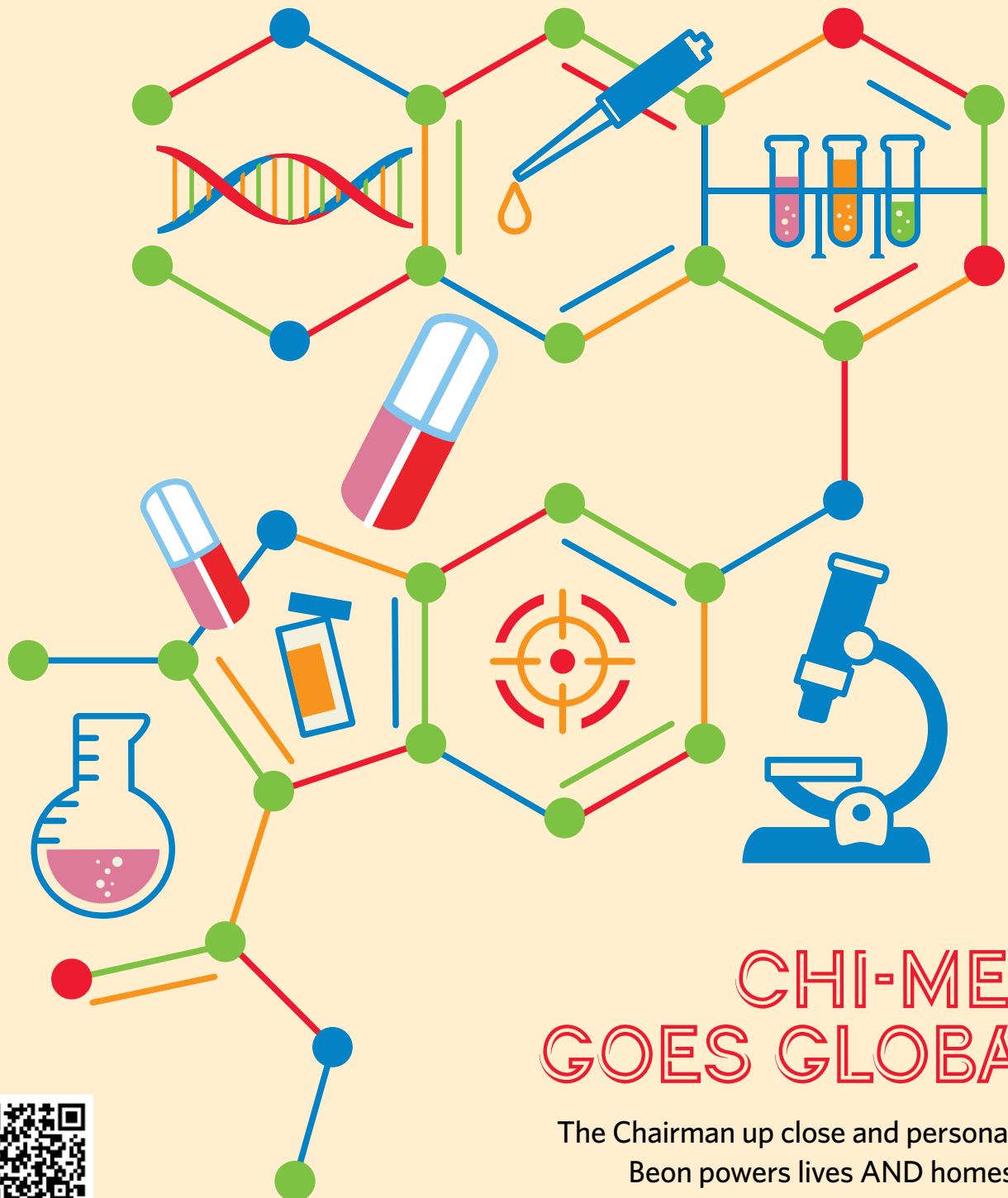


Sphere

#46 2019

INTERNATIONAL JOURNAL OF THE
CK HUTCHISON GROUP



CHI-MED GOES GLOBAL

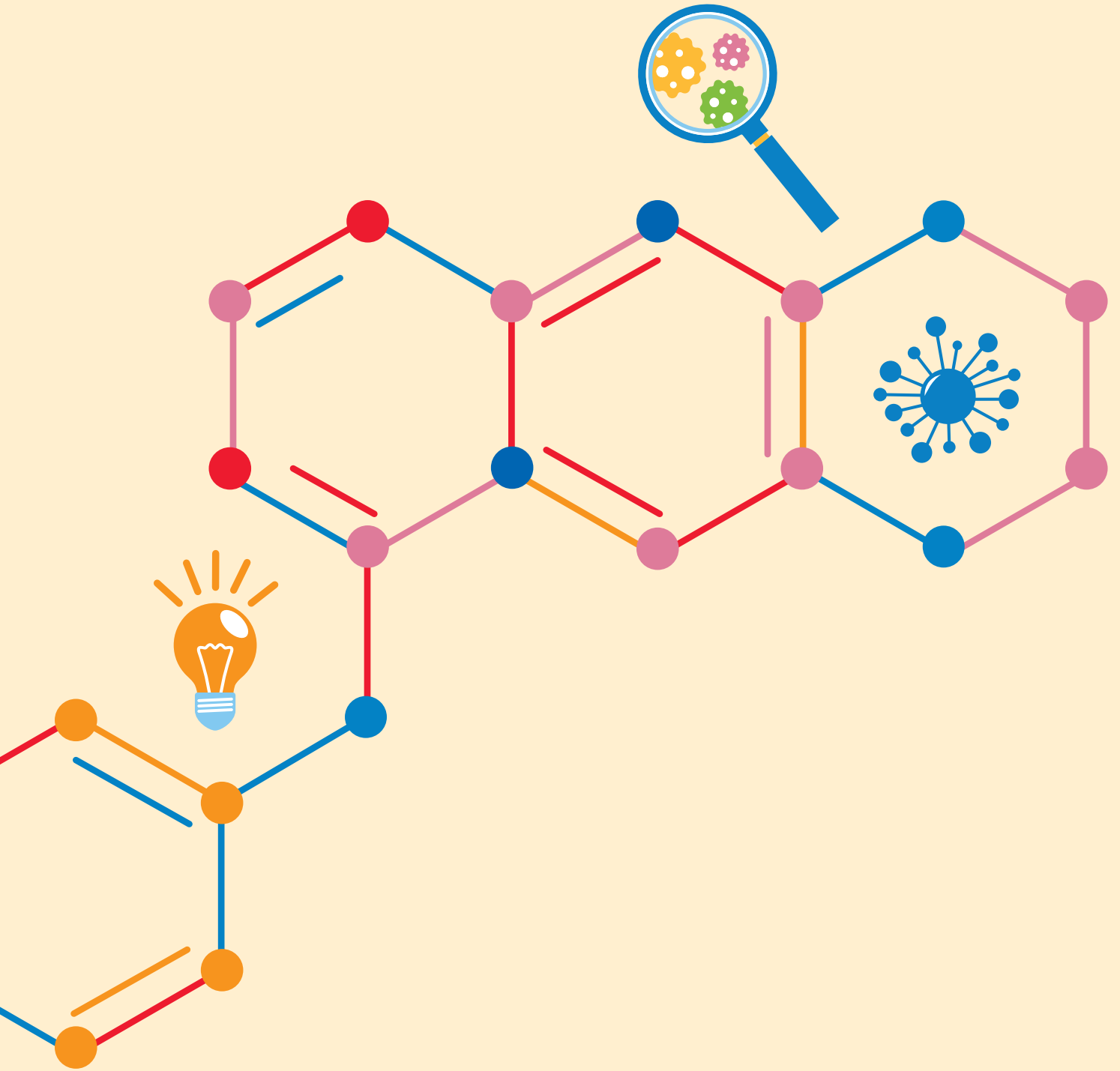
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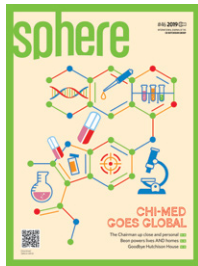
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Sphere Magazine #46
March 2019

Cover Illustration

Jessica Li

Chi-Med has cancer in its cross hairs. This cover graphically portrays the deep science that underpins the development of Chi-Med's newly discovered molecules into full-blown medicines.



