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.

Please send material to the Editor, GPO Box 1, Hong Kong, or email us at cindycheung@jsshk.com. For pictures, we welcome prints, colour slides or computer graphics in JPG format (500dpi and 20cm x 16cm), and digital photos taken by cameras with 8 Megapixels or above.

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**Courtesy calls on senior officials**

In September, Swire Pacific Chairman, John Slosar, and John Swire & Sons (China) Chairman, Ivan Chu, paid a courtesy call on Mr Xie Feng, the recently appointed Commissioner of the Ministry of Foreign Affairs of the People’s Republic of China in the Hong Kong SAR. Mr Slosar and Mr Chu took the opportunity to discuss current economic trends – in particular, the opportunities offered to foreign enterprises by China’s Belt and Road policy and the recently announced Guangdong-Hong Kong-Macao Greater Bay Area initiative.

During September, Ivan Chu also visited Beijing, where he called on Mr Huang Liuquan, Deputy Director of the Hong Kong & Macao Affairs Office of the State Council. During the visit, Mr Chu and Mr Huang discussed a wide range of issues relating to Hong Kong’s development.

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**Shanghai visit**

In November, Merlin Swire, Deputy Chairman and CEO of John Swire & Sons Limited, paid a courtesy call on Mr Zhou Bo, Executive Vice Mayor of the Shanghai Municipal Government. During the meeting, Mr Zhou expressed his appreciation for Swire’s long-term involvement in China and in particular, the city of Shanghai, where Swire established its first China office in 1866.
A thriving future

“Together for a Thriving Future” was the theme of the seventh Swire Annual Sustainable Development Forum, held in Hong Kong on 9th November. The event brought together more than 280 participants, including sustainability experts and senior executives from 35 Swire group companies.

The forum was opened by Swire Pacific Chairman John Slosar, with keynote speeches from Ivan Chu, Chairman of John Swire & Sons (China), and James E. Hughes-Hallett, Finance Director, John Swire & Sons Limited, who reaffirmed the group’s commitment to sustainable development, and its strategic importance in creating long-term value for shareholders. One of the highlights of the day saw panelists from AXA, BlackRock, Credit Suisse, Deloitte, MSD and Natixis discussing how sustainability is built into their investment decisions and cost of capital calculations.

The forum also provided a platform for representatives from different areas of the Swire group to identify how their own business development strategies and initiatives link to the group’s SwireTHRIVE environmental sustainability strategy and are driving sustainable change within their businesses.
HKRI Taikoo Hui grand opening

HKRI Taikoo Hui celebrated its official launch in November last year with a grand opening ceremony held at its shopping mall. Jointly developed with HKRI International, HKRI Taikoo Hui is Swire Properties’ fifth mixed-use development in Mainland China and first ever in Shanghai. Situated in Nanjing West Road district, the joint venture comprises a shopping mall, two Grade-A office towers, two luxury hotels and one serviced apartment building. More than 90% of the mall’s retail space has been leased out since its soft opening in May, providing an array of lifestyle shops and dining options for the city’s vibrant community. Named HKRI Centre I and HKRI Centre 2, the development’s two office towers are home to many Fortune 500 companies, with around 80% of the office space already leased out or committed.

Relaunching blueprint

In October last year, Swire Properties officially relaunched blueprint, at its new location spanning two floors of Dorset House in Taikoo Place. Moving from its previous location in Cornwall House, the 30,000 square-foot co-working hub aims to nurture innovation and creativity within Taikoo Place. blueprint features a smart co-working area with 90 desks in an open plan configuration, 13 private offices of various sizes, a range of dedicated event spaces, an outdoor terrace, as well as the TDNG Bar & Café, managed by Swire Restaurants. Created with flexibility and collaboration in mind, blueprint caters to the evolving needs of startups, small businesses and even multinationals looking for temporary work space to engage their staff. blueprint will also stage monthly talks and networking events to inspire the greater Taikoo Place professional community.

More connectivity

Cathay Pacific will launch non-stop services linking Hong Kong with Brussels, Dublin and Copenhagen starting this summer, expanding the airline’s network to 15 European destinations served by direct flights from Hong Kong. The services to Brussels and Dublin will operate four times a week, whilst flights to Copenhagen will operate seasonally on a three-times-weekly basis from May to October. The airline will also launch a four-times-weekly service to Washington, D.C. for the first time in September. Operated by the all-new Airbus A350-1000 aircraft, the new service will become the longest on the Cathay Pacific network in terms of distance.

Cathay Pacific has also announced increased services from Hong Kong to Barcelona and Tel Aviv. Its current seasonal service to Barcelona will become a year-round service from 15th April and will increase from three flights a week to a four-times-weekly operation from July. Meanwhile, the current four-times-weekly service to Tel Aviv will increase to six times a week from 25th March, with daily flights throughout October and November.

In December last year, Cathay Dragon increased the frequency of its service between Hong Kong and Fukuoka to eight flights per week, with a further increase to 11 flights per week between 14th January and 24th March this year. The regional carrier has also launched a new four-times-weekly service between Hong Kong and Nanning in Guangxi, further strengthening the airline’s network in Mainland China.

New engine order

The Cathay Pacific Group and CFM International (“CFM”) have concluded an order for the advanced LEAP-1A engine, which will be used to power 32 new Airbus A321neo aircraft on order for regional carrier, Cathay Dragon; they will replace and modernise the airline’s single-aisle fleet and support its continued expansion in the Asia-Pacific region. The engine order is valued at nearly US$3 billion at list price, with delivery scheduled from 2020. With an excellent reputation for reliability, the LEAP engine delivers a 15% improvement in fuel consumption and CO₂ emissions compared to today’s best-performing CFM56 engine, along with significant reductions in aircraft noise.

