SWIRE

SWIRENEWS

CENTRE STAGE

Championing innovation in Swire

January 2019

SWIRE

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HONG KONG SESQUICENTENARY

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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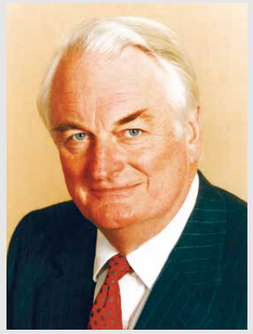
Senior managers from Swire discussed how to harness innovation to drive growth in China at Swire China Conference 2018, which took place in Shenzhen, China's innovation and economic powerhouse. More on page 22.

Sir Adrian Swire (1932-2018)

Sir Adrian Swire, who died on 24th August at the age of 86, was Chairman of the Swire group from 1987 to 1997, and then again from 2002 to 2005, following the sudden death of his successor, Edward Scott. His stewardship therefore encompassed a period of immense change and growth of the group's businesses, as well as the return of Hong Kong to Chinese sovereignty in 1997. At a time when there was uncertainty about future trading conditions in Hong Kong after that date, Adrian was firmly convinced that Hong Kong would continue to flourish as a trading hub and gateway to the Mainland under Chinese rule. Under his leadership, the Swire group consistently demonstrated its commitment through major investment in its core Hong Kong businesses, especially property and aviation. He also played a crucial role, during numerous visits to Beijing through the 80s and 90s, in establishing strategic alliances with key organisations such as CITIC, so helping to safeguard the future of Swire's interests.



Adrian Christopher Swire was born in London in 1932, the second son of John ("Jock") Swire, who was Chairman of John Swire & Sons 1946-66, and great-great-grandson of John Swire (1793-1847), the merchant who founded the firm in Liverpool in 1816.

Adrian Swire grew up in rural Essex during the lean years of wartime rationing. He was educated at Eton and did National Service as a lieutenant in the Coldstream Guards, for whom he stood guard over the coffin of King George VI as it lay in state, as well as frequently participating in the Changing of the Guard ceremony at Buckingham Palace. After reading History at Oxford, he joined the family firm in 1956, being posted to Butterfield & Swire in Hong Kong.

Adrian's first management roles were with the China Navigation Company (CNCo) in Hong Kong and Japan, with a brief spell in Western Australia and Sydney. He took overall charge of shipping when he joined the Board of John Swire & Sons in London in 1961.

Adrian was thus closely involved in the development of the Pacific network that replaced CNCo's traditional China coast trades, and – on a wider scale – in the cargo-handling revolution then overtaking the global shipping industry. It was largely thanks to Adrian's initiative that CNCo would safely navigate this traumatic era, while many other shipping lines foundered under the enormous costs involved in containerisation.

In 1966, Jock Swire handed over the reins of John Swire & Sons to his two sons, John and Adrian, as respectively Chairman and Deputy Chairman. Theirs proved to be a harmonious and effective partnership, during a period of comprehensive restructuring that saw the emergence of the publicly quoted Swire Pacific as the holding company for the group's Hong Kong interests, the winding down of its traditional industrial businesses – sugar refining and dockyards – and the birth of its property division. This also included the expansion of its interests in markets and businesses outside the group's traditional base of Greater China, and the diversification of the shipping business into bulk carriers, cruising, tankers, and – in particular – offshore support services. He was therefore well qualified to serve as President of the General Council of British Shipping and subsequently as Chairman of the International Chamber of Shipping in the 1980s; he was knighted for services to shipping in 1982.

Though most of Adrian Swire's 'hands-on' experience was on the marine side, flying was his lifelong passion. He said his fascination with aircraft was inspired by watching the aerial dogfights of the Battle of Britain above the Essex countryside as an eight-year-old boy. He learned to fly at eighteen and held a private pilot's licence for close to 60 years. He flew with the university air squadron while at Oxford and enrolled with the Royal Hong Kong Auxiliary Air Force soon after joining B&S. Much later, he purchased – and taught himself to fly – one of the few surviving World War II spitfires still in flying condition. The reason he loved flying, he said, was not only the thrill of it, but because the absolute concentration required made it a complete escape from work worries.

His love for the aviation industry was also evident in his lifelong commitment to Cathay Pacific, which his father Jock had bought in 1948. Adrian was on the Board of Cathay Pacific for 40 years, 1965-2005, and he was closely involved in the 1980s traffic rights battle that eventually won Cathay the London route – a watershed moment for the airline – as well as in the negotiations that secured Cathay's position as Hong Kong's international home-carrier post-1997. He later said that he regretted that he had never flown for Cathay as a pilot, though he helped fly "Betsy" – the original DC3 that founded the airline – back to Hong Kong from Australia in 1983.

Adrian's Chairmanship saw the re-establishment of the group's interests in Mainland China after an absence of more than 30 years, as the country began to open up in the late 70s and early 80s. This began with Coca-Cola bottling franchises and was followed by very significant investments in aircraft engineering and property development. He also followed the lead set by his brother John in urging an environmentally and socially responsible approach to operations group-wide.

Supermarine Spitfire IX MH434, which Sir Adrian taught himself to fly in the late 1960s.

With the Royal Hong Kong Auxiliary Air Force, late 1950s.

Welcoming Cathay Pacific's inaugural flight to London: Gatwick Airport, 17th July 1980.

In retirement, Adrian Swire became Honorary President of the group, "not interfering", as he liked to stress – though, like his father before him, he considered that a week without a visit to Swire's London office was a week wasted.

Outside of the business, he was an Elder Brother of Trinity House in London. He was Chairman of the RAF Benevolent Fund, a trustee of the RAF Museum, President of the Spitfire Society, and served as an Honorary Air Commodore in the Royal Auxiliary Air Force from 1987 to 2000. He was a Visiting Fellow of Nuffield College, Oxford 1981-89 and Pro-Chancellor of Southampton University 1995-2004. He was a Deputy Lieutenant of Oxfordshire, a church warden, and a keen countryman.

The address at Adrian's funeral spoke of Adrian's generosity, his self-deprecation, his sense of fun, and most of all his unerring sense of right and wrong. Adrian's life was "the living embodiment" of the Swire family (and Swire group) motto *Esse Quam Videri*, which means *to be, rather than to seem to be*. For Adrian himself, it underlined his personal integrity, his modesty and his strong work ethic.

In 1970 he married Lady Judith Compton, who supported him wholeheartedly throughout his career. They had three children: Martha, who lives in England with her family; Merlin, who is Chairman of Swire Pacific in Hong Kong; and Sam, who is an Executive Director in the London office of John Swire & Sons. He had seven grandchildren to whom he was devoted, and they in turn to him.

He would no doubt have been thrilled that at his funeral on 18th September, the beloved spitfire he had once owned and flown flew overhead in tribute. Meanwhile, all over the world, the 128 vessels in the Swire fleet flew their flags at half-mast.

Climbing aboard Swire Pacific Offshore's 'Intersub One', 1970s.

Meeting with the late Chinese leader Deng Xiaoping in Beijing, 1980s.

Swire Leadership Centre opens

On 10th September Swire group Chairman, Barnaby Swire, officially opened the new Swire Leadership Centre – a dedicated residential training and development facility designed to host Swire staff development programmes. The centre, which is available to all operating companies within the group, is located in a tranquil setting on Lantau Island, in Hong Kong. Managed by Swire Hotels, it is equipped with three lecture rooms, a canteen and 26 individual guestrooms.

A number of eco-friendly features have been integrated into the building design, including rainwater harvesting and grey water recycling systems, as well as photovoltaic panels to generate electricity. Display panels around the centre have drawn on the group's rich archives to tell the story of the development of Swire's businesses over two centuries.

At the opening ceremony are: (left to right) Swire Beverages Managing Director, Pat Healy, Swire Pacific Development Director, David Cogman, John Swire & Sons (China) Chairman, Ivan Chu, Swire Pacific Finance Director, Michelle Low, Swire Properties Chief Executive, Guy Bradley, Swire group Chairman, Barnaby Swire, JS&S (HK) Director Staff Projects, Nick Rhodes, Cathay Pacific CEO, Rupert Hogg, HAECO CEO, Augustus Tang, Swire Properties Development & Valuations Director, Mabelle Ma, and Finlays Colombo Managing Director, Hunter Crawford.

Historic photographs, advertisements and other documents from the group's archives are a feature of the interior design.

The open-air walkway to the centre's guestrooms.

A guestroom at the Swire Leadership Centre.

Hong Kong's changing role

Swire Pacific Chairman Merlin Swire was guest panellist at a seminar on 29th October marking the 40th anniversary of China's reform and opening up and envisioning the ways in which Hong Kong will continue to play an important part in China's economic future.