“It is my belief there is always something to learn from everyone.”

Victor T K Li
Chairman

W E L C O M E

ADVANCING THROUGH STABILITY


Innovation is crucial to the future growth of the CK Hutchison Group and, indeed, any successful venture of scale. It arises from an environment where people learn from one another and where diversity in thinking is encouraged. Chairman Victor Li affirmed his confidence in a learning environment in his first address as Chairman to the Annual Dinner in Hong Kong, saying “It is my belief there is always something to learn from everyone”.

Beon Energy Solutions agrees. This Australian energy firm is pioneering a business model which upskills local workers facing special employment challenges. Instead of undertaking an expensive and temporary programme of importing skilled labour, Beon's approach sees everyone learn. It transforms local lives and communities and is an innovative model that could be used around the world.

A long-term commitment to innovation has seen Chi-Med mark a historic first as its home-grown single-molecule-based medicine, Elunate[®], was given unconditional approval to treat colorectal cancer in China. Chi-Med is growing its infrastructure to bring its lifesaving drugs to patients in Europe, the US, Canada, Australia and more.

With all this innovation, sometimes we must say goodbye to a physical marker of history. Hutchison House in Hong Kong will be retired this year and a 41-storey modern building will rise in its place.

The Group's past will not be forgotten in the face of this constant renewal. As Chairman Li said, “We continue to build on CK Group's heritage and adhere to the motto of ‘advancing without forgoing stability’”.

With that, we march onwards! 

 CK HUTCHISON HOLDINGS LIMITED

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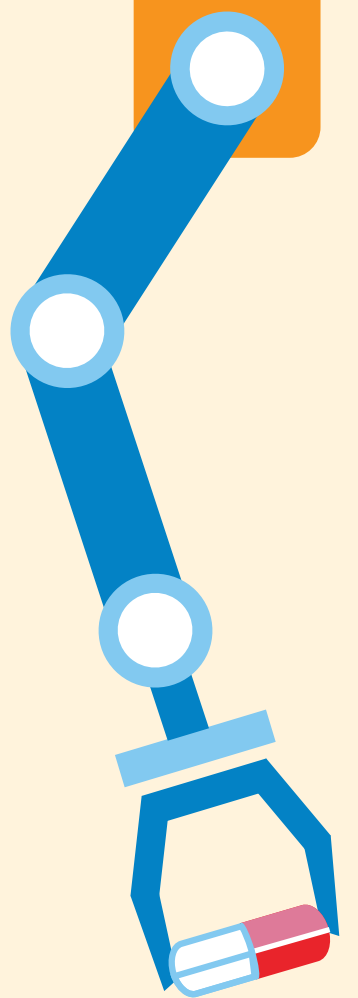


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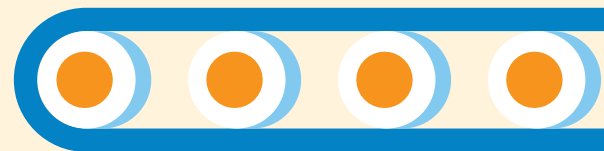
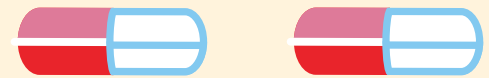
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T O



COVER STORY

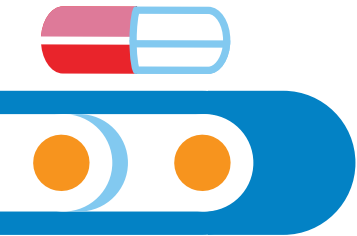
CHI-MED GOES GLOBAL

Chi-Med is seeing the fruits of an 18-year journey. From a blank whiteboard to the first China-sourced CFDA-approved cancer drug, it is joining the global pharma sector's top ranks.

COMMUNITY FEATURE

Beon's solar power lights up lives

Beon Energy Solutions' Australian solar power projects don't just energise homes - they light up lives. A community-centred approach transforms whole communities, bringing light and hope.



CORPORATE FOCUS

The Chairman's inaugural Annual Dinner

Chairman Victor Li gets up close and personal with colleagues at the CK Group Annual Dinner. He shares his vision for the future and hears from staff members with a new approach at the annual event.

SNAPSHOT

Goodbye Hutchison House

It is time to say goodbye to Hutchison House in Hong Kong. Peek inside the centre of decision-making for the last 40 years.





CORPORATE

New beginnings within the CKHH continuity

Business didn't miss a beat but the senior leadership of the Group did take a moment to celebrate the opening of the new CKHH head office! The traditional roasted pig cutting ceremony heralded the opening as the large team moved from the decommissioned Hutchison House to Cheung Kong Center.



DREAMING OF A GREEN CHRISTMAS

CKHH volunteers went green with hospitalised children and community partners Tung Wah Group of Hospitals and Yan Oi Tong. They shared a Christmas meal and had fun creating ornaments from recycled materials to bring a smile to the children's faces.

INFRASTRUCTURE

SMART AND GREEN

HK Electric's Smart Power Services promotes renewable energy use, smart consumption of electricity and the adoption of energy-efficient appliances and practices. To boost the service launch, the power firm has trained over 50 elderly people to become Smart Ambassadors, spreading the green message to friends and families.



LIGHTS! WIND! ACTION!

EDL's Coober Pedy Renewable Hybrid Project won the "Excellence in Innovation: Productivity Improvement" award at the South Australian 2018 Premier's Awards in Energy & Mining. The project's combination of wind and solar power generation, with battery and diesel backup, shifted the town of Coober Pedy to a power supply featuring 74% renewable energy.



A LITTLE HYDROGEN GOES A LONG WAY

Northern Gas Networks in the UK is part of a consortium testing the introduction of 20% hydrogen into the normal gas supply at Keele University. The regulator-sanctioned HyDeploy programme could lead to widespread adoption, contributing to a low-carbon economy and helping the UK to dramatically cut its carbon emissions. Regulator funding for the second phase of testing has been confirmed for future field tests.

GAS OUT, GAS IN

A depleted gas field has become Australia's third-largest gas storage facility after an A\$74 million major development. The Tubridgi Gas Storage Facility, owned by the Australian Gas Infrastructure Group, enhances energy security and smooths price volatility for the people of Western Australia.



ONEWORLD THROUGH 3

3 Hong Kong is implementing a new strategy for a new era of mobile communications: **3.OneWorld**. The first manifestation is **3.Getaway**, which provides customers with hassle-free data and voice when travelling in 110 countries and regions, and a new O2O2O (online to offline to online) solution through 100 new **3LIVE** Boxes. The **3LIVE** Box will also open new B2C and B2B2C opportunities for merchants, advertisers and payment platforms.



TRE CHIC! 3 SWEDEN'S NEW HQ

September saw the grand opening of **3** Sweden's new headquarters in Stockholm. "Weekday Celebration" was the interior design ethic chosen to match the typically "lively, forward-looking, young, sporty and healthy" staff of Tre (**3**).



Wind Tre gets Italy 5G ready

Wind Tre won a share of the 3,700 MHz and 26 GHz spectra in a national auction, positioning itself to be a vital part of Italy's 5G future. New and existing spectrum holdings enable Wind Tre "to continue to innovate and to deliver high-quality broadband services at attractive prices to our customers across Italy," according to CEO Jeffrey Hedberg. This includes supporting the 5GCity research initiative backed by the European Union.



THE WORLD LIKE 3 DENMARK

3 Denmark's 3LikeHome roaming service now covers new Danish fave travel destinations Taiwan, Malaysia, South Korea and Vietnam.

FLOWER POWER @ HUTCHISON TELECOM TOWER

Free potted plants were handed out to staff following a massive terrarium workshop at Hutchison Telecom Tower. About 400 plants were then used in the tower as part of **3** Hong Kong's "Greening the Office" project.



RETAIL

ASW WELCOMES TECHNOLOGY PARTNERS

AS Watson Group (ASW) takes technology transformation seriously and welcomed 18 partners for ASW Technology Partner Day. These partners, and 15 more to come, work closely with the retail group to drive digital initiatives.

SMILE WITH ASW

ASW business units literally brought smiles to the faces of children in Guizhou, China through procedures that correct for congenital facial defects. The children received free cleft lip and palate surgeries, thanks to the retail group's annual global "Give a Smile" campaign to support its charity partner "Operation Smile".