New chapter for AHK

In November, Cathay Pacific reached agreement with DHL to purchase the 40% shareholding in all-cargo carrier AHK Air Hong Kong Limited (“AHK”) currently held by DHL subsidiary, Deutsche Post International B.V., for HK$386.289 million plus the retained earnings attributable to the AHK Minority Interest. As a result of the share transaction, AHK will become a wholly owned subsidiary of Cathay Pacific. Meanwhile, AHK entered into a sale and leaseback transaction with DHL to sell its eight Airbus A300-600F freighter aircraft and associated equipment to DHL for a cash consideration of HK$2,199 million; the freighters will be leased back to AHK by DHL.

DHL acquired its shareholding in AHK from Cathay Pacific in 2002; since then, AHK has operated under a joint venture agreement, as part of which, it sells space to DHL on a network of overnight freight routes from its Hong Kong hub. Under a new Block Space agreement, AHK will operate an agreed freighter network to destinations in Asia for DHL and will receive agreed service fees and reimbursement of operating expenses. Cathay Pacific first purchased a majority shareholding in AHK in 1994 and regards the airline as a key long-term strategic investment.
Cathay Pacific has become the first airline in Hong Kong to be awarded International Air Transport Association ("IATA") CEIV Pharma Certification – a globally-recognised pharmaceutical product handling accreditation. Underlining the airline’s expertise in handling these high-value, time-sensitive and temperature-controlled cargoes, the certification was granted by the Centre of Excellence for Independent Validators, a body set by IATA in conjunction with aviation industry stakeholders and regulators to address issues such as safety, security, compliance and efficiency, and to minimise product loss due to handling and environmental factors. Two wholly owned subsidiaries, Cathay Pacific Services Limited, which operates the Cathay Pacific Cargo Terminal, and Hong Kong Airport Services Limited ("HAS"), which provides ground handling services at Hong Kong International Airport, have also been awarded CEIV Pharma Certification.

Enhanced Singapore experience

Cathay Pacific has become the first airline to move its operations at Singapore Changi Airport from Terminal 1 to the brand new Terminal 4. The new terminal offers passengers an integrated suite of self-service options at fully-automated check-in and baggage drop-off counters, immigration clearance checkpoints and boarding gates, thereby ensuring a fast and seamless experience for international travellers departing Singapore. Cathay Pacific has also opened a new lounge at Terminal 4. Providing seating for more than 200 customers, it is one of the airline’s largest lounges outside Hong Kong, with a design aesthetic that echoes the warm and understated luxury of the airline’s award-winning lounges at The Pier at Hong Kong International Airport.

Accredited carrier for pharmaceuticals

Cathay Pacific has become the first airline in Hong Kong to be awarded International Air Transport Association ("IATA") CEIV Pharma Certification – a globally-recognised pharmaceutical product handling accreditation. Underlining the airline’s expertise in handling these high-value, time-sensitive and temperature-controlled cargoes, the certification was granted by the Centre of Excellence for Independent Validators, a body set by IATA in conjunction with aviation industry stakeholders and regulators to address issues such as safety, security, compliance and efficiency, and to minimise product loss due to handling and environmental factors. Two wholly owned subsidiaries, Cathay Pacific Services Limited, which operates the Cathay Pacific Cargo Terminal, and Hong Kong Airport Services Limited ("HAS"), which provides ground handling services at Hong Kong International Airport, have also been awarded CEIV Pharma Certification.

HAECO Xiamen unveils new visitor centre

In September, HAECO Xiamen opened a new visitor centre showcasing the core capabilities of the company and tracing the history and development of Xiamen’s aircraft engineering and maintenance industry. Special features include a full-sized mock-up of an Airbus Corporate Jet ACJ318 aircraft and a 3D-printed model of an ACJ320 aircraft, as well as interactive displays, virtual reality experiences, historical photographs and aircraft components.

LEED gold certification

In September, Swire Coca-Cola Beverages Hefei’s new Jinxiu plant was awarded LEED gold certification under the US Green Building Council’s LEED v4 Building Design and Construction accreditation scheme. The Swire Beverages project team introduced green design, construction and materials purchasing parameters into the plant’s development and incorporated a range of operational systems to maximise energy efficiency at the plant, including solar roof panels, LED lighting throughout and zone-specific lighting control and energy management systems. The Jinxiu plant has been identified as a showcase example of sustainability in action and demonstrates Swire Beverages’ commitment to putting environmental considerations at the heart of its business development.

New partnership

Finnair has awarded HAECO Hong Kong a contract to perform “C” Checks on its Airbus A350 fleet; the first maintenance check was completed in October 2017. Over the last decade, HAECO Hong Kong has provided aircraft engineering and maintenance services for Finnair’s Airbus A330 and A340 fleets, redelivering around 50 completed aircraft to date. The extension of services to the airline’s A350 fleet opens a new chapter in the business collaboration.

Swire Coca-Cola Beverages Hefei’s new Jinxiu plant was awarded LEED gold certification under the US Green Building Council’s LEED v4 Building Design and Construction accreditation scheme. The Swire Beverages project team introduced green design, construction and materials purchasing parameters into the plant’s development and incorporated a range of operational systems to maximise energy efficiency at the plant, including solar roof panels, LED lighting throughout and zone-specific lighting control and energy management systems. The Jinxiu plant has been identified as a showcase example of sustainability in action and demonstrates Swire Beverages’ commitment to putting environmental considerations at the heart of its business development.