Organised by the Office of the Commissioner of the Ministry of Foreign Affairs of the People's Republic of China in Hong Kong and The Better Hong Kong Foundation, "China's 40 Years of Reform and Opening Up: Implications for the World and Role of Hong Kong" was attended by more than 300 international delegates, including legislators, diplomats, leading figures from the business world and academics. Keynote speakers included the Chief Executive of the Hong Kong SAR, Mrs Carrie Lam, the former Prime Minister of France, Mr Dominique de Villepin, the former Japanese Prime Minister, Mr Yukio Hatoyama, the former Foreign Minister of Foreign Affairs, Mr Li Zhaoxing and former United States Trade Representative Ms Charlene Barshefsky.

Speaking during a panel discussion at the event Merlin cited HAECO Xiamen as an example of how Hong Kong business savvy and management skill had helped China drive growth in exports of goods and services during the first decades of reform and opening up. But he suggested Hong Kong's future success would depend considerably on the extent to which the development of the Four Flows – of people, capital, goods and information – would allow Hong Kong to integrate its economy more effectively with the Greater Bay Area. He said he believed that the One Country, Two Systems principle under which Hong Kong has been administered since 1997 offers opportunities unparalleled in Hong Kong's 175 year history: "The One Country aspect means that Hong Kong is now part of China's national development planning, and Central Government gives deep thought to the role Hong Kong can play in major national initiatives such as the Greater Bay Area and Belt and Road initiatives, which play to Hong Kong's strengths. And the Two Systems aspect preserves the core advantages that make Hong Kong unique as a business centre: the common law system, independent judiciary, clean and efficient government, a low tax regime, and free flow of capital and information. This powerful combination means Hong Kong need only grasp the opportunity to create a new phase of prosperity."

(Left to right) Mr Matthew Cheung Kin Chung, Chief Secretary for Administration of the Hong Kong SAR, Mr Joseph Yam, former Chief Executive of the Hong Kong Monetary Authority, Merlin Swire, Mr Gao Yingxin, Vice Chairman and Chief Executive of the Bank of China, and Professor Lawrence Lau, former Vice-Chancellor of the Chinese University of Hong Kong, at the panel discussion.

Steamships marks centenary

On 12th September 2018, Steamships hosted a reception for over 500 guests to celebrate 100 years of doing business in Papua New Guinea. Swire group Chairman Barnaby Swire and the family of the late Don Harvey, Steamships' longest-serving Managing Director, also attended the milestone event. From its humble beginnings in 1918 as a one-vessel trading operation to its present position as one of the largest private employers in the country, Steamships Trading Company has grown alongside the emerging nation of Papua New Guinea to become one of the country's icons.

Barnaby Swire offers a toast to the Independent State of Papua New Guinea. He was joined by Steamships directors, including the company's Chairman, Geoff Cundle, (fifth from right), and PNG's Minister for Lands & Physical Planning and APEC 2018, Mr Justin Tkatchenko, (third from left).

JS&S acquires the assets of Biodiesel Amsterdam

John Swire & Sons Limited has completed the acquisition of the assets of Biodiesel Amsterdam and its ancillary businesses. This purchase marks the first significant acquisition by the Swire group in mainland Europe. The assets will be held by Argent Energy Netherlands B.V. – a new subsidiary of the Argent Energy Group, which is in turn a wholly owned subsidiary of John Swire & Sons (Green Investments) Limited. The acquisition will transform Argent into Europe's largest supplier of biodiesel originating from waste-products.

In the five years since acquiring Argent Energy, which is based in Motherwell, Scotland, JS&S has sought to expand the company's footprint in the UK and also look for new opportunities overseas. Over the last two years, a 75,000-tonne facility has been successfully commissioned at Stanlow, Cheshire, in the UK, and is equipped to process a broad range of feedstocks and 'fatbergs' (congealed matter from the sewerage system). The acquisition of the assets of Biodiesel Amsterdam will add considerable scale and provide enhanced access to the European market. The newly acquired biodiesel facility is located in the Port of Amsterdam in the Netherlands; it produces more than 100,000 tonnes of biodiesel per annum and has a large tank farm.

Visit to Shenzhen and Beijing

The delegation paid a visit to the Qianhai Stone Park, Shenzhen.

In November, John Swire & Sons (HK) Limited Chairman, Merlin Swire, joined a Hong Kong and Macau delegation to Shenzhen and Beijing, marking the 40th anniversary of China's economic reforms and opening up. Led by Hong Kong SAR Chief Executive, Mrs Carrie Lam, the 160-member group included representatives from various sectors that have contributed to the past 40 years of growth. In Shenzhen for day one of their three-day trip, the delegation visited an exhibition charting the transformation of China's first Special Economic Zone from a fishing village into a city of 12 million that is the country's leading innovation and technology centre. The group then attended a lunch hosted by Mr Wang Weizhong, Secretary of the Communist Party of China Shenzhen Municipal Committee, before visiting the Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone, Shenzhen's new business and financial services hub.

In Beijing, the delegation took part in a seminar looking at Hong Kong's future role in China's economic development and were received by President Xi Jinping and Vice Premier Han Zheng. During the meeting, President Xi expressed his "four hopes" for Hong Kong and Macau: that the two cities should take part in national governance, support the country's opening up, integrate with national development, and promote international people-to-people exchanges.

President Xi met with the Hong Kong delegation at the Great Hall of the People, Beijing.

NEWSWIRE CORPORATE

Swire China Conference 2018 – Innovate Into the Future

Swire China Conference 2018 delegates.

"Innovate Into the Future" was the theme of the sixth Swire China Conference, held on 25th October 2018, and it was no coincidence that the event took place in Shenzhen – a key city in the Greater Bay Area initiative that will link Hong Kong and Macau with nine other centres in Guangdong Province to create a powerhouse of innovation and economic growth. Around 190 senior managers from Swire attended the biennial event.

Delivering the opening speech, Chairman of John Swire & Sons (HK) Limited, Merlin Swire, noted that the group has survived and thrived during 150 years of doing business in China because of its ability to innovate. But Swire will need to react with greater flexibility and agility, be more open to fresh ideas and take better advantage of digital technology, in order to compete with local companies now dominating sectors in which it is active. Mr Swire said the group was relatively underweight in the Greater Bay Area – a matter that should be urgently addressed, given Hong Kong's economic future will depend on integration with fast-growing cities like Shenzhen, just 15 minutes away via the new Express Rail Link.

His remarks were echoed by a distinguished rollcall of guest speakers, who included Mr Song Zhe, Deputy Minister of the Hong Kong & Macau Affairs Office of the State Council, Professor Huang Yiping of the National School of Development at Peking University, and Mr Liu Qingsheng, Executive Vice Mayor of Shenzhen Municipal Government. Mr Song explained how Shenzhen – once China's window to the West, as its first Special Economic Zone – had developed a powerful and innovative business ecosystem offering advanced technologies and products. Mr Liu said the city had become the engine for accelerated growth in the Greater Bay Area and he hoped Swire would be a part of its success story.

Conference delegates then heard from representatives from three world-leading Shenzhen companies. Mr Gu Qingshan, Chief Technology Officer at Ping An Property & Casualty Insurance, outlined the part user-centred concepts, and A.I. technology had played in Ping An's meteoric rise to become one of the top three global financial services companies. Mr Jim Lai, Vice President & Head of Financial Technology at Tencent Group, talked about trends driving new frontier technologies such as mobile payments. And Ms Qiu Tingting, Senior Director, Digital Transformation Consulting Department for telecommunications giant Huawei, spoke of the profound effects digital transformation and 5G mobile communications will have on businesses and on daily life.

During the afternoon, senior executives from Swire's property, aviation, beverages and trading & industrial divisions took part in a roundtable discussion chaired by JS&S (HK)'s Director Public Affairs, James Tong, and shared their insights under the theme "Championing Innovation in Swire". [See Centre Stage, pages 22-25.]

Conference host, Ivan Chu, Chairman of John Swire & Sons (China), provided the welcome speech and also wrapped up the conference, noting the group now stood poised on the brink of an exciting new era of innovation and opportunity. The event was followed by a reception dinner, at which Mr Swire and Mr Chu presented prizes to winners of the "2018 Swire Innovation Star" Staff WeChat Video Contest.

(Left to right) Swire Pacific Development Director, David Cogman, Swire Pacific Finance Director, Michelle Low, Swire Properties Chief Executive, Guy Bradley, Baroness Dunn, Merlin Swire, Ivan Chu and Pat Healy, Swire Beverages Managing Director, make a toast to the future at the reception dinner.