GOOD MORNING, VIETNAM!

Watsons launched into its 13th market by opening its first store in Vietnam. The nation's biggest city, Ho Chi Minh, now hosts a 2,500 sq ft store offering 6,000 products and a Vietnamese eStore with 8,000 products.

MIRROR, MIRROR ON THE WALL

Who's the highest tech of them all? Watsons is! It has partnered with image processing and social sharing platform Meitu to provide product recommendations with in-app advanced facial recognition technologies. "Magic Mirror" creates an enchanting online and offline shopping experience for customers in Watsons Hong Kong. The partnership also provides a new source of member recruitment in Mainland China.



(From left to right) Mr Dominic Lai, ASW Group Managing Director, Mr Zhang Xuanning, Founder of Yonghui Superstores, and Ms Tian Jiangxue, Deputy General Manager of Tencent Smart Retail, jointly officiate at the launch of "PARKnSHOP-Yonghui".



High-tech shopping giant

ASW and China's Yonghui, two leading retailers, have formed a joint venture backed by one of the world's biggest tech firms, Tencent. PARKnSHOP China will combine with Yonghui superstores to create a 70+ store network in Guangdong, China with 2.2 million loyalty members. Tencent's big data prowess will be brought to bear to transform the retail experience.



PORTS

Cooperating for a competitive Hong Kong port

Hutchison Ports HIT formed the "Hong Kong Seaport Alliance" with other port operators to improve efficiency in the port and Hong Kong's competitiveness in the region. A common terminal operating system will help operators respond to a changing industry environment.

PORTS

GALLOPING INTO A GREENER FUTURE

Hutchison Ports Harwich International became a vital part of the UK's green energy future by launching the construction of a £10 million operations and maintenance centre to support the Galloper Offshore Wind Farm.



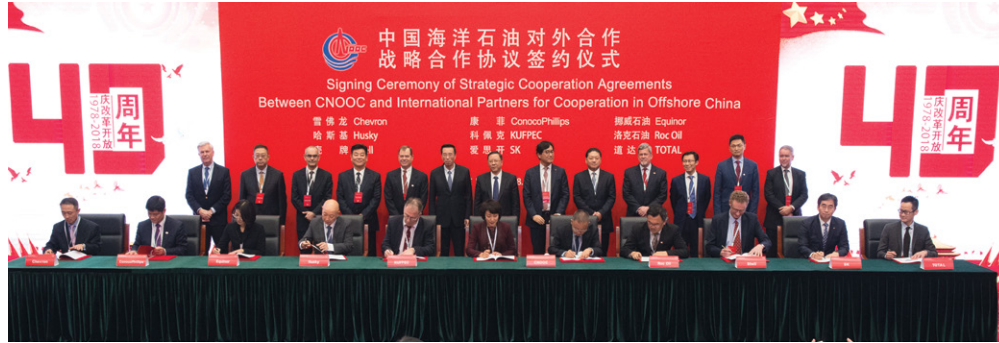
BRINGING BLOCKCHAIN TO THE PORTS

Hutchison Ports became a signatory to a memorandum of understanding (MOU) to develop an open digital platform based on blockchain distributed ledger technology. The MOU to launch the Global Shipping Business Network was signed by port operators and shipping companies alike, helping to create a new global standard.



LEADING IN THE UAE

Hutchison Ports Ajman celebrated the opening of the National Operating Centre for UAE Ports and Hutchison Logistics UAE office in the Ajman Free Zone Building. It also opened its first Remote Inspection facility for the Food Trade Office.



ENERGY

Husky joins international cooperation with CNOOC

Husky Energy was among nine international oil companies that signed a Strategic Cooperation Agreement with the China National Offshore Oil Corporation (CNOOC) to jointly evaluate China's offshore petroleum resources.



THE SEAROSE DRONE ZONE

Husky's SeaRose FPSO is pioneering the use of drones to conduct inspections by highly qualified operators. Drones improve safety and efficiency by obviating the need for people to go into hard-to-reach places, making frequent inspections easier and less expensive.

WELL, WELL, WELL, WELL, WELL, WELL, WELL!

Seven wells are set to flow in the Liuhua 29-1 field after receiving Environmental Impact Assessment approval. First gas is expected in Q4 2020. Let it flow!



OTHERS

GAME ON FOR GAMECO'S NEW FACILITY

GAMECO has secured land to build China's most advanced one-stop aircraft components repair centre and composite repair centre. Breaking earth in Guangzhou in 2019, it will be completed in 2022.



FAMILY

THE CHAIRMAN'S INAUGURAL ANNUAL DINNER

Chairman Victor T K Li addressed an energised audience at the CK Group Annual Dinner. While the world may have its ups and downs, he has confidence in the people around the globe that are moving the Group forward.

The CK Group always celebrates new beginnings – including the start of the new year, and the Chairman's first Annual Dinner in his role! He was as energised and confident as his audience, who got a chance to speak with him directly.

The Chairman has been with the Group for 35 years, lending to the continuity that the organisation enjoys, living up to its motto of "advancing without foregoing stability". He thanked everyone for their hard work and contribution. He noted that he has worked with some of the people there for over 30 years and still learns from them and other team members as "mentors as well as friends", citing the Chinese proverb "in a company of three, there are always teachings".

He launched right into the mutual teaching and learning by visiting tables at the dinner,

spending time chatting with the teams. Chinese dinners can comprise many courses and Mr Li took full advantage, enjoying a course or a drink at each table he sat with.

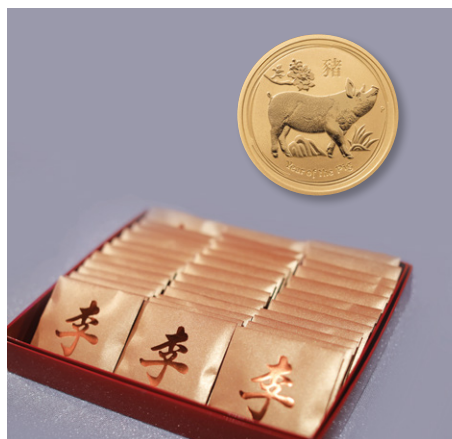
He enjoyed the "active and frank discussions" he requested in his speech, as well as the support and advice of the "many very capable people" at the dinner.

While noting the economic and political uncertainties that prevail around the world, he places his confidence in the global and sectoral diversity of the Group's businesses, ongoing Chinese economic reform and the CK Group's solid financial base, which all buttress the human potential that is expressed every day by the entirety of the Group's family.

Indeed, when he wishes all "a happy, smooth, and healthy New Year!", he has good reason to believe it will come true! □