Rooftop solar panels at the Jinxiu plant have a generating capacity of 3.11 billion kWh per year.
Finlays increases shareholding in Damin

James Finlay (“Finlays”) has acquired a further 9.51% of the equity in Damin International Holdings Limited, bringing its total shareholding to 49.51%. Damin is the world’s largest producer of tea extracts and third largest producer of botanical extracts, with a product range that includes instant tea and tea concentrates, instant herbal tea and herbal concentrates, coffee, sweeteners, bottled beverages and instant beverage powders. Damin has the majority share of the Mainland China market and over the past five years has developed a growing international sales partnership with Finlays, supplying beverage brand owners around the world. Wholly owned John Swire & Sons subsidiary, Finlays, is a leading, vertically-integrated supplier of tea, coffee and natural extracts to the global beverage industry.

Largest USCS site

United States Cold Storage Inc. (“USCS”) has completed an 8.5 million-cubic-foot expansion at its Quakertown East site in Pennsylvania. The project has effectively added two new construction phases and the three-year-old cold store now ranks as USCS’ largest facility, with 15 million cubic feet under one roof. Quakertown East opened in August 2014, with 6.5 million cubic feet of storage space. USCS broke ground for the addition in December 2016 and has added 29,344 additional pallet positions and 28 more dock doors for shipping and receiving. All but one of the rooms at Quakertown East feature fully flexible temperature controls (-20°F to +36°F).

Served by the Norfolk Southern Railroad, Quakertown East offers multi-vendor consolidation programmes, cross-docking and product tempering services. Certified by the USDA (US Department of Agriculture) and FDA (Food and Drug Administration), the site also offers managed logistics, shuttle and brokerage services.

On 23rd August last year, Swire Pacific Offshore (“SPO”) held a naming ceremony for the latest addition to its fleet at Loyang Offshore Supply Base in Singapore. Pacific Grebe is the sixth of ten Platform Supply Vessels in the “G” Class series built by Japan Marine United Corporation; the name “grebe” comes from a species of freshwater diving birds. Attended by over 50 guests, the ceremony was graced by Lady Sponsor, Mrs Elisabeth Mathison, who is the wife of SPO’s Managing Director, Ron Mathison.

Seabed Stingray

In October, Swire Seabed signed an agreement with Siem Offshore to bareboat charter its subsea vessel Siem Stingray for a period of three years; the vessel will be renamed Seabed Stingray. With an overall length of 120 metres, the vessel is equipped with a 250-tonne offshore crane, a free deck space of 1,350 square metres and two heavy-duty, work-class ROVs (Remotely Operated Vehicles). Seabed Stingray will be mainly engaged in construction support, IMR (inspection, maintenance and repair), and renewable energy sector operations, with a special focus on North European and West African markets. Swire Seabed’s owned subsea vessels, Seabed Worker, Seabed Supporter and Seabed Constructor, are all currently contracted for work in survey and construction projects on a long-term basis.

Service upgrades

Swire Shipping upgraded its multipurpose liner service to the Micronesia region in September last year by introducing a fixed-day weekly delivery schedule into Guam and Saipan, both doubling from the previous fortnightly service. The upgrade enables customers in both markets to enjoy improved supply chain efficiency and inventory management. In the same month, greater connectivity was introduced between Townsville in Queensland and Asian ports through an upgrade of the company’s North Asia Express (“NAX”) service. The 20-day frequency service offers market-leading transit times to and from major Asian and Southeast Asian ports, including an eight-day transit to Singapore, as well as a 17- and 15-day transit from Shanghai and Ningbo respectively.

The NAX service was further enhanced in November with the introduction of a new call at Rabaul in Papua New Guinea. The 20-day frequency call at Rabaul offers transit times of 11, 17, 21 and 24 days respectively from South Korea, Japan, Mainland China and Taiwan. These services are supported through the deployment of modern, eco-friendly vessels as part of the company’s long-term commitment to deliver sustainable shipping solutions to its customers.
New dealership

Mercedes-Benz Malaysia has announced the appointment of Auto Commerz as its dealer partner, at the launch of a new temporary showroom in Jalan Genting Klang in Kuala Lumpur. Auto Commerz is a part of the Taikoo Motors Group, which also retails Mercedes-Benz vehicles in Taiwan. In addition to displaying the latest Mercedes-Benz models, the interim showroom provides genuine accessories and merchandise as well as financial services; a permanent showroom will be opened in 2019. The dealership appointment marks a strengthening partnership with Mercedes-Benz, as Taikoo Motors seeks to expand its business across the fast-growing ASEAN region.

Exclusive brands

Swire Resources has recently added two more brands from the accessible luxury segment to its portfolio of international labels. The company has been appointed exclusive distributor in Hong Kong, Macau, and Mainland China for Paris street-chic fashion house, The Kooples and for Canadian shoe and accessory label, ALDO.

Founded in 2008, The Kooples has garnered wide acclaim for its beautifully-cut garments that offer a unique mix of meticulous attention to detail, “Rock ‘n roll” aesthetic and androgynous style. The Kooples already boasts more than 400 stores in 36 countries and Swire Resources’ first flagship store for the brand opened at Hong Kong’s Pacific Place shopping mall in November. Three new ALDO stores have meanwhile opened at key Hong Kong locations at Cityplaza in Taikoo, Sogo in Causeway Bay, and Langham Place in Mongkok. Founded in Montreal in 1872 by shoe designer Aldo Bensadoun, ALDO effortlessly blends bold, youthful, but affordable style with quality and wearability.