Deputy Minister of the Hong Kong & Macau Affairs Office of the State Council, Song Zhe, delivers a keynote speech at the conference.

Ivan Chu, Chairman of John Swire & Sons (China), delivers the welcome speech.

Swire Guangdong Coca-Cola (West) won the 2018 "Swire Innovation Star" Staff WeChat Video Contest with their innovative use of mobile app analytics and real-time data reporting to increase sales and performance.

Swire China Conference delegates visited the headquarters of Ping An, Tencent and Huawei (pictured), as well as the Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone.

Visit to Sichuan

In October, John Swire & Sons (China) Chairman, Ivan Chu, paid a courtesy call on the Governor of Sichuan Province, Mr Yin Li. During his visit, Ivan updated Mr Yin on recent developments in the Swire group and the progress of its investments in Sichuan. They also discussed potential new opportunities for the group's property and aviation sectors.

Ivan Chu (centre) and Mr Yin Li (fourth from right).

International Business Leaders' Advisory Council for the Mayor of Shanghai

Swire Pacific Chairman, Merlin Swire, has joined the prestigious, 40-member International Business Leaders' Advisory Council for the Mayor of Shanghai ("IBLAC").

Founded in 1989 by Shanghai Mayor, Zhu Rongji, who went on to become Chinese Premier from 1998 to 2003, the group is composed of CEOs from major global corporations and serves as a platform for industry leaders across a wide range of sectors to contribute their expertise and ideas to the future direction of business development in Shanghai. Merlin attended the 30th annual IBLAC forum in Shanghai in October, when the themes discussed included branding Shanghai for a new era of opening up; aligning the business environment more closely with international practices, and establishing the city as a hub for the One Belt One Road initiative.

Swire Pacific privatizes HAECO

In June 2018, Swire Pacific Limited and Hong Kong Aircraft Engineering Limited ("HAECO") announced a proposal for the privatization of HAECO by way of a scheme of arrangement. The proposal involved the cancellation of the shares in HAECO (other than those held by Swire Pacific) in consideration of a payment of HK$71.81 per share and was approved by HAECO shareholders at general meetings in September 2018. The scheme became effective in November 2018 after being sanctioned by the High Court in Hong Kong. The scheme resulted in Swire Pacific becoming the owner of 100% of the shares in HAECO. Previously, Swire Pacific had owned approximately 75% of the shares in HAECO.

Board appointments

Swire Pacific Limited

Martin Cubbon has been appointed Non-Executive Director of Swire Pacific Limited. He is currently a Director of John Swire & Sons Limited.

The China Navigation Company

Sam Swire has been appointed Chairman, taking over from Barnaby Swire.

Senior management appointment

Swire Beverages

Stephen Wong has been appointed Director Strategic Business Solutions.

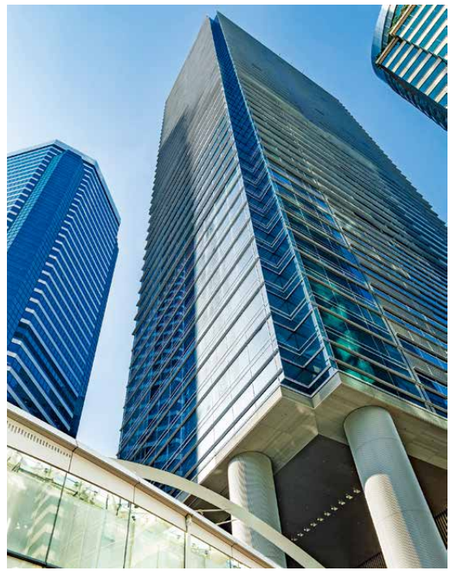
Italian Deputy Prime Minister visits Chengdu

In September, Italian Deputy Prime Minister, Luigi Di Maio, visited Sino-Ocean Taikoo Li Chengdu and the Daci Temple, after attending the opening ceremony of the 17th Western China International Fair. The minister was received by Sino-Ocean Taikoo Li Chengdu's General Manager, Molly Wu, who explained the project design and provided development updates. The management team also gave Mr Di Maio a tour around the open-plan mall, with a special briefing on the operations and performance of the Italian brands with retail outlets in the lanes. Swire Properties holds a 50% interest in the retail-led, mixed-use development, which includes the boutique hotel, The Temple House.

Photo courtesy: Mr Fu Yongsheng, Department of Foreign and Overseas Chinese Affairs, Sichuan Province

Italian Deputy Prime Minister, Luigi Di Maio, tours the Sino-Ocean Taikoo Li Chengdu development.

One Taikoo Place reaches full occupancy



Completed in September 2018, One Taikoo Place and its sister tower Two Taikoo Place, which opens in 2021, will connect with the seven other office towers at Taikoo Place.

Swire Properties' newest triple Grade-A office tower, One Taikoo Place, has reached 100% occupancy, with commitments from more than 20 new tenants secured. Over 60% of the office space available has been leased by the professional services sector, including legal, financial, insurance and consultancy services. A range of businesses have committed to the remaining space, including communications, luxury retail, and environmental services companies. One Taikoo Place's three key tenants are EY, Baker McKenzie and Facebook, while major international companies including AXA Investment Managers, Eversheds Sutherland, JLL, Kering and Royal Bank of Canada have confirmed as new tenants of the building.

Ten years of success

Taikoo Li Sanlitun

The exhibition, held at Taikoo Li Sanlitun North, chronicled the ten-year transformation of the area.

In August, Swire Properties celebrated the 10th anniversary of Taikoo Li Sanlitun, its first completed development in Mainland China. A photographic exhibition entitled "10 Years of Innovation Propels 10 Years of Growth" gave visitors an exclusive look at the concept, planning and development history of this Beijing landmark. The exhibition offered four themed sections: Milestones, Optimisation & Upgrading, Arts & Culture and SD 2030, and included a specially commissioned documentary featuring interviews with the project's designers, planners and architects. Located in the heart of Beijing's Chaoyang district, Taikoo Li Sanlitun is renowned for its innovative, open-lane, low-density design, inspired by the city's traditional 'Hutong' (alleyway) and 'Siheyuan' (courtyard house) architecture.

An innovative retail concept

Taikoo Li Sanlitun's new interactive pop-up stores offer a fun, immersive experience to shoppers.

In November, Swire Properties and Alibaba's Tmall announced a new collaboration using Tmall's New Retail technology to create distinctive, online and offline tailored retail experiences at Swire Properties' five shopping malls in Mainland China: Taikoo Li Sanlitun and INDIGO in Beijing, HKRI Taikoo Hui in Shanghai, TaiKoo Hui in Guangzhou, and Sino-Ocean Taikoo Li Chengdu. The New Retail initiatives include "shopping-go-digital" Tmall smart stores, a nine-day Tmall pop-up store at Taikoo Li Sanlitun, the country's first interactive idol engagement photo booth, smart nursery rooms equipped with vending machines that offer baby-care essentials, and Alipay-linked smart parking services. Setting a new benchmark in retail digitalisation, the partnership was launched to coincide with Alibaba's 11.11 Global Shopping Festival 2018 and the 10th anniversary of Taikoo Li Sanlitun.

Enhancing connectivity

Cathay Dragon has introduced a new seasonal service to Tokushima; the twice-weekly service will operate from 19th December 2018 to 30th March 2019, using Airbus A320 aircraft. Tokushima is the Cathay Pacific group's seventh destination in Japan after Tokyo, Osaka, Nagoya, Sapporo, Fukuoka and Okinawa.

Cathy Pacific has meanwhile announced increased services between Hong Kong and Seattle. Its current four-times-weekly operation to Seattle will go daily from 1st July 2019. The service will be operated by Airbus A350-900 aircraft.

Cathay Pacific has also entered into a new codeshare agreement with Australia's flag-carrier, Qantas. Since October, Cathay Pacific has been adding its "CX" code to 13 routes on the Qantas domestic network in Australia. In turn, Qantas is adding its "QF" code to Cathay Pacific and Cathay Dragon services from Hong Kong to ten cities in India, Myanmar, Sri Lanka and Vietnam, and on Cathay Pacific services from Hong Kong to Perth and Cairns.

In October, Cathay Pacific announced increased service frequencies to Adelaide, Frankfurt, Madrid and Tokyo. Services to Adelaide from Hong Kong have been increased to six times a week, while three more flights per week will be added to the airline's existing daily service to Frankfurt, commencing on 31st March; the service to Madrid will become a daily operation between June and October this year, with the addition of two more flights per week. The airline's service between Hong Kong and Tokyo has meanwhile been increased to six times daily, with the introduction of an additional daily return service, to meet customer demand.