CK GROUP ANNUAL DINNER 2019



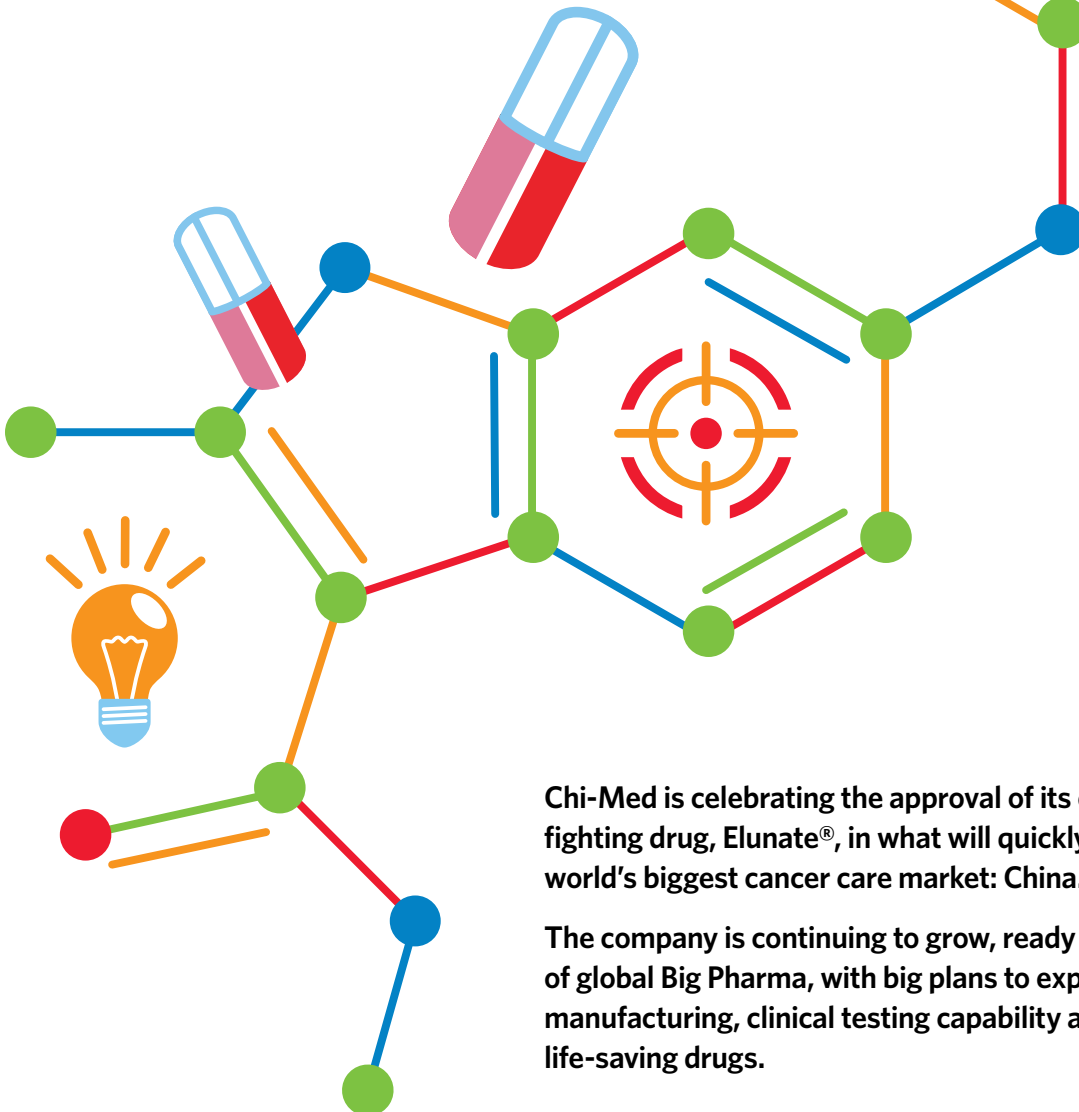
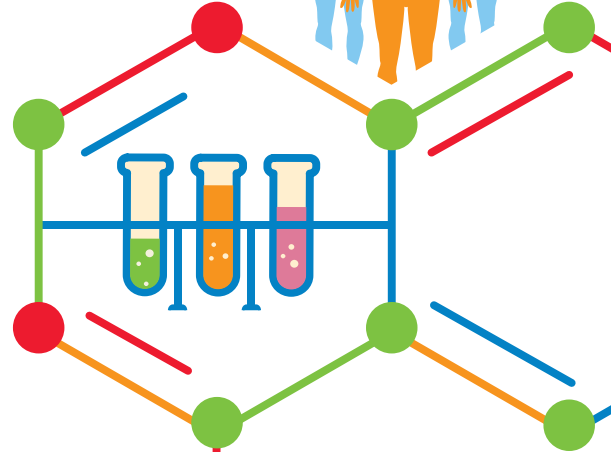
(Above) Chairman Victor Li got up close and personal with staff at the CK Group Annual Dinner, sometimes lending an ear and sometimes bringing the cheer!

(Left) Senior Advisor Li Ka-shing made a special contribution of two Rolex watches and 77 gold coins to celebrate the Year of the Pig, the highlight of the lucky draw.

CHI-MED

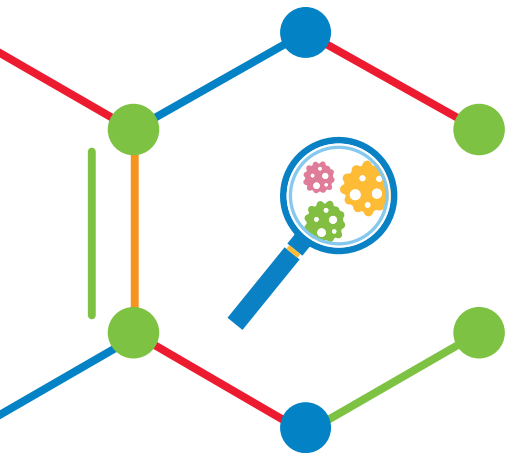
GOES

GLOBAL



Chi-Med is celebrating the approval of its colorectal cancer-fighting drug, Elunate[®], in what will quickly become the world's biggest cancer care market: China.

The company is continuing to grow, ready to join the ranks of global Big Pharma, with big plans to expand sales, manufacturing, clinical testing capability and its portfolio of life-saving drugs.



which had succeeded to “home-grow, discover and develop a drug ... to be unconditionally approved ...”, according to Simon To, Chairman of Chi-Med. Fruquintinib, now selling under the brand name Elunate®, is being prescribed to late colorectal cancer patients in China for whom other front-line treatments against colorectal cancer have failed.

This is a big deal. Modern pharma research almost exclusively sees drugs brought to market by European and American pharmaceutical giants. They scour the world, hoovering up the rights to single-molecule drugs that they shepherd through the expensive and uncertain world of regulatory approval. Support for such drugs is based on their potential for financial success in the best paying economies – the US, Japan, Europe and other rich countries. Mass trials are conducted in those markets and best serve those populations.

In the world of Big Pharma, Chi-Med is the upstart, challenging the status quo as a result of a sustained effort that started almost two decades ago.

VISION

“It’s been 18 years of effort,” says Christian Hogg, CEO of Chi-Med.

It began as a vision in the late 1990s and took form in 2000 with the acquisition of formerly state-owned assets with the aim of turning them around to create a modern consumer healthcare business based on existing Traditional Chinese Medicine (TCM) products.

This is very, very different from the Big Pharma names that you know. Most of the Eli Lillys and Pfizers of the world carry the name of a 19th-century chemist who founded their business in a completely unregulated world of consumer pharmaceuticals (e.g. Eli Lilly in 1876 and Charles Pfizer in 1849).

Mr Hogg was there at the beginning, in 2000. The business acquired to launch Chi-Med was achieving only around US\$20 million in annual sales and was losing money. The first order of business was to improve the product line and marketing and, especially, overhaul the sales force. This was done in short order and the business began to grow – and became profitable. Today it generates over US\$700 million of top-line sales.

More importantly, it has provided the funds and stability needed for Chi-Med to branch out into a relatively risky new direction: developing single-molecule drugs to be potent weapons in the war against cancer. Over the years, the profits from the consumer business gave Chi-Med



Chi-Med, more formally known as Hutchison China MediTech Limited, has been on a long journey with no guarantee of success. In the late 1990s, a whiteboard and a new CEO were the beginning. From that audacious start, a beautiful win has arrived: a new drug that brings hope to patients fighting one of the most pervasive variants of cancer, with over 1.8 million new cases diagnosed globally every year.

A FIRST IN FIGHTING CANCER

In mid-2018, Chi-Med joined an elite group of pharmaceutical companies



Chi-Med is the upstart, challenging the status quo.



Global Reach



Chi-Med is currently building the ability to conduct clinical trials for its portfolio in Canada, Australia, the US and Europe. As Mr To says, “Chi-Med is consistently making significant progress towards its goal of being an innovative global biopharmaceutical company, and our achievements last year amply demonstrate this.”

The international biopharmaceutical company was founded in 1999 from an initial investment from CK Hutchison. Since then, Chi-Med has expanded and elevated its sales force and manufacturing capabilities for its wide range of

pharmaceutical grade and consumer healthcare products.

The firm’s first public listing was on the London Stock Exchange’s AIM in 2006. A successful NASDAQ listing in 2016 was a further validation from the global capital markets.

Chi-Med’s strong R&D and manufacturing base in Central China is going to be buttressed with new clinical trial capabilities in the Greater Bay Area, encompassing the area around Hong Kong, Macau and neighbouring Guangdong Province.



"It's been 18 years of effort."

Christian Hogg
CEO of Chi-Med

staying power during downturns in the capital markets that may otherwise have hindered fundraising.

In the early years, Mr Hogg remembers that "nobody really cared about China pharmaceuticals". But the corporate leadership at CK Hutchison did. They saw the potential and recruited Mr Hogg from Procter & Gamble, a global powerhouse, to head up their new business.