As exclusive regional distributor for these labels, Swire Resources will play a key role in helping them to gain a share of the fast-growing Greater China market, where consumers have an increasing appetite for international luxury and lifestyle brands.

Symphony Under The Stars

Swire Symphony Under The Stars 2017 took place on 11th November at the Central Harbourfront. Under the baton of Principal Guest Conductor, Yu Long and with popular TV personality, musician and magician, Harry Wong, as Master of Ceremonies, the Hong Kong Philharmonic Orchestra’s (“HK Phil”) annual outdoor musical extravaganza featured performances by noted local pianist Johnson Li and violinist Paloma So, treating the audience of around 15,000 concert-goers to a musical and visual feast. During the event, Chairman of Swire Pacific, John Slosar, announced the renewal of Swire’s commitment to the HK Phil as Principal Patron for another three years from April 2018 with a grant of HK$46.4 million.

To Fiji with love

Swire Shipping has arranged free shipping and delivery of school equipment, classroom furniture and sports gear to three schools in Fiji that are still rebuilding after being extensively damaged in Tropical Cyclone Winston in February last year. These items were donated to Naitavuni District School, Waidina Secondary School and Nabukalua Primary School by the Hong Kong International School and by Valley Fort Rugby Football Club, initiated by former China Navigation Company Managing Director, Tim Blackburn.

Fijian schoolchildren were overwhelmed to see the arrival of a 40-foot container truck packed with brand new gear.

Montreal-born label ALDO (top) and Paris-based The Kooples.
Sustainability efforts recognised

In the third quarter of 2017, Swire Pacific received recognition for its ongoing efforts to develop its businesses along sustainable lines, retaining its position in two major global sustainability indices, the Dow Jones Sustainability Index Asia Pacific and the Hang Seng Corporate Sustainability Index, for the third consecutive year. Swire Pacific received the highest mark in the environment category out of all Hong Kong listed companies in the Hang Seng Corporate Sustainability Index.

Swire Properties has also retained its place in both indices, and was the only company from any sector from Hong Kong and Mainland China to be included in the Dow Jones Sustainability World Index. In addition, the Swire group’s property arm was recognised by the Global Real Estate Sustainability Benchmark (“GRESB”), an investor-driven organisation that assesses environmental, social and governance performance of real assets globally. The organisation gave Swire Properties a GRESB 5-star rating, its highest category for sustainability performance, indicating that the company is among the top 20% of the 850 companies assessed.

Award-winning hotel

The Temple House, Chengdu, has come fifth in the “Top Hotels in China” in Condé Nast Traveller’s Readers’ Choice Awards 2017. More than 300,000 travellers voted in the annual survey to help create a list of winning favourites. The award-winning hotel was ranked number one in the “Ten Best City Hotels in Asia” and number 19 in “The Top 100 Hotels in the World” in The 2017 World’s Best Awards organised by Travel+Leisure. The hotel’s spa has been voted “Best Men’s Treatment of the Year” by SpaNicha and its pool was ranked number four in “17 jaw-dropping pools around the world” by CNNtravel.

Meanwhile, The Upper House in Hong Kong was voted number 20 in Condé Nast Traveller’s Readers’ Choice Awards 2017 “Top Hotels in China” and was also included in “The World’s Top 100” hotels by Condé Nast Traveller UK.

Popular employer

In October, Swire was once again named as one of the most popular employers in Hong Kong. The group took the top position in the 2017 jobsDB Top Ten Companies Survey, along with its operating company Cathay Pacific Airways. The survey sought the opinions of over 26,000 people across the Asia Pacific region and found that company benefits and work-life balance were the top priorities for employees. The ranking recognises the group’s efforts to provide a fulfilling work place and is a testament to Swire’s brand power as an employer of choice in Hong Kong.

HAECO Xiamen wins QC award

In September last year, HAECO Xiamen won a Quality Control (“QC”) Circle Appreciation Award at the Nationwide QC Circle Conference in Japan. The award recognises HAECO’s development of a new tool that assists with the installation of insulation blankets in aircraft. Deployment of the new tool has brought about a 32% reduction in man-hours spent on fitting lining material, improved working conditions for technicians and lower health and safety risks. The award is a testament to HAECO Xiamen’s efforts to match the highest industry workplace standards and a great encouragement for the company’s quality-oriented culture.

Award for people investment

Swire Pacific Offshore (“SPO”) has won the “Investing in People” award in the 18th Annual Business Awards organised by the British Chamber of Commerce in Singapore. As a first-time winner of this award, SPO was recognised for its sustained endeavours to nurture and acknowledge staff development. The Annual Business Awards were established to recognise outstanding individuals and companies that have shown notable business excellence in various areas.

Swire Pacific clinches two awards

Swire Pacific’s 2016 Annual Report has won high marks for its professionalism and comprehensive disclosure. The report won the Bronze Award in the “General” category in the Hong Kong Management Association’s Best Annual Reports Awards, announced in November. The report was commended by the panel of adjudicators for its outstanding presentation and clear illustration, with charts and photographs to highlight business developments and sustainable growth to stakeholders. The Best Annual Reports Awards is an annual competition which aims to encourage the publication of timely, accurate, informative and well-presented annual reports for shareholders, employees and the public.

Also in November, Swire Pacific won the “Outstanding Listed Companies” award organised by the Hong Kong Institute of Financial Analysts and Professional Commentators Limited.
Thirsting for more

On 1st July last year, Swire Beverages completed the acquisition of its new franchise territory in Shanghai, representing the final transaction in the realignment of Coca-Cola’s bottling operations in Mainland China. In this edition of Swire News, Pat Healy, Swire Beverages’ Managing Director, and Karen So, Executive Director – China Operations, discuss how the realignment positions the company for further growth.