From 7th November, Cathay Pacific began codesharing on the Chu Kong Passenger Transport high-speed ferry services that operate between Hong Kong International Airport and various Greater Bay Area ports, including Humen, Lianhuashan, Nansha, Shekou, Fuyong (for Shenzhen Bao'an International Airport), Zhongshan and Zhuhai. Cathay Pacific customers in Australia, Canada, New Zealand, Singapore and the USA can book travel to these ports through the airline's local websites, while Mainland China customers can book through selected travel agencies. The partnership is expected to benefit worldwide customers by creating more convenient access to the Greater Bay Area.

Fond farewell

Cathay Pacific and Boeing have donated the first-ever Boeing 777 aircraft to the Pima Air & Space Museum in Arizona. The iconic 777-200 aircraft, registered B-HNL, flew into retirement from Hong Kong to Tucson on 18th September last year, and will be put on permanent display at the museum alongside more than 350 other historic aircraft. First operated on 12th June 1994 as a test aircraft, B-HNL joined the Cathay Pacific fleet in 2000. During its 18 years of service with the airline, the aircraft operated over 20,500 flights, with a record of 49,687 hours of flying time.

Cathay Pacific's B-HNL on its way to the museum in Arizona.

Milestone aircraft redelivery

In October, HAECO Xiamen celebrated its 888th aircraft redelivery to the Cathay Pacific Group. The milestone was achieved with the completion of a maintenance check on a Boeing 777-300ER aircraft. The long-term business relationship between HAECO Xiamen and the Cathay Pacific Group began in 1996, when the Xiamen maintenance provider commenced operations and welcomed its very first input from the airline. Now providing airframe services to airline customers around the world, HAECO Xiamen has completed more than 3,000 aircraft inputs over the past 23 years.

A ceremony was held at HAECO's facility in Xiamen on 15th October, to mark the 888th redelivery to Cathay Pacific. The number "888" is considered particularly auspicious in China, signifying "triple fortune".

Partnership for success

In November, HAECO Hong Kong was appointed by Rolls-Royce as its launch service provider for the new Trent XWB Engine Change Service. Offered as a Foundation Service within the Rolls-Royce CareStore, customers are able to request a quote from its 24/7 Aircraft Availability Centre, with Rolls-Royce acting as a one-stop shop to organise labour, parts and/or tooling for Trent XWB engine changes at any location. The partnership will help to reduce repair turnaround time and offer more efficient services to HAECO's airline customers.

Exclusive service provider

HAECO Group has entered into a long-term agreement with Astronics Connectivity Systems and Certification, a wholly owned subsidiary of leading aerospace and defence technology provider Astronics Corporation. Under the agreement, HAECO Component Overhaul (Xiamen) will establish a fulfilment centre providing specialised engineering and component services, including Line Replacement Unit service, for Astronics and its airline customers. Established in 2014, HAECO Component Overhaul (Xiamen) operates an authorised component maintenance, repair and overhaul workshop for the Airbus and Boeing commercial aircraft fleets.

Three decades of operation

Shanghai Shen-Mei Beverage & Food Company Limited celebrated the 30th anniversary of its bottling operations on 29th September. Swire Beverages' Managing Director, Pat Healy, and Executive Director – China Operations, Karen So, officiated at the event, which was attended by more than 2,600 guests, including Swire Beverages staff, customers, suppliers and local government representatives. Established in 1988, Shanghai Shen-Mei's bottling plant is the largest Swire Beverages facility in Asia, in terms of sales production capacity; it currently operates 12 production lines, with two more to be opened later this year.

Senior management and staff celebrate the 30th anniversary of Shanghai Shen-Mei.

Drink without waste

Swire Coca-Cola Hong Kong and Coca-Cola China in Hong Kong have pledged strong support for a cross-sector working group's proposals to keep single-use beverage packaging out of Hong Kong's landfills. Swire Beverages, John Swire & Sons (HK), and Swire Waste Management are founder members of the Single-Use Beverage Packaging Working Group, a broad coalition of drink producers, bottlers, retailers, recyclers and NGOs that launched the Drink Without Waste initiative in December 2017 and has now pledged to work towards 70%-90% recovery rates for PET containers and liquid cartons by 2025.

The group is making four major recommendations to industry stakeholders, consumers and the Hong Kong SAR government: to reduce single-use beverage packaging and increase use of refillable containers, to regulate packaging standards, to recover used packaging by means of cash-on-return initiatives, and to recycle.

Swire Coca-Cola Hong Kong and Coca-Cola China in Hong Kong have both committed to a range of initiatives, including the introduction of more recyclable, reusable and returnable packaging. Within this year, 300 Bonaqua mineralised water refilling stations will be rolled out across Hong Kong and conversion of the locally produced Bonaqua range to 100% recycled PET bottles will be completed. Neil Waters, Swire Beverages' Executive Director, Hong Kong & Taiwan, said he believes a sustainable waste management regime also needs strong public support, effective collection mechanisms and adequate recycling facilities: "This is where the working group can help, bringing all relevant partners together and proposing practical solutions under its core concepts of shared responsibility and an effective closed loop for resource recycling."

Announcing Drink Without Waste's latest strategy to reduce waste-to-landfill are (left to right): Herbert Yung, Director, Risk Advisory, Deloitte Advisory (Hong Kong), Edwin Lau Che-feng, Founder and Executive Director of The Green Earth Hong Kong, Paul Zimmerman, Chairman of the Single-Use Beverage Packing Working Group, and Neil Waters, Executive Director, Hong Kong & Taiwan of Swire Beverages and President of the Hong Kong Beverage Association.

New offices

The China Navigation Company ("CNCo") celebrated the official opening of its China Headquarters in Shanghai in November, and of a new branch office in Vancouver in August. The opening of the Shanghai office was a particularly significant event for CNCo, marking the shipping company's return to its birthplace, where it commenced operations on the Yangtze River in 1872. Located in Swire Properties' HKRI Taikoo Hui development, the Shanghai office is home to two of CNCo's business divisions, Swire Shipping and Swire Bulk. Swire group Chairman and outgoing CNCo Chairman, Barnaby Swire, officiated at the opening ceremony, together with CNCo's new Chairman, Sam Swire, and Managing Director, James Woodrow, and other members of the Board of Directors.

Barnaby Swire performs the traditional eye-dotting ritual to awaken the lion, at the opening ceremony for CNCo's new China Headquarters.

With the opening of the new Vancouver office, CNCo now operates a global network of multipurpose and dry-bulk services in 16 countries.

Partnership for sustainable sea transport

The University of the South Pacific ("USP") and CNCo have signed a Memorandum of Understanding to conduct feasibility studies for the design of new generation, low-carbon ships for the Pacific region. In collaboration with the Micronesian Centre for Sustainable Transport, the project will address the heavy reliance on sea transport in the Pacific region and seek long-term, sustainable, cost-viable solutions. Initial investment from CNCo involves an estimated US$2.5 million and both CNCo and USP will operate and monitor the project's performance for two years from launching.

New weekly service

In October, Swire Shipping launched a new weekly service connecting North Asia and the Pacific Islands. The service offers weekly departures to and from all main Chinese ports via transhipment at Busan in South Korea, with direct departures from Busan and Yokohama in Japan to Pacific Island ports. Vessels will call weekly at Port Vila, Nouméa, Lautoka, Suva, Nuku'alofa, Apia, and Pago Pago, as well as fortnightly at Honiara and Papeete. The increased service frequency provides enhanced supply chain efficiency for Swire Shipping customers.

Footwear distributorship

Swire Resources has recently expanded its portfolio of international lifestyle labels by adding Crocs, a global name in innovative and casual footwear.

Founded in 2002, US brand Crocs symbolises innovation, fun and comfort. With their signature design and patented Croslite™ non-slip material, Crocs unite style, amenity and value. The brand is now widely available in department stores, multi-brand sports chains and concept shops in Hong Kong and Macau.

Green initiatives recognised

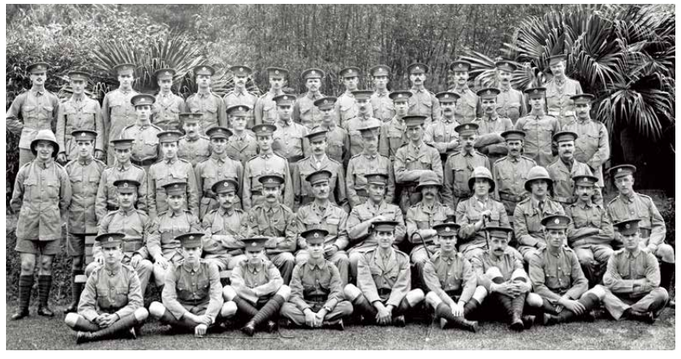
In October, Vogue Laundry's new plant at Yuen Long was awarded a "Gold" rating by the Hong Kong Green Building Council's ("HKGBC") BEAM Plus assessment on sustainability performance.