Once the consumer business was on a stable footing, Chi-Med was ready for the next phase. But it would need new talent, very different from consumer TCM. It would need a world-class researcher to build and command a world-class research facility.

WORLD CLASS FROM THE START

Many young people have graduated from the Chemistry Department of the renowned Fudan University near Shanghai. But only one, Su Weiguo, was the first Chinese national to receive a scholarship to Harvard University to study for his PhD.

He spent seven years studying with Nobel laureate in Chemistry, Professor E J Corey, one of the greatest chemists in human history.

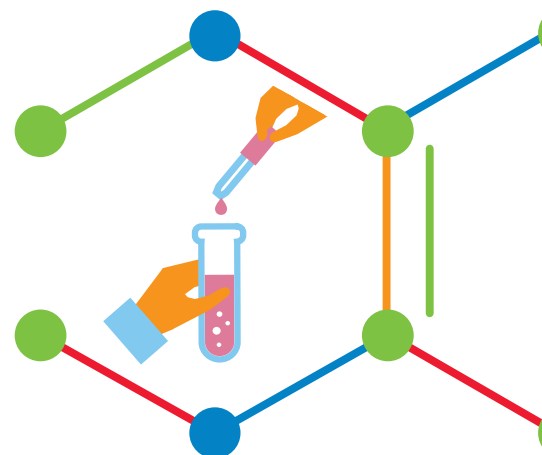
Dr Su worked with world-leading pharmaceutical firm Pfizer after he left academia. He became a mainstay of the Pfizer research team and their drug discovery process for 15 years, rising to lead the global Medicinal Chemistry Department. He joined Chi-Med and convinced the senior leadership that small-molecule oncology drug design was the way of the future. And he was right.

A STAR IS BORN

Fruquintinib was discovered two years into Chi-Med's journey searching for promising molecules to advance through the process to become an approved treatment and bona fide cancer-fighting drug.

At the same time, the CK Hutchison team – and the markets, through a listing on the AIM market of the London Stock Exchange in 2006 – were demonstrating their confidence in Chi-Med through further investment.

Meanwhile, the Chinese regulatory authorities wanted patients to have access to promising cures, and moved to improve the regulatory process for drugs of any origin. Mr Hogg explains that they reduced the time needed between moving from one trial phase to the next (assuming the latest round was successful). For promising molecules that addressed critical concerns with solid results in well-documented



research, approval procedures could be fast-tracked for priority review to potentially put life-saving drugs in the hands of patients as quickly as possible.

ATTRACTING THE HEAVYWEIGHTS

The pharma heavyweights weren't sitting on their hands, however. They noticed the success of the pharma upstart and wanted to collaborate. Over a five-year period, Chi-Med signed agreements with companies including Merck, Johnson & Johnson and AstraZeneca.

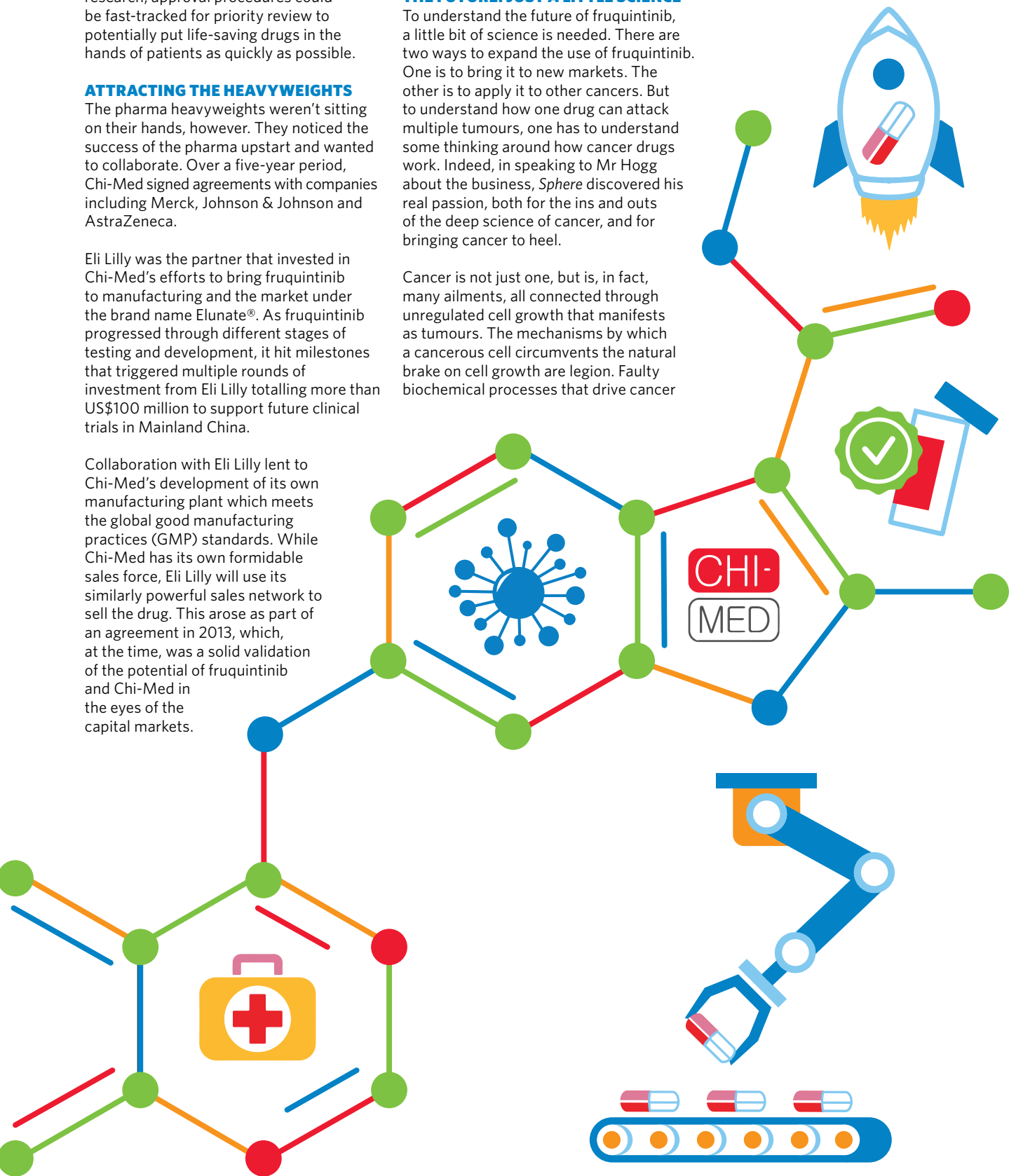
Eli Lilly was the partner that invested in Chi-Med's efforts to bring fruquintinib to manufacturing and the market under the brand name Elunate®. As fruquintinib progressed through different stages of testing and development, it hit milestones that triggered multiple rounds of investment from Eli Lilly totalling more than US\$100 million to support future clinical trials in Mainland China.

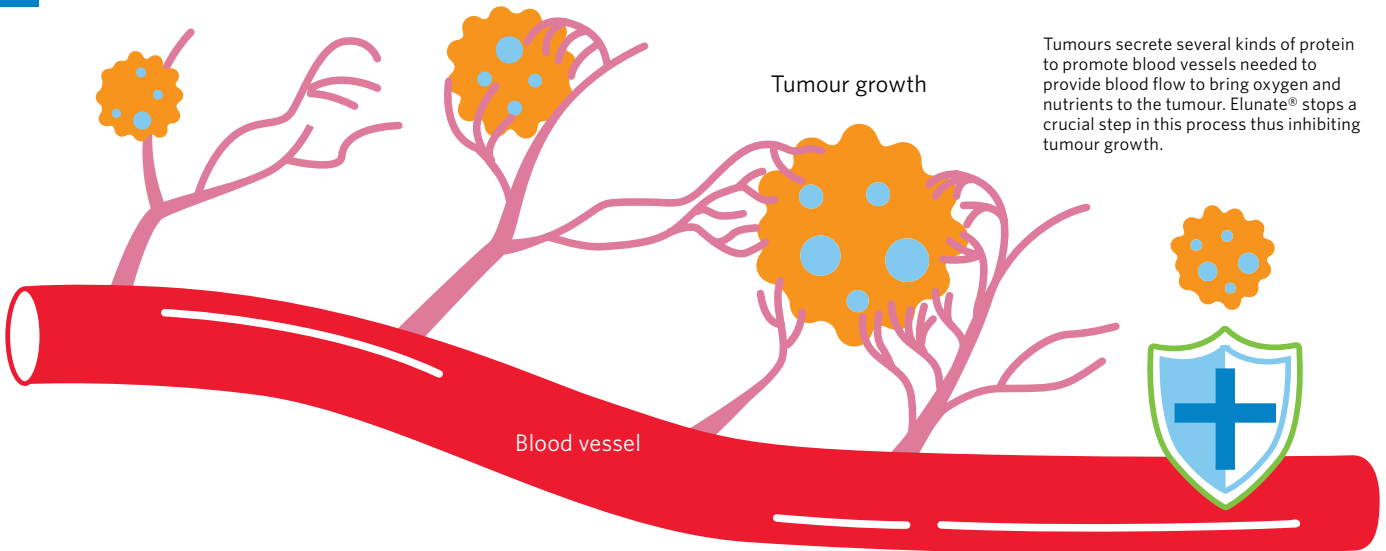
Collaboration with Eli Lilly lent to Chi-Med's development of its own manufacturing plant which meets the global good manufacturing practices (GMP) standards. While Chi-Med has its own formidable sales force, Eli Lilly will use its similarly powerful sales network to sell the drug. This arose as part of an agreement in 2013, which, at the time, was a solid validation of the potential of fruquintinib and Chi-Med in the eyes of the capital markets.