Contiguity and growth
Reflecting on the franchise system prior to the realignment, Pat Healy says: “The structure of the China franchise has been built up over time, so we had different franchises held by COFCO, Swire and the Bottling Investments Group. This led to inefficiencies and waste within the system. At the same time, The Coca-Cola Company was engaging in a massive global refranchising exercise to refocus its business on consumer research, branding and portfolio development. These two factors created the opportunity to streamline the franchise so that bottlers could optimise their operations.”

Today, the bottling franchises in Mainland China are held either by Swire Beverages or COFCO, with each group controlling a contiguous territory. The Swire Beverages franchise covers a unified region in southern, eastern and some central parts of China. This has created many opportunities. For instance, revenue management is much easier across a single, interconnected area, rather than a patchwork of franchises in different territories. Explains Healy: “We now have the scale and continuity, for example, to make decisions over product launching and pricing on our own and at greater speed. The new system enables us to take full control over pricing and revenue management for the entire territory, which drives improvements in revenue growth and profitability.”

The refranchising also helps to drive efficiencies in supply chain management. From a logistical viewpoint, having one large territory, instead of the suboptimal territories of the past, creates more opportunities to service sales centres from the closest possible production and distribution points, helping to reduce delivery costs. Over time, there is significant opportunity to optimise capital allocation too. “Decisions about where to invest in production plants can be taken from the perspective of the whole territory, rather than on a province-by-province basis,” Pat Healy says.

Seizing abundant opportunities
In Mainland China, the beverage market is extremely large. Each year, 27 billion unit cases* of beverages are produced, of which 20 billion are non-alcoholic, ready-to-drink ("NARTD") products. Yet despite its size, per capita consumption of Coca-Cola beverages in Mainland China is only slightly more than 40 eight-ounce servings per year, which is relatively low compared with other more mature markets, such as Hong Kong, where per capita consumption is over 200 servings. This provides ample opportunity for growth.

Mainland China’s beverage market is also fragmented, with packaged water accounting for 40 percent of total market share, while the remainder is split between sparkling soft drinks, juices and tea, and emerging categories such as coffee, energy drinks and hydration drinks. Currently, Swire Beverages has 65 percent of the market share for sparkling beverages and is number one in the country for juices. For Karen So, the focus is on increasing Swire’s share: “We want to make sure our system can roll out more categories, to gain a significant share of the total NARTD market,” she says.

One trend that will help Swire Beverages seize many more opportunities is that consumer tastes are changing. As Healy confirms, “The beverages market in China is becoming more premium, so there are opportunities to introduce new brands in new categories and in premium packages. Our capacity to maximise revenue growth is becoming greater.”

A case in point is packaged water. While packaged water accounts for a significant share of the market, much of it has a retail value as low as RMB1 per bottle. However, as Karen So identifies, a shift in preference is underway: “The water market is...”

* A unit case comprises 24 eight-ounce servings.

The realignment was the culmination of a refranchising initiative, announced in November 2016, under which all of the bottling territory in China owned by The Coca-Cola Company’s Bottling Investments Group has been acquired by Coca-Cola’s two franchise partners, COFCO Coca-Cola Beverages Limited (a subsidiary of the state-owned COFCO Corporation) and Swire Beverages Holdings Limited. The deal has expanded Swire Beverages’ scale of business on the Mainland by 50 percent. The company now owns 18 plants in 11 provinces and the Shanghai municipality, selling the Coca-Cola family of beverages to half the country’s population – over 650 million people.
The realignment has created a more efficient franchise system in China, with Swire Beverages and COFCO each controlling a contiguous territory.

As consumers in Mainland China increasingly look for premium products, opportunities exist to develop different types of packaging in order to drive greater profitability. “In China, more and more vending machines are cashless, with consumers opting to use Alipay and WeChat Pay. These vending machines also communicate directly with our bottling plants and tell us exactly which products need to be restocked. In many ways, China leads the market in the application of technology because of the huge innovations that we can leverage, plus a very young and tech-savvy customer base,” says Healy.

**Harnessing innovation and technology**

In former times, bottlers ran on simple business models, with a small number of brands and categories. Today, however, the competitiveness and complexities of the industry and an ever-expanding portfolio mean that it is essential to apply increasingly sophisticated technology to bottling operations. In particular, sales teams are now equipped with smartphones that contain all the data they need to service their customers throughout China. For Healy, this is transformational. “The power of technology is exciting. Coolers and fridges now communicate with our sales representatives. When they walk into an outlet, the fridge connects with their hand-held device and uploads information such as how often the door has been opened and at what time, what traffic has been like and which products have been sold.” This data can be broken down according to region and used to create valuable insights about Swire’s customer base.

Bolstering market penetration will also help to drive sales, although this is currently a challenge due to water being launched that costs RMB5 per bottle. This segment will remain a small number of brands and simple business models, with water being sold.” This data can be broken down according to region and used to create valuable insights about Swire’s customer base.

**Striving for a brighter future**

As with any merger, the realignment has faced a number of initial challenges. This is hardly surprising considering the vast expanse of China’s geography, as well as the very real issue of integrating systems, processes and even company culture across a newly acquired workforce from other bottling franchises.

“Technology is one of the most exciting prospects on the horizon. “The power of technology is exciting. Coolers and fridges now contain all the data they need to service their customers throughout China. The technology to bottling operations. In particular, sales teams are now equipped with smartphones that contain all the data they need to service their customers throughout China.”