Green design, sustainable sources and construction waste recycling parameters were introduced into the development of the plant, which features a green rooftop to mitigate the heat island effect experienced in urban areas. The project team also incorporated a range of operational systems to reduce energy and water consumption and minimise waste discharge at the plant. The HKGBC recognition acknowledges Vogue Laundry's commitment to putting environmental considerations at the heart of its business development.

Opened in 2017, Vogue Laundry's new plant is the largest and most automated laundry plant in East Asia.

Lest we forget

Representing the Swire group, Tom Owen, Cathay Pacific's Director People, laid a wreath at the the Cenotaph in Hong Kong on Remembrance Day.



Hong Kong Volunteers in 1915

On 11th November, Tom Owen, Cathay Pacific's Director People, represented the Swire group at the Remembrance Sunday service in Hong Kong, where he laid a wreath at the Cenotaph, honouring those who fell in the First and Second World Wars and in other major conflicts since. The ceremony was especially poignant, because it marked the 100th anniversary of Armistice Day – the end of World War I.

The appalling consequences for Swire of the 1939-1945 World War have been relatively well-documented elsewhere. The statistics are broad-brush because it is impossible to put an accurate figure to the perhaps thousands of Swire staff and their dependants killed, imprisoned or enslaved, the vast amount of property in Hong Kong and Mainland China destroyed.

Less has been written about how Swire fared in the so-called Great War of 1914-1918, whose battlefronts were a world away from its main areas of operation and the firm's losses therefore smaller, but which is nonetheless remembered as a tragic interlude in our history.

Although China declared neutrality when war broke out in 1914, British shipping on its coast faced a significant threat from the German Navy, which had maintained a base at Qingdao since the 1890s. In then-British governed Hong Kong, the risk of attack was perceived to be high; able-bodied men were urged to sign up with the Volunteers and stand ready to defend the Colony to the death.

From 1915 onwards, with the tacit blessing of China's republican government, hundreds of thousands of its citizens joined the Chinese Labour Corps, travelling to France, the Middle East and Tsarist Russia to work in munitions factories, dig trenches, service tanks and haul supplies – making an inestimable contribution to the Allied offensive. Blue Funnel – managed in China by Swire – was amongst the British shipping lines pressed into service to help handle this mass migration and as part of its war effort, Swire was soon arranging passage for up to 4,000 men per month. Meanwhile, numbers of its own China Navigation Company coasters were requisitioned by the Admiralty and employed as supply ships or troop transports in the unfamiliar waters of the Mediterranean and Arabian Gulf. Four of these vessels were sunk by enemy torpedoes; 20 Swire officers and crewmen lost their lives while on active service.

In 1914, Swire had just over 100 – mainly British – House Staff deployed in Hong Kong, Shanghai and at its 21 outports around China and in Japan. Of these, over 30 returned 'home' to join up and around the same again enlisted from the London office. Their departure left gaping holes in the staff ranks and one of the lasting effects of World War I was that Swire finally admitted women to work in its eastern offices. Of those young men who served their country, 15 were killed in action. The very first to fall was 2nd Lieutenant Glen Swire, younger son of the Chairman, who died at Ypres on 13th May 1915, shortly after his 18th birthday.

Celebrating Christmas for a good cause

Santa was joined by Chief Executive of the Hong Kong SAR, Mrs Carrie Lam (centre), who officially opened the Taikoo Place event. Also officiating were (left to right): Swire Properties Chief Executive, Guy Bradley, Swire Pacific Chairman, Merlin Swire and Mr Hugh Chiverton, Head of English Programme Services at RTHK, representing Operation Santa Claus.

"Santa Express" was the theme of the Swire Properties White Christmas Street Fair 2018.

Now in its sixth year, Swire Properties' signature community outreach event, the White Christmas Street Fair, took a nostalgic railway theme in 2018. Held at both Starstreet Precinct and at Taikoo Place, the "Santa Express" street fair was an opportunity for Swire Properties to celebrate the festive season with the local community – along with food and drink, games, craft workshops and Christmas shopping for the whole family. There was also plenty of live entertainment, including a special performance by Hong Kong Youth Arts Foundation dancers. The event raises funds for Operation Santa Claus, an annual fundraising campaign which supports local and regional non-profit organisations.

Paint it forward

Volunteers help with the painting of floral-themed murals, designed by Singapore artist Adam Wang.

To mark Singapore's 53rd National Day and Swire Pacific Offshore's ("SPO") 43rd anniversary, SPO joined hands with the Central Singapore Community Development Council in August last year, to organise Project Painting Smiles. Over 50 volunteers, including Singapore-based Swire staff from SPO, Swire Oilfield Services, CNCo and Cathay Pacific, gathered at the Bishan Home for the Intellectually Disabled to paint a series of murals for the residents. Project Painting Smiles is an annual staff engagement and community outreach programme for SPO, and four murals have been painted at facilities for the underprivileged community in Singapore since 2015.

Role model for occupational safety

Finlays' Group Director of Corporate Affairs, Julian Davies and Group Head of Health & Safety, Mike Keating (third and fourth from left) receive the award from IOSH Food & Drink Industries Group Chair, Andy Melachrino, President, Craig Foyle, and committee member, Douglas Russell.

James Finlay ("Finlays") has won first prize in the International Food & Drink Health and Safety Awards 2018, organised by the Institution of Occupational Safety & Health ("IOSH"). IOSH is the leading international chartered body for health and safety professionals. Despite the geographical spread and cultural diversity of its operations, the Finlays Group has succeeded in developing a zero-harm strategy for its employees across the world. The Group's commitment to making a positive impact on workplace health and safety was highly acclaimed by the judges.

Sustainability efforts recognised

Swire Pacific and Swire Properties have both been recognised for their efforts in sustainable development.

Swire Pacific improved its MSCI ESG Research rating from "AA" to "AAA" in 2018, and retained its position on the MSCI Global Sustainability Index and MSCI Global SRI Index. The company maintained its "AA" rating on the Hang Seng Corporate Sustainability and Hang Seng Corporate Sustainability Benchmark Indices, scoring ahead of all other Hong Kong listed companies in the environment category. Swire Pacific continues to be included on the Dow Jones Sustainability Index ("DJSI") Asia Pacific.

Meanwhile, Swire Properties won the Business Leadership in Sustainability Award and the Special Recognition: Better Places for People Award at the World Green Building Council's Asia Pacific Leadership in Green Building Awards 2018. The company also retained its place on three major sustainability indices, and for the second consecutive year was the only company from Hong Kong and Mainland China to be listed on the DJSI World Index. Swire Properties ranked in the top 20% of more than 900 entities assessed in the Global Real Estate Sustainability Benchmark ("GRESB") in 2018, receiving the highest possible "GRESB 5 Stars" rating and being named Global Sector Leader in the Other (mixed-use development) category. Locally, the Swire group's property arm had its rating raised to the highest possible "AAA" on the Hang Seng Corporate Sustainability Index 2018; the company currently tops the index amongst the 30 local developers listed.

Elizabeth Kok (centre), Swire Properties Director & Senior Advisor, receives the two World Green Building Council awards from Dr Amy Khor (left), Senior Minister of State in the Singapore Ministry of Health and Ministry of the Environment and Water Resources, and Tan Swee Yiow, President of the Singapore Green Building Council.

Leading accolade

Swire Pacific Offshore ("SPO") has received the National Service Advocate Award for Large Companies at the 2018 Total Defence Awards Dinner, organised by Singapore's Ministry of Defence. SPO was recognised for its support for the State's Total Defence strategy, through its close collaboration with the Republic of Singapore Navy and the government. The prestigious award is conferred for a period of three years.

Florent Kirchhoff (left), SPO's General Manager, Southeast Asia, receives the NS Advocate Award for Large Companies 2018 from Mr Heng Chee How, Senior Minister of State for Defence, Singapore.

Outstanding annual reports

Swire Pacific and Swire Properties' 2017 Annual Reports have won a Silver Award and an Honourable Mention respectively in the General category of the Hong Kong Management Association's Best Annual Reports Awards, announced in November. First organised in 1973, this annual competition aims to encourage the publication of accurate, informative and well-presented annual reports for stakeholders. The panel of adjudicators praised Swire Pacific's report for its thoughtful design, used in presenting results in a manner that facilitates easy understanding, while Swire Properties' report was commended for its comprehensiveness.