THE FUTURE: JUST A LITTLE SCIENCE

To understand the future of fruquintinib, a little bit of science is needed. There are two ways to expand the use of fruquintinib. One is to bring it to new markets. The other is to apply it to other cancers. But to understand how one drug can attack multiple tumours, one has to understand some thinking around how cancer drugs work. Indeed, in speaking to Mr Hogg about the business, Sphere discovered his real passion, both for the ins and outs of the deep science of cancer, and for bringing cancer to heel.

Cancer is not just one, but is, in fact, many ailments, all connected through unregulated cell growth that manifests as tumours. The mechanisms by which a cancerous cell circumvents the natural brake on cell growth are legion. Faulty biochemical processes that drive cancer





Over a five-year period, Chi-Med signed agreements with companies including Merck, Johnson & Johnson and AstraZeneca.

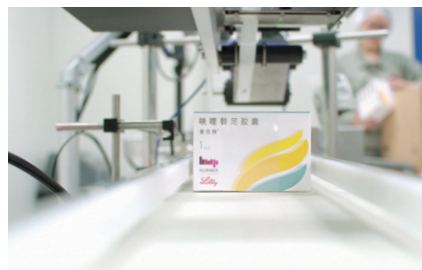
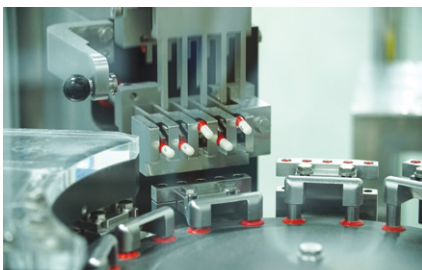
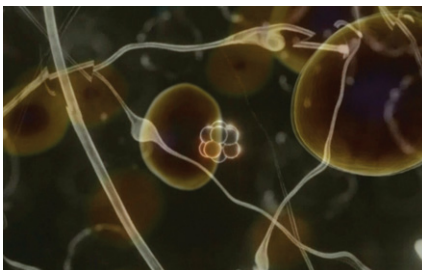
in one type of cell tissue may also be found in another cell type in another part of the body. So a drug that works for one cancer may also help stall another.

But usually, multiple processes are in play to help a tumour grow. The best approach to knock a tumour off its growth track is often to attack it on a number of fronts. For example, using drugs that block signals telling cells to split and other medicines that inhibit the growth of blood vessels that feed tumours with needed oxygen and nutrients.

However, all these drugs often impact more than one biochemical pathway. They appear as what laymen call 'side effects'

of treatment and the 'toxicity' of the drug. Think about people's gums bleeding and hair falling out during treatment. Cancer drugs attack fast-growing cells, often including gums and hair follicles.

Finding and developing drugs that precisely target the biochemical pathways you want to hit is crucial. The term for this is 'selectivity' and it means drugs that cause fewer side effects and have greater efficacy in stopping the tumour from expanding. 'Clean' drugs are those with high selectivity, which don't create a host of side effects on the way to a cure. It is a single-minded obsession within Chi-Med, to choose and develop the cleanest, most selective drugs possible.



Developers of single drugs as well as those developing drug combinations both strive for selectivity. Fruquintinib is a superior performer in this area ("super clean", says Mr Hogg) and this may indicate that it can be used in treating other cancers in conjunction with drugs that might inhibit blood vessel growth or help the body's own immune system to recognise the aberration and attack it.

Research in this area has already begun and shows some promise. Again, it is not without setbacks, and the peculiarities of clinical trial targets and the pipelines of other firms complicate the competitive landscape. "The need for speed" is a key factor in drug development in order to get the medicines to market, as it is "very easy to be obsoleted," explains Mr Hogg.

For now, however, Elunate® is on the market, being prescribed and saving lives



“Chemistry is our edge!”

Christian Hogg
CEO of Chi-Med



BRIGHT FUTURE - FOR CHI-MED AND GLOBAL CANCER PATIENTS

Chi-Med has established itself as the upcoming pharmaceutical firm with the first-ever single-molecule treatment discovered in China to receive an “unconditional approval” for treatment by the China Food and Drug Administration (CFDA). More will follow from Chi-Med and other firms. But Chi-Med is again leading the way by taking its drug beyond China to grow its own clinical trial infrastructure abroad.

threatened by colorectal cancer. Other treatments may very well follow.

Another way to expand the client base is to bring Elunate® to the rest of the world. While China is the world’s biggest market by virtue of its population and advanced economy, there are still millions of patients who could benefit from Elunate® over the next few decades.

COMING TO AMERICA

Chi-Med has begun another journey in seeking to move through the three phases of clinical trial needed to get Elunate® to American, European and other nations’ patients.

For example, in America, Hutchison MediPharma US has been established in East Hanover, New Jersey, a global centre for pharmaceutical development. A next-door neighbour is Big Pharma firm Novartis and the area is rich in a top-notch pharmaceutical research culture. The leadership team is being built, and anchored by a world-class Chief Medical Officer hired from Eli Lilly. A team of highly qualified regulatory experts is coming on board. The office will have up to 30 staff by the end of 2019 and will also guide European clinical trials.

Mr Hogg aims to have this team on the ground to take over clinical trials for fruquintinib, sulfatinib and two upcoming blood cancer-fighting molecules which are in development.

STARTING OVER ISN'T CHEAP

The investment is considerable. The average cost of including one patient in a Phase 3 trial in the US is over US\$100,000. Phase 3 trials are the big ones, in terms of people that need to be included in the trial to be acceptable to regulators. Phase 3 trials often have up to 1,000 patients. Do the maths and one begins to understand

why drug costs are so high. Also consider that successful drugs have to cover the cost of development of drugs that do not make it through this process, even after all the money has been spent.

Further complicating the picture is the fact that clinical data from the China trials cannot be used in the US trials. The ‘standard of care’ varies in different countries, meaning that the way in which doctors treat a specific cancer varies. For example, they may use a different drug as their first line of attack, or a combination of drugs, from other countries. So fruquintinib has to be evaluated based on where it fits in the common US protocol by itself, or, more likely, as part of a blended treatment of a multi-front attack on a tumour.

The bottom line is that drug companies have to start at ground zero as they go from major market to major market. But Chi-Med is up to the task and is gearing up to build the infrastructure to bring not one, but many drugs into the pipeline to many markets around the world.

Most biotech companies developing single-molecule treatments are small (fewer than 10 scientists) and sell-out to the big players once the molecule has been proven enough for them to take over. Chi-Med is different. The company prides itself on having over 150 biochemists doing leading-edge research under the stewardship of Dr Su, himself a world-class scientist. As Mr Hogg says, “Chemistry is our edge!”

Chi-Med is developing multiple drugs at the same time. The company has a national sales force in the world’s second-biggest economy and the biggest pool of patients. It has partnerships with major players, but is not being absorbed by them.