Healy. As the newly aligned China System settles into its first full year of operation, Swire and The Coca-Cola Company are committed to deepening and strengthening this historic partnership and making the most of the exciting prospects on the horizon.

**New brands in new categories are being introduced to the China market to drive greater profitability from the growing consumer segment that values premium products.**
A matter of taste

Over the past century and a half, the Sri Lankan tea industry has traditionally employed mainly women in manual roles, such as tea-picking. Conversely, the industry’s white-collar positions have until very recently been male-dominated – despite a very high rate of female literacy in Sri Lanka. Satyani Rajapakse is Finlays Colombo’s first female tea taster and tea blender. Here she talks to us about her work.

What is your job?
I am a tea taster and a tea blender at Finlays Colombo Limited. I’m responsible for evaluating tea quality, attending the weekly tea auctions in Colombo to purchase tea according to customer requirements, and blending teas to ensure consistency.

What does a tea taster actually do?
At its simplest level, a tea taster tastes tea 24/7! The skill in this activity lies in combining hundreds of individual teas to match the quality parameters of one established standard. The standard differs from client to client, from market to market. It is my job to ensure continuity in supply for each of our clients and never deviate from their agreed blend recipe.

Where is the tea-tasting held?
There is a special room in the office to carry out all tea-related activities and it is here the magic happens. Many factors – such as natural light, proper ventilation and storage space – need to be taken into account when designing a tea room. The usual equipment for tasting includes a kettle, a cup, a bowl, a lid with a timer to brew the tea – and a great palate also comes in handy!

How many rounds of tea tasting do you get through in one day?
On a weekly basis our team must evaluate around 12,000 samples of tea, to prepare for the weekly auctions. A minimum of 500 cups a day need to be tasted.

Describe some of the challenges your job brings.
The most challenging yet exciting days of the week are auction days – Tuesdays and Wednesdays. These are the days I feel proudest of myself, as the only lady representing Finlays and one of only a handful in the trade, fighting neck and neck with more than 200 men to buy tea – a very satisfying feeling at the end of the day! It gives me a huge sense of achievement to buy my targeted requirement of tea at my targeted price.

Where did your love of tea come from and how did you become a tea taster?
Tea actually found me! I am a Science graduate with a degree in Biotechnology. I applied to Finlays for a different post. However, the senior management felt that this would be a better opportunity and took me onboard in the capacity of a trainee tea taster. I am fortunate to have a senior management team that mentors and guides me and I am now in my tenth year at Finlays. Passion for what I do today is something that grew in me and keeps growing as I continue exploring the truly amazing camellia sinensis – the tea plant.

What makes a superior quality tea?
Now that’s a tricky one! Every market and every palate has a different definition of good quality. However, as a taster and blender there is very little I can do if the first step in the supply chain – which is production – is not up to the mark. In other words, the quality of the final cup of tea you and I drink is in the hands of the tea plucker. If she fails to pluck the finest leaves there’s very little I can do at this end to get a good quality cup.

Can you share with us some tips to help improve tea making at home?
Rule number one: freshly drawn water always.
The water must be heated to boiling point for black tea and a little lower for green tea.
Rule number two: do not over-boil.
When water is over-boiled, the oxygen content is destroyed and this results in poor activation of the aromatic flavours and characteristics of the tea.

My favourite cup of tea would be a bright golden red cup of tea with a hint of ginger and sugar. I also fancy a perfectly balanced tropical flavoured green iced tea to put me in a chirpy mood. When we are in the mood to experiment, we can always create a perfect blend.
Intra-Group Running Competition

The fourth annual Swire Intra-group Running Competition was held on 21st October at the Pak Shek Kok Promenade at Hong Kong Science & Technology Parks. Cathay Pacific recaptured the 10km Corporate Team championship this year, as well as claiming victory in the 10km Individual category, with Jinko Takeshige, Candy Lai and David Li winning the Ladies’ Master, Ladies’ Open and Men’s Open categories respectively. Swire Beverages – last year’s winner of the 10km Corporate Team Competition – followed closely behind in second place.

With William Davies triumphing in the 10km Men’s Master for the second year in a row. Cathay Pacific continued to dominate the 3 x 1km Relay Races, coming first in the Ladies’, Men’s and Mixed categories, while Swire Beverages topped the Senior Executives category. This year also marked the introduction of the 3km Individual Race, and the inaugural winners for the Ladies’ and Men’s categories respectively were See Ying-Yee and Alfred Siu – both from Cathay Pacific.

Over 600 enthusiastic participants turned up at the starting line of the running competition.

Winners of the 10km Corporate Team event pose for a group photo at the presentation ceremony.

TaiFoong Trophy

Swire has won the TaiFoong Trophy for the sixth consecutive year. This annual, 18-hole golf competition between Swire and HSBC celebrates the strong bond between two of Hong Kong’s oldest companies; “TaiFoong” is an amalgam of the two organisations’ Chinese names, Taikoo (“Great and Ancient”) and Wayfoong (“Abundance of Remittances”). The event was inaugurated in 1992, with each company playing host in alternate years; HSBC organised the 2017’s event at the Shek G Golf & Country Club on 10th October. While HSBC claimed both closest-to-the-pin awards, Walter Li of Swire smashed his ball a powerful 280 yards to claim the longest drive award.

A team of 11 hardy oarsmen braved a cold September’s afternoon to represent the Swire group at a fundraising dragon boat race organised by the shipping industry in London last year. Representatives from Swire Bulk, James Finlay and John Swire & Sons Limited took to the water at the London Docklands Aquacentre against 23 other teams. The Swire team came in a respectable third after a few pre-match training sessions. They also raised just under £6,000 for the Great Ormond Street Children’s Hospital in London.