Award for food safety

Patrick Wu (left), Loading & Warehouse Manager for Swire Coca-Cola Hong Kong, receives the award from Mr Eugene Fung JP, Deputy Secretary for Food and Health (Food)2.

In August last year, Swire Coca-Cola Hong Kong was recognised as a Diamond Enterprise Winner in the "Quality Food Traceability Scheme 2018". Organised by GS1 Hong Kong, the Scheme aims to acknowledge outstanding performance in food traceability practices, including the effective adoption of international standards and technology for food management systems. This is the fourth consecutive year in which Swire Coca-Cola Hong Kong has been recognised by the scheme.

Championing innovation in Swire

In this edition of *Swire News*, we focus on how Swire's various businesses are harnessing innovation to seize opportunities in China.

Senior directors, Tim Blackburn, Karen So, Derrick Chan and Ronald Lam discussed how digital technology is shaping the way the Property, Beverages, Trading & Industrial and Aviation divisions are doing business, during a panel discussion chaired by John Swire & Sons (HK) Limited Director Public Affairs, James Tong (far left).

Digital technology has led to phenomenal changes in society and in people's lifestyles. And within a dynamic global landscape of digital innovation, China is one of the fastest emerging technology powerhouses. For leading corporations doing business here, the question at the top of the agenda is how to evolve and stay relevant in an increasingly competitive market through digital transformation. "Innovate Into the Future" was the theme of the Swire China Conference 2018, setting the stage for the group to address and evaluate its innovation strategies.

The Swire China Conference has been held every second year since 2008 in various Mainland Chinese cities. Most fittingly, in 2018, the venue was Shenzhen; just 30km north of Hong Kong and one of the success-stories of modern Chinese economic reform, the city is widely recognised as a global centre for technology and innovation.

In his opening remarks to the conference, Swire Pacific Chairman, Merlin Swire, tackled the Swire group's current status in relation to burgeoning Chinese markets head-on: "For most of our 150-year history we were a big fish in a small pond. But we should recognise that we are now a small fish in a big pond that contains some huge and fast-growing Chinese companies that will come to dominate the sectors in which we play," he said.

By world standards, China's markets are vast and also hugely diversified, and advances in technology have made competition among corporations and retailers especially keen. It is therefore essential that Swire innovates across its businesses in order to remain competitive. During the China Conference, senior executives from Swire's property, aviation, beverages and trading & industrial divisions joined a panel discussion focusing on how Swire companies are responding to this imperative.

Driving sustainable growth

Karen So, Executive Director – China Operations, Swire Beverages, identified innovation as being central to the company's entire growth strategy: "In 2018, innovation contributed to 50% of our total incremental revenue growth," she explained to conference delegates. "The China beverages market is extremely competitive and fragmented, and consumers' brand loyalty is relatively low. In order to capture and grow a bigger market share, we must innovate to maintain growth and success."

"We need to attract consumers' attention with innovative packaging designs and creative new products," she said. "For example, we recently launched the "Fibre Series" in China. These beverages contain no sugar and provide 30% of people's daily dietary fibre requirements. This expansion in our product portfolio will help us capture a share in the health and wellness market. We also use innovative packaging to help drive revenue. An example is the launch of a new bottle for our Georgia Coffee brand. Consumers are offered coffee-cup like packaging, which gives them a coffee-shop style experience."

Swire Beverages is also investing in digital initiatives to help stimulate productivity and increase revenue. By 2019, over 700,000 of its soft-drink coolers will have been installed with sensor beacons known as "smart tags", creating one of the largest networks of connected coolers in the world. These smart tags will collect important operational data, including temperature, lighting and how many times a cooler door has been opened – knowledge that will influence the way the company manages its cold-drink assets. "By harnessing technology in this way, front-line staff are able to spend more time on business development activities, instead of administrative and logistical tasks, because decisions traditionally requiring their input are instead driven by collected data," said Ms So.

She told the conference that Swire Beverages has implemented Intelligent Revenue Growth Management ("iRGM"), a big data analytics initiative, at two of its China bottlers. iRGM uses data-driven intelligence to determine the factors influencing sales performance at specific outlets, allowing the bottler to make optimal decisions around packaging, pricing, product assortment planning and commercial activities to be implemented at designated retail stores. "The data generated will provide valuable insights to determine sales strategy undertaken at each retail store. This will help drive significant revenue growth."

New retail technology

In China, the emergence of new retail platforms has changed shopping patterns and ushered in more competition amongst retailers. This has prompted businesses to look for new ways to create opportunities by offering consumers a seamless online-to-offline shopping experience.

Tim Blackburn, Swire Properties Chief Executive Officer, Mainland China, explained this concept to conference delegates: "Shoppers nowadays do not function in separate offline-versus-online worlds. They switch between the two and there is a growing movement towards enabling seamless omni-channel customer journeys. The benefits for physical retail are clear: using digital channels to drive customers into our malls to see and touch the products before they buy; harnessing the vast amounts of customer data generated online to create targeted, personalised experiences, and seizing the opportunity to continue the conversation with potential customers after they have visited our malls."

Mr Blackburn is optimistic about the effect the convergence of digital and physical retail can have on Swire Properties: "There is a growing body of evidence which suggests that well-managed, online-to-offline retail businesses significantly outperform single-channel retailers. Many brands have already made major leaps

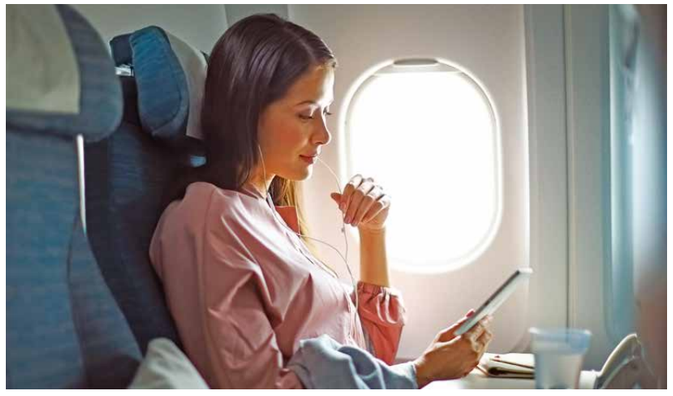
forward on this front. It can also be seen globally, with giant players like Amazon making major moves into offline – not to mention the plethora of online-only brands who are now looking to expand into physical spaces, including ours. Handled correctly, this represents a significant opportunity for us in terms of both knowledge-building and commercial value."

Swire Properties' recent partnership with Alibaba's Tmall is an example of how this has been put into practice. The partnership harnesses the latest in digital technology and big data to create a distinct online-to-offline shopping experience for customers at Swire Properties' five shopping malls in Mainland China.

Driving customer experience to new heights

Swire's aviation division is introducing a range of innovations to enhance operations and enrich customer experience. Ronald Lam, Cathay Pacific's Director Commercial and Cargo also took part in the panel discussion. He told the audience: "Cathay Pacific is undergoing a three-year transformation journey, and digital is a central part of this. With today's world so highly digitised, this is an important element in making innovation possible, so we can improve customer experience, revenue generation and cost efficiency."

Cathay Pacific has put new technologies to use across various areas of the airline's business. For example, Block Chain has been introduced to track cargo containers and pallets, as well as to record and reconcile Asia Miles points with customers and restaurant partners.



Innovative technology will soon allow passengers to stay connected in-flight.

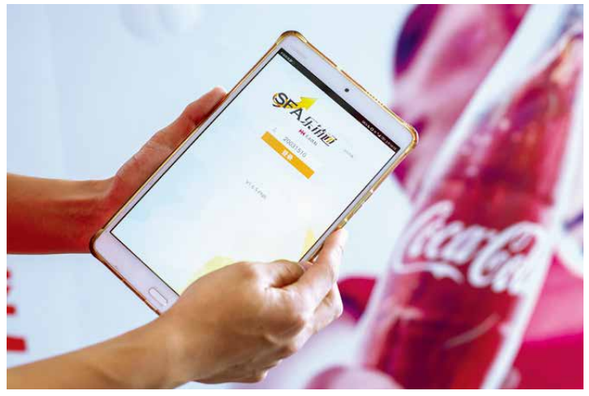
Thanks to WI-FI connectivity being rolled out across Cathay Pacific's fleet, the airline has been able to make its in-flight environment a digitally connected one, using Mesh Network. Mobile apps tailored to the in-flight environment and providing real-time connectivity to the ground will soon be available for passengers and for airline crew. Chatbots have also been adopted to handle flight disruptions and provide guidance to customers in rescheduling their onward journeys in the event of delays or missed connections. This technology brings greater convenience to customers by making planning easier and also leads to greater peace of mind.