Instead, it is continuing to expand its scientific, medical, sales and regulatory capabilities in order to join the ranks of world-class pharmaceutical firms. It is committed to growing and finding cures to humanity’s worst scourges and beating back the dark of illness to bring light and hope to the people of the world. □



C O R P O R A T E C I T I Z E N S H I P

BEON'S

SOLAR POWER

LIGHTS UP LIVES

Beon Energy Solutions' projects in the Australian towns of Hughenden and Karadoc execute a business strategy that builds workforce capacity, delivers high-quality projects - and transforms communities.



uch has been made of the power of renewable energy to slow down the pace of change in the global climate. However, two solar power projects are rapidly transforming communities - in a good way - in two Australian towns. When Beon Energy Solutions under Victoria Power Networks, a member company of CK Infrastructure Holdings Limited, commits to a project, it commits to a community, the people and their lives.

Australia is a fantastically successful country by all accounts of human development. Uniquely among developed nations, it has not had a recession for over 27 years. However, no country has created a perfect society and so some people need more help than others. By making community development an integral part of their expansion plan, Beon's efforts to help those people have been good business sense that makes a long-term impact in communities, families, and individual lives.

Hughenden, Queensland, and Mildura, Victoria, are two towns hosting Beon projects. The Beon philosophy is to ensure that local communities benefit from new projects in their area. Rather than importing goods and labour that flood in and then out again, Beon seeks to collaborate with local institutions to spread project development benefits to the entire community. Their experience holds lessons for companies working in remote and semi-remote areas around the world.

SUNSHINY BUSINESS

Beon specialises in complete management and installation of large and small renewable energy and electrical infrastructure projects. From financing and design to construction and implementation, they have worked with utilities on more than A\$3 billion worth of projects to deliver high-quality solutions including energy generation, transmission, substations and distribution.

In the two towns in Queensland and Victoria (see map), Beon has been contracted by BayWa r.e. Solar Pte., a German renewable energy company, to deliver complete and ready-for-business solar power operations. The second collaboration between Beon and BayWa r.e. is the Karadoc Solar Farm in the Victorian town of Mildura, about 400 km east of Adelaide and 600 km north-northeast of Melbourne. But the first collaboration was outside the small town of Hughenden in the Shire of Flinders in the middle of Queensland.

HUGHENDEN, QUEENSLAND

Hughenden is not the bustling Sydney that served as the backdrop for movies like *The Matrix* and *Mission Impossible 2*, nor does it project the laid-back surfer vibe of Australia's Gold Coast. It is a small town of just over 1,100 souls, a 16-hour drive north and inland from Brisbane. Even the next 'big city', the modest city of Townsville (population approximately 178,000) is a four-hour drive away. Hughenden's main landmark is the Muttaborrasaurus - a replica of a dinosaur whose bones were discovered not far from Hughenden.

Located in the Shire of Flinders, it has an abundance of sunshine and flat, relatively affordable, land with access to the Ergon Energy grid. These key factors made it an attractive place to establish the 20 MW Hughenden Solar Park. But it was the construction that made all the difference to the community of Hughenden.

The Beon philosophy is to ensure that local communities benefit from new projects.

When Beon looked at the local talent and business base, they saw there were skill shortages that needed to be addressed to allow it to ramp-up for the construction of the high-tech solar farm. It had two choices. One was to pay to import all the labour, supplies and equipment to make the construction happen. Instead, it chose another direction - to commit to training local workers and to sourcing from local businesses to make the project a reality.

Beon committed early to developing local staff. General Manager Glen Thomson explained that they weren't just going to build a new solar energy farm, but also "generate regional investment and jobs" in the area.

The project was going to need about 100 staff working full time. Beon set about seeing how it could make use of the local, often long-term unemployed, workforce.



>> BEON'S SOLAR POWER LIGHTS UP LIVES



Many long-term unemployed found themselves back at work with all the benefits that implied for the community.

Many people hadn't finished high school and some couldn't even complete a form to apply for a job. Beon worked with a local organisation, Rainbow Gateway, which helped people with limited reading and writing skills to complete the forms. It also trained them in basic construction skills so they could perform entry level construction.

The work was tough - 10-hour outdoor shifts, sometimes in 40°C weather - but the employees took to it with ardour. Many received on-the-job training in construction and sometimes machinery skills, including crane driving. Risk assessment and safety training was also key to keeping staff safe. Some were able to get the training and hours necessary to become licensed so they could go on to work in other locations.

Beon embraces the Hughenden spirit and heritage by joining the 135-year-old Hughenden Agricultural Show.



FIRST NATIONS, FIRST CHOICE

Working with the local Aboriginal population was also key to securing community support - and top-quality workers. There was a smoking ceremony with local leaders where Beon was welcomed to the historical lands of the Aboriginal peoples. When the project was at maximum staffing of around 100 people on site, the fully employed workforce included 25 Aboriginal employees, or 25% of the total.

The rest of the community was not neglected. Beon participated in local events like the Hughenden Agricultural Show, a local 135-year-old institution. In addition to explaining and promoting the project and recruiting staff, it gave away the hit toy of the summer, the fidget spinner, to local kids.

LOCAL BUSINESS BOOM

In addition to the 60 locals employed on the project, Beon also committed to sourcing from local businesses. The need for some imported labour saw them build camps on the local showgrounds, contributing to the local economy.

Sometimes the volume of work proved challenging to local businesses and Beon did what it could to accommodate smaller operations. For example, the local catering supplier struggled to maintain food supplies for such a large workforce when normal payment terms stretched out to 30 days or more. Beon worked with the supplier to shorten the payment schedule to seven days, and to dramatically improve the diet for their hard-working labour force.

SMALL PROJECT, BIG IMPACT

The 20 MW project installed 68,000 solar panels, enough to power 6,500 homes.



While small by energy project standards, it had a big impact on the community. Many long-term unemployed found themselves back at work with all the benefits that implied for the community.

Many who had little to no experience got a toehold in the construction industry and even became licensed. Some who had their 'ticket' (i.e. licence) were able to get the hours needed to become fully qualified, and went on to work at other projects in the region, like the Kennedy Energy Park, also in the Shire of Flinders. People who came in at entry level, like former nurse Jonathon, aka "Big Jon", moved up to become supervisors based on their excellent work.

Some even packed their bags and headed south to work on a much bigger Beon project - the 112 MW Karadoc Solar Farm in faraway Mildura.

KNOCK KNOCK, HELLO KARADOC!

Over 1,500 km south as the drone flies (but over 2,200 km to drive), is the town of Mildura. At 27 times the population of Hughenden, it may seem a veritable metropolis - but is still a modest town of 30,000. Including surrounding areas, its population may top 60,000. A major citrus, grape and wine-producing region, it is still hours away from big cities like Melbourne and Adelaide.

Armed with its experience from Hughenden and the confidence of partner BayWa r.e., Beon set out to see how it could use the local workforce, including those who traditionally had a difficult time securing full-time work to support their families.

The much bigger project needed many more people for the commencement of a

second project with BayWa r.e., More staff needed to be hired to build a facility with over five times the electricity generating capacity of the Hughenden Solar Park. The Karadoc Solar Farm would have 348,000 solar panels generating over 112 MW of energy to supply power to, among other things, the Carlton & United Brewery operations.

Once again, Beon committed to hiring local residents, including newly arrived refugees, people on community-based orders and others recently released from prison, as well as the long-term unemployed.

NEW COUNTRY, NEW CHANCE WITH BEON

As in many countries, refugees face multiple hurdles in the workforce on top of the normal challenges faced by locals. Language, poverty (normally arriving with nothing), and a lack of cultural understanding and connections are all barriers to securing gainful employment. Murtaza (his last name withheld for safety reasons) faced all those challenges - but found a home with Beon.

Murtaza's family fled Afghanistan when he was 14. His father was accepted into Australia as a refugee through the UN refugee programme. But it was another three years before all his paperwork was completed, allowing Murtaza, his mother and three younger siblings to join him. Tragically, four weeks before they landed in Australia, Murtaza's father drowned in Albury.

They still went ahead with their move to Mildura and, in spite of all the difficulties and challenges, Murtaza graduated from high school. With a family to support,

"People look at me now not as a refugee, but as a workmate, and some, I hope, as a friend."

Murtaza,
Beon employee

university was not an option. He secured work on the Karadoc project and did so well that Beon offered him an electrical apprenticeship - a chance to gain qualifications and earn a higher salary to support his family. He welcomed it with gusto.