Representing the Swire group, Tom Owen (fifth from left), Cathay Pacific’s Director People, laid a wreath at the Cenotaph in Hong Kong on Remembrance Sunday, 12th November, paying tribute to those who fell during the First and Second World Wars and in other conflicts.

Remembrance Day

Paddle up

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Back row (left to right): Neil Drury, Oliver Taylor, Finola Fennell, Philippe de Gentille-Williams, Louise Connery, Julien Davies, Paul Henson. Front row: James E. Hughes-Hallett, Austin Ellis, Sarah Irving, Joe Ashland
Appointments

Cathay Pacific Airways Ltd.

Roger Barstow
 joined Catering Centre of Excellence as Head of Culinary Excellence.

Ethos International Ltd.

Portia Cheuk Wing Man
 joined Learning & Development Department as Senior Consultant.

John Swire & Sons (H.K.) Ltd.

Tina Chan Teing Teing
 joined Swire Trust as Head of Philanthropy.

Ryan Fung Chi Wing
 joined Staff Director’s Department as HR Specialist.

Swire (Beijing) Management Consultancy Ltd.

Mia Wu Liqing
 joined Group Risk Management Department as Risk Management Supervisor – China.

HAECO Group

Vivian Chan
 joined Brand, Insights and Marketing Communications Department as Head of Marketing Communications.

HAECO Americas

David Rasmussen
 has been appointed President and Group Director, Cabin Solutions.

HAECO Americas

Richard Knight
 joined People Department as Head of Performance and Reward.

John Swire & Sons (H.K.) Ltd.

Sharon Lam Hiu Man
 joined Staff Director’s Department as Recruitment Specialist.

May Ng Yee Chun
 joined Group Internal Audit Department as Auditor.

Peonie Lo Pok Yu
 has been appointed Head of Regulatory Affairs – International.

Promotions, Transfers & Title Changes

Asia Miles Ltd.

Sabrina Lau Cheuk Ling
 has been retitled Loyalty Optimisation & Corporate Planning Head.

Rose Wei Ran
 has been retitled Market Development & Airline Partnership Manager.

Leo Yeung Kin Lai
 has been appointed Strategic & Programme Development Manager.

Parthenia Lai Iu Yan
 has been appointed Passenger Network Manager.

Preston Hung Faan Yan
 has been appointed Head of Revenue Management Strategy and Systems.

Cathay Pacific Airways Ltd.

Jason Choi Tung Chun
 has been appointed Passenger Network Manager.

Kenneth Lee
 has been appointed Head of Distribution Strategy.

Corinne Leung Mio Chun
 has been appointed Lean Programme Manager – Lean Academy.

Rain Luo Jiaying
 has been appointed Assistant Manager Sales Development – Commercial Sales Tools.

Selina Miao Miao
 has been appointed Head of Revenue Management Operations.

Peonie Lo Pok Yu
 has been appointed Head of Regulatory Affairs – International.

Catering

Partenxia Lai Iu Yan
 has been appointed Revenue Management Operations Manager.

Corrina Leung Mio Chun
 has been appointed Lean Programme Manager – Lean Academy.

Rain Luo Jiaying
 has been appointed Assistant Manager Sales Development – Commercial Sales Tools.

Selina Miao Miao
 has been appointed Head of Revenue Management Operations.

Peonie Lo Pok Yu
 has been appointed Head of Regulatory Affairs – International.

People

Catherine Sin
 has been appointed Learning Manager – Planning & Operations.

Patrick Wong Cheuk Lun
 joined Staff Director’s Department as Manager – Personnel.

John Swire & Sons (H.K.) Ltd.

Tina Chan Teing Teing
 joined Staff Director’s Department as Recruitment Specialist.

May Ng Yee Chun
 joined Group Internal Audit Department as Auditor.

Jennifer Zheng Yue
 has been appointed Digital Experience Manager – Customer Experience F&B and Hospitality.

Cathay Pacific Airways Ltd.

Samantha Ngai Ka Hay
 has been appointed Airport Commercial Sales Tools.

Maggie Wong Yu Ling
 has been appointed Head of Hong Kong International Airport.

Matthew Choi Wan Hei
 has been appointed Country Manager Marketing.

Peonie Lo Pok Yu
 has been appointed Head of Regulatory Affairs – International.

Customer

Ingrid Lee Kwai Ha
 has been appointed Assistant Manager Customer Experience – Airports.

Jasmine Li Oi Yan
 has been appointed Head of Customer Experience Ground Product.

Walter Li Chun Ting
 has been retitled Customer Insights Manager.

Bernard Milas
 has been appointed Head of Customer Experience F&B and Hospitality.

Jonathan Tho
 has been appointed Assistant to General Manager Brand, Insights and Marketing Communications.

Portia Catherine Chan
 has been retitled Digital Manager – Operations.

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 has been appointed Digital Manager – Operations.

Engineering

John Brownen
 has been appointed Head of Hong Kong Operations.

Procurement and Aircraft Trading

Glenn Hodgson
 has been appointed Head of Strategic Engagement.

Swire (Beijing) Management Consultancy Ltd.

Mia Wu Liqing
 joined Group Risk Management Department as Risk Management Supervisor – China.

Joey Lau Shuk Ki
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Engineering

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Procurement and Aircraft Trading

Glenn Hodgson
 has been appointed Head of Strategic Engagement.
Manager Chongqing.
M H Tang has been appointed Manager (Repair Management).
Alan Yu Cheuk Hung has been appointed Project Manager.