Derrick Chan, Swire Pacific Director Trading & Industrial, agrees that digital innovation is a vital tool for making the most of new business opportunities. Speaking during the panel discussion, he cited ways in which the automotive industry is making use of technology to better serve its customers. "Taikoo Motors has revolutionised how it offers services to customers," he said. "These days, customers are a lot less loyal, because they can easily walk away if you can't offer new things. You can only capture new opportunities if you continue to offer them new experiences." Traditionally, the automotive industry has provided its customers with a basic suite of retail services and after-sales servicing of vehicles. However, Taikoo Motors has created an app called Carguru, which has pioneered the cross-selling of services such as car insurance, and also puts customers directly in touch with one another, so helping to stimulate the second-hand car market.

Embracing change for future success

An overarching theme of the panel discussion was that if organisations are to use innovation effectively, they must ensure it becomes a central tenet of their business culture. One challenge to this is the likelihood that not every innovative idea or initiative will be immediately successful. The way to overcome this challenge is to ensure that innovation is something businesses embrace over the long-term. This was a point Karen So was keen to stress: "Innovation is an integral part of our business. People should not see it as a single project. Innovation is related to people's mindsets and in order to win and succeed, we have to position ourselves as a learning organisation. Employees need to adapt to the changing environment, to take a lead in these changes, and to be ready to learn from what's going on outside the organisation."

Interactive digital technology creates a unique retail experience for customers at Swire Properties' shopping malls.



Mobile platforms improve internal process efficiencies and help the frontline salesforce develop personalised sales strategies.

Meanwhile, Ronald Lam felt that an important message delegates should take away was that being an innovator means stepping out of your comfort zone and being willing to take risks: "This sometimes means we see failures before successes. A key challenge is how we can encourage experimentation with new ideas, while ensuring we continue to generate a reasonable return on investment. The way we overcome this is to be agile in the way we do things. We have learnt to use small-scale Proof of Technology and Proof of Concept initiatives to test out ideas early on. We then either scale up if successful or fail fast if not," he explained.

The future of innovation at Swire

A crucial factor is that these innovation strategies remain fluid and are continually evolving. Taikoo Motors' Carguru will soon launch additional services, including a 24-hour carwash which is bookable online, and "Drive-thru" refuelling, where payments are made in seconds. And while Swire Properties has partnered with big digital names to drive retail, Swire Beverages is also joining forces with tech companies such as Tencent and Jing Dong: "We should not shy away from working with tech giants," Karen So told delegates. "This is a choice that every business will inevitably face. And if you are not part of the trend, you will be left out." Partnerships like this not only help reduce the challenge digital platforms pose to potential customers, they also increase key brand awareness among consumers in China.

Tim Blackburn said he was confident about the future of partnerships like Swire Properties' recent link-up with Tmall: "These partners may come in the form of platforms, but may equally be online retailers, portals, digital entertainment developers and online brands. We have a robust pipeline of interested parties and are excited about the possibilities they present," he told the conference.

For Swire to thrive in the future, it is essential that it embraces innovation to make the most of opportunities in Mainland China. The group is already working on ushering in major digital transformation across its businesses, and is well positioned to make even further advances. The key is to keep up the momentum.

For one and all

Last year, Swire created a new senior role that will champion diversity and inclusion within the organisation. *Swire News* talks to Olivia Wong about her position as Head of Diversity & Inclusion Development, and discovers why she's so passionate about promoting this important aspect of the business.

A childhood incident playing basketball ignited Olivia's passion for her role.

Olivia Wong
Head of Diversity & Inclusion Development
John Swire & Sons (HK) Ltd.

What do the words diversity and inclusion mean for Swire?

Let me begin with this quote: "Diversity is a fact, and inclusion is a choice." Like all large organisations, we have natural diversity because of differences in age, gender, ethnicity, sexual orientation, disabilities, and cultural and socio-economic backgrounds. However, I think inclusion is different, because you need to make a conscious decision to embrace and respect people who might not be the same as you. It takes a lot more effort, but it's also very rewarding, because innovation and creativity only come about when you have people from diverse backgrounds working together. For Swire, if we promote diversity and inclusion as a whole, we will be able to attract and retain the people who can truly benefit the organisation, which will, in turn, benefit them as individuals, as well as society and the communities we serve.

What compelled the creation of this role, and how will it develop?

This is a new position, which I only took on in August last year. However, for some time, we have been looking at diversity in the group. For example, in 2013 we set up the Swire Gender Diversity Committee. Later, in 2015, we launched the Women's Network. While gender diversity is still a key focus, all areas of diversity and inclusion are important – a belief championed by Swire Pacific Chairman, Merlin Swire, and one which is critical to our operations.

We can start by looking at Swire's workforce. The gender split within the group in 2017 was 62.4% male and 37.6% female. At entry level, the gender balance is more equal, but the further up the scale one looks, particularly within senior management, the split is approximately 70% male and 30% female. Naturally, there is greater variation amongst individual operating companies, but, ultimately, we are missing out on a large percentage of women in the leadership team.

Olivia (centre) at the Gender Equity Conference 2017.

Another area of diversity, which is particularly relevant in Asia, is age; indeed, Asia has some of the fastest-aging populations in the world. As the birth rate continues to decline, the employee segment that will grow most quickly will be the 64+ age group. It is also worth noting that these people will not only be our talent pool, but will also become our key customer target.

What are some of Swire's new initiatives that will improve workplace diversity?

Currently, we are putting together strategies, formulating our vision, and setting targets. For example, we are making strides with flexible working hours. The Swire Women's Network has drafted a policy and we aim to provide guidelines that help different people within our workforce to find the optimal way they can contribute without sacrificing productivity. Once finalised, the policy will give a range of options to line managers in different operations so they can work with their employees on bringing their best to the organisation. Generally speaking, the areas we will cover include gender, sexual orientation, ethnicity and culture, disabilities, and age. Because of this, we have to set priorities and focus on one area at a time. This way, we will ensure we keep up the momentum.

Are many other large organisations in Asia creating roles like yours that focus on diversity and inclusion?

It is quite rare at the moment. I think this is because in Asia, there is the perception that diversity and inclusion in the workplace is a Western notion. So Swire is one of the first conglomerates in the region to pioneer this type of role. It is true that many overseas corporations with offices in Hong Kong already have diversity and inclusion initiatives, but these have usually been developed in their home countries, often in the West. What makes Swire different is we have established our own local diversity and inclusion team in Asia, which allows our initiatives to be tailored to the social contexts in which we operate.

On a personal level, what drives your passion for diversity and inclusion?

My family moved to the US when I was still in elementary school. We lived in a typical American suburb. All the kids in my age group were boys and, as well as being the only girl, I was also the only Chinese person. I remember our next-door neighbour had a basketball net in his front yard where the neighbourhood kids could all shoot hoops. I often took advantage of the setup but when other kids (boys) showed up, they would exclude me from the game as I was perceived as being different. One afternoon the neighbour came out and asked why I didn't join the game. I said that the other kids wouldn't let me play because I was a Chinese girl. He took the ball and told them that if I couldn't play, then nobody could. Of course, very soon we were all playing together! The profound impact this had on me was learning that, at times, we all need someone to stand up for us as an ally. People can feel alone or shunned, so having someone who defies injustices is really important. Secondly, once you are given that opportunity to be included, don't lose it. I played every basketball game after that, and nobody tried to exclude me again.

Intra-group running competition

The fifth annual Swire Intra-group Running Competition was held on 20th October in Hong Kong, with over 500 participants from more than 20 operating companies taking part.

Cathay Pacific once again won the 10km Corporate Team Championship and also claimed victory in the 10km Individual races, with Jinko Takeshige and Candy Lai winning the Ladies' Master and Ladies' Youth categories, and David Li leading the way in the Men's Master competition. A new challenger, Vriens Lodewijk from Swire Properties, put in an amazing performance to win the 10km Men's Youth Race.

Cathay Pacific runners also triumphed in the 3km Individual Race: William Moon won the Men's Race – coming in 12 seconds ahead of the first runner up – while Ying-Yee See, last year's 3km Women's Race winner, was able to defend her title in the women's field. Swire Beverages managed to out-sprint the Cathay Pacific team in the Men's 1km x 3 Relay Races; however, the airline dominated in the Ladies, Mixed and Senior Executives relay races.