"He has been one of the standout apprentices," says electrical site manager Ben Williams. "He's a role model in the way he just puts his head down and works and always turns up. Murtaza is awesome and we would have him on any project, any day."

Murtaza aims to use his new income to support his siblings to do what he couldn't - go to university. He's also bridging cultures between refugee communities and native-born Australians. "I ... met a lot of people, learned more about Australian culture. And I think they have learned a bit about mine," he says. "People look at me now not as a refugee, but as a workmate, and some, I hope, as a friend."

“Engage early!”

Glen Thomson,
Managing Director, Beon

LOCAL PARTNERSHIP

Other refugees are coming to the project through the Sunraysia Mallee Ethnic Communities Council (SMECC), an organisation that helps refugees, mostly Afghans and Burundians, adapt to Australia – including finding work. It isn't the only organisation Beon works with.

The Mildura Regional City Council's Employment Program collaborates with the Victorian State Government's Jobs Victoria Employment Network programme to identify suitable candidates that face long-term barriers to employment. It not only flags them for hiring, but provides ongoing support after they start working.

Another partnership is with the Victorian State Department of Justice and Regulation. They have helped to match former prisoners on 'correction orders' with work opportunities at the Karadoc Solar Farm.

Denis Pana, manager of Beon's mechanical installation crew, says "We here at Beon are all for giving people a second chance. We have all made mistakes in life but out here on the farm, everyone is treated equally and treated the same. It's been great to see these guys ... turn their lives around."

One example is Trevor (name changed). After his wife died of breast cancer, leaving him to care for his seven-year-old son, Trevor succumbed to deep depression. Poor life decisions saw him end up going to

jail for 18 months, losing his son. Two years after his release he was still unemployed, burdened by his criminal record.

But after joining Beon, Trevor proved his worth and got his life back on track. Steady employment meant a steady income – and reconciliation with his son. He explains, "Being given a second chance by people who have shown confidence in me has done wonders ... I only have to worry about the most important thing in my life right now. My son."

SUNNY TIMES THROUGH SUNITAFE

Beon knew that working with the Department of Justice and SMECC, and bringing some people from Hughenden was good and necessary – but was not enough. It also wanted a way to make a longer-term contribution to the local community by training young people to work not just on the Karadoc Solar Farm, but also by giving them the skills to continue working in the burgeoning solar industry. They approached the local technical college, Sunraysia Institute of Technical and Further Education (SuniTAFE), to create a new course.

The six-month Solar Industry Career Pathway programme would see participants not only learn and receive an income, but also receive their Certificate II in Electrotechnology (Career Start). The programme included four weeks paid off-site training at Mildura SuniTAFE.

Australian recruitment agency Chandler Macleod managed the onsite hiring, including students from the SuniTAFE programme. Glen Thomson, Managing Director of Beon, identified the novelty of the programme, saying "We believe this programme is a first for the region, and possibly the state, and is definitely a win for everybody – SuniTAFE, the industry and, most importantly, the trainees."

In addition to the trainee programme, Beon, in partnership with SuniTAFE and Southern Mallee Group Training, also developed an electrical apprenticeship programme. This resulted in 25 young people from the Mildura region taking up an electrical apprenticeship which has set them on the pathway to becoming qualified electricians, simultaneously addressing a serious skill shortage in the region. Six of these apprentices are Aboriginal, including one Aboriginal woman. The benefits of this programme will flow into the local community well beyond the life of the project.

Recruits from refugee communities, like Murtaza (below), have an opportunity to upgrade their skills and their lives while building bridges between local Australians and newer arrivals.





Victorian Energy Minister Lily D'Ambrosio meets with local apprentices at Karadoc Solar Farm.

Chandler Macleod also ran a one-week pre-employment training programme to bring new workers up to speed on skills needed, and over 100 employees came via this programme.

When the project is finished, many will have a chance to find work in the sunny nation's rapid growing solar energy sector. Says Mr Thomson, "This initiative is about investing in the long-term future of the renewable energy industry."

These collaborations have built goodwill at the local and state level. Mildura Mayor Cr Mark Eckel says, "What has been striking has been the efforts of Beon Energy Solutions to ensure that locals benefit from this project both in terms of employment opportunities and the provision of local goods and services."

He continues, "... more than 90 of these workers were long-term unemployed and faced barriers to employment that Beon assisted them to overcome." He appreciates the diversity in the workforce and notes that Beon "having employed over 30 Aboriginal workers and people from many different cultural backgrounds ... should be seen as a model for future solar farms wishing to operate in our region."

Victoria's Energy, Environment and Climate Change Minister Lily D'Ambrosio visited the construction site and was keen on the environmental contribution, saying "The Karadoc Solar Farm is a great example of a renewable energy project delivering cleaner energy, local jobs and economic growth."






ADVICE

When moving in and running a large project in a remote community, it may seem easier to just ship in your regular suppliers and ship them out again, isolating them from the local community until the job is done. But Mr Thomson thinks others can learn from the Beon experience. When asked, he advises others to "Engage early!"

He claims it will save money in the long term and secure local community support. Taking the time to understand local stakeholders' needs and conducting a thorough stakeholder mapping can lead to deeper understanding that sees projects succeed - and helps sustain a legacy of a better trained, more experienced, financially and socially richer community.

Beon has taken this approach and it has paid off, not only in successful projects that earn business partners' respect and government support, but also in enriched lives for refugees, the long-term unemployed, rehabilitated prisoners and everyone in their families who depends on them.

The solar panels at Hughenden and Karadoc may light up thousands of homes and businesses, but the Beon approach to local development has lit up the lives of individuals, families and whole communities with the big heart it brings to business. □

LEARNING THROUGH EXPERIENCE TO GROW	HUGHENDEN SOLAR PARK Hughenden, Queensland	KARADOC SOLAR PARK Mildura, Victoria
Population 	1,100+	60,000
PEOPLE		
Full time staff* (local hires) 	100 (60)	280 (200)
POWER		
Solar panels 	68,000	348,000
Generation capacity 	20 MW	112 MW
Homes energised 	6,500	110,000

*At peak employment



HISTORY

GOODBYE HUTCHISON HOUSE

CK Hutchison inherited Hutchison House when Cheung Kong acquired Hutchison Whampoa in 1979. It continued to be the headquarters for the growing CK Hutchison international businesses for the 40 years that followed.



ounder Li Ka-shing and his executive team moved in and decisions affecting the Group's businesses around the world were made in these offices. At the time, the office decor combined the forward-looking vitality of the new team with a respect for the tradition of the *hong*.

Although the business was big, the experience for those working there could be very personal. The Hutchison House offices were a home away from home for many who happily worked there for decades. Group Co-Managing Director Mr Canning Fok's personal feelings embody those of many long-time Hutchison House denizens when he says, "I have been here in this office for 25 years now – really! A full 25 years! ... this will be the end of one era and the beginning of a new one. I'm looking forward to the new office – but I miss the old office."

Located in the heart of Central, Hong Kong's premier business district, the new incarnation of Hutchison House will see the 22-storey original replaced with a 41-storey building, due to be completed in 2023. Staff from headquarters are now right at home in Cheung Kong Center, just a stone's throw across Chater Garden from the old building.

Hutchison House – thanks for the memories! □





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- 1 Reception – Hutchison House was home to the Head Office of Hutchison Whampoa, and later CK Hutchison, for nearly half a century.
- 2 Guests' Waiting Area – Well-worn sofas where one could take a breather before the next meeting.
- 3 Telepresence Room – Thousands of kilometres and hundreds of hours were saved for executives with this technological marvel.
- 4 Roof Terrace – Delegates attended seminars and conferences held here.
- 5 Boardroom – Where decisions that impacted over 50 countries around the world were made.

Historical artworks which adorned the offices included:

- 6 *Harbour Scene – Hong Kong* by Edward Seago;
- 7 Portrait of John Duflon Hutchison (1855–1920). Artist unknown. Hutchison established the eponymous John D Hutchison & Co in 1877; and
- 8 *Whampoa Anchorage* – 1887. Artist unknown.
- 9 Boardroom Waiting Area – Where senior executives grabbed a minute before reporting to the Board.
- 10 Dining Room – This hosted a myriad of dignitaries and VIPs over the years.



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