Enthusiastic participants at the starting line.

Cathay Pacific were winners of the Corporate Team event and were presented with their prizes by Merlin Swire.

In partnership with The Green Earth, recycling initiatives and eco-friendly measures such as reusable cups and water stations to eliminate the use of bottled water were introduced.

The TaiFoong Trophy, the annual golf tournament between Swire and HSBC, was held on 9th November at the Shek O Country Club. The event ended in a draw – for only the second time since the competition was established in 1993; however, Team Swire (in white) claimed both the nearest-to-the-pin awards. "TaiFoong" is an amalgam of the two organisations' Chinese names, Taikoo ("Great and Ancient") and Wayfoong ("Abundance of Remittances"); the event celebrates strong ties between two of Hong Kong's oldest companies.

Spreading love and diversity

On 21st October, *FlyWithPride*, the Cathay Pacific Group's LGBT+ (Lesbian, Gay, Bisexual, Transgender, plus) employee network, hosted its first picnic day at Hong Kong's Pink Dot Festival. Now in its fifth year, Pink Dot is Hong Kong's largest diversity event: a free carnival and outdoor concert organised for the LGBT+ community, their families, friends and colleagues in support of inclusiveness, diversity, and respect. Over 12,000 people attended the event in West Kowloon Art Park.

This is the first year that Cathay Pacific has sponsored Pink Dot and it is planning to have a larger presence at next year's event, demonstrating its support for diversity and equality in the airline's home city.

Olivia Wong, Head of Diversity & Inclusion Development of John Swire & Sons (HK) Ltd., and Josh Rogers, Cathay Pacific's Head of Airport Customer Service, enjoy themselves at the Pink Dot Festival picnic hosted by *FlyWithPride*.

Tai Chi triumph

Cathay Pacific Inflight Service Manager, Makiko Fujita and Senior Operations Engineer, Hoffman Tik brought home a Gold and Silver medal respectively from the 3rd World Taijiquan Championships, held in Burgas, Bulgaria, at the end of last September. Makiko and Hoffman – both experienced members of the Cathay Tai Chi Club – were amongst 16 athletes selected to represent Hong Kong at the biennial competition, which is organised by the International Wushu Federation and generally regarded as the "Tai Chi Olympics" by the Wushu (martial arts) community. More than 300 athletes from 33 countries took part in the competition.

"I never imagined myself representing Hong Kong on the world stage as an athlete when I joined the Cathay Tai Chi beginner course 14 years ago," says Makiko. "It's amazing how this ancient art unites people and helps one not only to develop a strong and healthy body, but also a strong mind, with an emphasis on peace and respect. It's something that helps me stay focused when leading the cabin crew team during inflight service."

Makiko (left) and Hoffman at the World Taijiquan Championships selection competition in Hong Kong.

The Cathay Tai Chi Club – better known as the "Tai Chi Family" – has a long history going back to the 1980s, when the club was established by Swire management trainee programme instructor, C.C. Kwan, who recognised the positive benefits of the sport not only for health, but for career and family life. Since then, the Cathay Tai Chi team has been consistently winning awards in both local and international tournaments. "This is only the beginning of the competition season," says Hoffman. "Team members will also be representing Hong Kong in the upcoming World Taijiquan Health Congress in Guangdong and the Asian Traditional Wushu Championships in Nanjing."

Own a (time) piece of CX history

The introduction of the Boeing 747 to the Cathay Pacific fleet was a major milestone and this well-loved aircraft type fuelled the development of Cathay's passenger network for 37 years, from 1979 to 2016; it is still the workhorse of the airline's cargo fleet.

"B-HOP" (first registered as VR-HOP) was the first -400 variant of the 747 family to join the Cathay Pacific fleet in June 1989 and served the airline for 25 years, logging 117,747 flight hours, or some 52,986,150 miles – that's enough to get to the moon and back 111 times! The aircraft also operated one of the very last commercial flights out of Kai Tak Airport in July 1998.

B-HOP was retired in September 2014 and then scrapped; however, her flight deck was salvaged and now lives on as an eye-catching feature in the reception area of the Headland Hotel at Cathay City, at Hong Kong International Airport.

Meanwhile, a section of B-HOP's rear wing spar – the immensely strong titanium alloy beam that supports the trailing edge wing flaps and wing-gear undercarriage – was also saved. And thanks to a labour-of-love on the part of a team of enthusiasts at Cathay, it is now being crafted into a limited edition pilot's watch, which will be available to staff next year, on a not-for-profit basis. It's a unique way to commemorate Cathay Pacific's long association with the Boeing 747 and with this special aircraft in particular.

Just 748 of the watches will be produced – that number referencing the 14 Boeing 747-8F aircraft in the airline's current 20-strong 747 freighter fleet. The manufacturer is renowned German watchmaker Sinn Spezialuhren, a specialist in cockpit clocks and pilot's chronographs, and the robust, uncluttered design of the bespoke B-HOP watch, reflects that history. With its back and case cut from B-HOP's titanium wing spar, the watch has a classic black face with dual time zones and is embossed with "CX" and "Boeing" marks and with the number "747" in grey. The second hand is "Swire" red, while the 24-hour hand of the second time-zone is picked out in the green and white striped livery worn by Cathay aircraft from 1973 to 1994, and known affectionately as the "lettuce sandwich". The back of the case is meanwhile etched with a graphic of B-HOP herself on final approach to Kai Tak Airport and framed by the familiar landmarks of Checkerboard Hill and Lion Rock.

For more details on how to order one of these exclusive timepieces, please contact Captain Mark Hoey (mark_hoey@cathaypacific.com) or Captain Rod Provan (rod_provan@cathaypacific.com).

2020 will mark Swire's 150th year of doing business in Hong Kong. In the lead up to the anniversary, we're featuring a variety of unusual 'treasures' from the group's archives that help tell the story of how Swire's evolution has been closely intertwined through the years with that of its home city.

A Happy New Year from Taikoo

This calendar was produced by Taikoo Sugar more than a century ago, as a promotional gift to celebrate Chinese New Year 1915. A number of Buddhist symbols feature in the tranquil scene of a well-to-do family and their servants strolling in a garden. The red banner reads "Taikoo Sugar Company", with Taikoo's famous "Yin and Yang" trademark – first introduced in 1905 – at the centre. Below are the characters for the traditional "Kung Hei Fat Choi" New Year's greeting, while the month-by-month calendars (both lunar and western-style) run down each side of the picture. The panel below lists the full range of Taikoo Sugar products – extolling the superior qualities of each and reminding customers to always look for the Taikoo brand.

Swire established Taikoo Sugar in 1881 – a diversification from its core businesses of shipping and trading, but closely connected, because raw sugar helped fill the holds of its ships returning to Hong Kong from Mainland China, the Philippines and Taiwan (the regional growers of sugar cane) and refined product provided a significant boost to its trading businesses.

Land was purchased at Quarry Bay, a remote backwater in the north-eastern quarter of Hong Kong Island, and phase one of the Taikoo Sugar Refinery went into production in March 1884. Success followed rapidly – the factory could scarcely keep pace with demand. A second phase of building was completed in 1886, a third in 1894. Japan became a major customer after Swire extended its shipping services there, but was soon far outstripped by Mainland China, which by the early 1900s was accounting for 80% of output.

Meanwhile, Quarry Bay had been transformed. After Taikoo Dockyard opened in 1907, the two businesses supported a workforce of over 6,000 and – with their dependants – a local population of perhaps five times that. Like the 'model villages' of England's industrial heartland, Taikoo Village was a purpose-built company town, complete with shops, medical and recreational facilities, a school, its own sources of water and electricity. By 1915, when this calendar was printed, the Taikoo Sugar Refinery had been in production for three decades; within another 10 years, it would be the biggest facility of its kind in the world.

By 1945, however, after four and a half years of enemy occupation during World War II and sustained aerial bombing, the entire district lay in ruins. Taikoo Sugar finally went back into production in 1950, and as Hong Kong rapidly evolved from an entrepôt to a manufacturing centre in its own right, flourished again, supporting overseas markets in Southeast Asia, the Middle East, Africa and the Pacific. But in the longer-term – in common with Hong Kong's heavy industries in general – could not compete with regional competitors who benefitted from cheaper production costs. In the early 1970s, the refinery was closed and the business downscaled to packaging and retail of imported sugar.

Today, Taikoo Sugar is once again the dominant foreign brand in the China market. And Quarry Bay has once again been transformed, this time by Swire Properties, into a sought-after district of offices, residential estates and shopping malls, whose rich industrial history is still remembered in street names like Tong Chong Street – Sugar Factory Road.