Hong Kong Dragon Airlines Ltd.

China

Charles Chan Chung Wah has been appointed Port Manager Chongqing.
Gary Chui Yu Hin has been appointed Business Development and Marketing Manager – PRD.

International Automobiles Ltd.
Nicolas Zhai Yue has been appointed Assistant Portfolio Manager.

China

John Swire & Sons (HK) Ltd.
Chow Ka Ho has been appointed Chauffeur.

Shanghai

Mote Pooley has been appointed Senior Manager, Innovation & Commercialisation.

Supreme Motors Ltd.
Judy Yeung Huo Cheung has been appointed Assistant Manager.

Shanghai

Mote Pooley has been appointed Port Manager.
Long Service

John Swire & Sons (H.K.) Ltd.

Lee Wai Lam
- Messenger, Staff Director’s Department

Johnny Wong Kwok Wah
- office Assistant, Company Secretary’s Department

Takoo Sugar Ltd.

Beatrice Leung Wing Yin
- Administration Manager, Finance & Administration Department

25 years

John Swire & Sons (H.K.) Ltd.

Michelle Chan Mun Sheung
- Payroll Administrator, Finance & Accounts Department

20 years

John Swire & Sons (H.K.) Ltd.

Patricia Lam Ka Fan
- Executive Assistant to Development Director of Swire Pacific Ltd., Swire Pacific Ltd.

15 years

John Swire & Sons (H.K.) Ltd.

Ruth Kho Wai Lan
- Deputy Company Secretary, Company Secretary’s Department

Takoo Sugar Ltd.

Benny Wong Ping Hung
- Commercial Director, Commercial Department

10 years

John Swire & Sons (H.K.) Ltd.

Maple Cheng Ying
- Head of Strategic Engagement, Cathay Pacific Airways Ltd.

Joanna Ku Yuk Chun
- Assistant Director – Portfolio Management, Swire Properties Ltd – Elite Gate Ltd.

Gina Lam Kit Ying
- Secretary, Swire Pacific Ltd. – Treasury

Jasmine Li Di Yan
- Head of Customer Experience Ground Product, Cathay Pacific Airways Ltd.

Alex Zhang Zhang
- Portfolio Manager, Swire Properties Ltd – Tai Koo Hui (Guangzhou) Development Co. Ltd.

Retirements

HACCO Group

Kevin Kruger
Executive General Manager, Line Services of Hong Kong Aircraft Engineering Co. Ltd., retired in November 2017 after 17 years of service with the company.

Marine Midstream

Martin Cubbon
Corporate Development & Finance Director of Swire Pacific Ltd., retired in October 2017 after 31 years of service with the company.

Births

To Chris Bowden of Swire Pacific Offshore, Singapore, and Zahra, a son, Theo Samba, in October 2017.


To Manuela Hayes of John Swire & Sons Ltd. and Owen, a son, Dylan, in September 2017.

To Anna Lee Bik Wa of John Swire & Sons (H.K.) Ltd. and Lo Hang Kei, a daughter, Qi Yu, in June 2017.

To Dominic Perret of Cathay Pacific Airways Ltd., and Gricia twin daughters, Alice Yu Lin and Sophie Yu Pei, in August 2017.


To Mark Watson of John Swire & Sons (H.K.) Ltd., and Sophie Swingewood of Swire Properties Ltd., a daughter, Aurelia Joyce Katharine, in December 2017.

To Leo Yeung Kin Lai of Asia Miles Ltd., and Jacklyn Fu Lee, a son, Evan, in September 2017.

To Jenna Yu Wei of Cathay Pacific Airways Ltd., and Wang LiBing, a daughter, Yuran, in August 2017.
Glen Douglas William Swire

1942 – 2017

We regret to announce the death of Glen Swire, who served as a Director of John Swire & Sons Limited from 1978 to 1998.

Glen was educated at Eton and at Trinity College, Oxford, where he read law and was a Boxing Blue. His early career began with BP; this was followed by stints in the airline business, as a key executive with package travel pioneer Court Line Aviation. And in shipping with OCL, and as a London director of the Spanish shipping agency business, Berge y Cia. In 1978, he joined John Swire & Sons – the firm founded in 1816 by his great-great-great-grandfather, John Swire of Liverpool.

Given his background in the oil industry with BP, Glen was a natural fit to become Chairman of the North Sea offshore oil support company, Swire EPD – acquired by the group in 1979 as EPD Containers & Supply and today known as Swire Oilfield Services. He was also involved with the Mauritius trading group, Ireland Blyth Limited, as a Director of its UK parent company, Blyth, Greene, Jourdain & Co., which became a wholly owned subsidiary of JS&S in the same year. From 1992, Glen’s portfolio expanded to include a seat on the board of James Finlay and he also became more closely involved with Swire’s Australian businesses, as a Director of John Swire & Sons Pty; additionally, he had oversight of JS&S charitable interests and of the London office staff.

Outside business, Glen’s particular passion was horse racing, a sport about which he was extremely knowledgeable and in which he was involved as an owner and latterly as a steward at Brighton and at Plumpton Racecourses. Urbane and genial, Glen was a man who never lost his enthusiasm or his sense of humour in the face of considerable adversity in terms of his ongoing health issues, which led to his early retirement in 1998.

Glen’s death on 3rd September, aged 75 years, followed a courageous battle with the little understood condition, Relapsing Polychondritis, and he was a founding member and tireless fund-raiser for the charity RELACS, which aims to support patients and professionals in the treatment of conditions involving large airway collapse.

Glen is survived by his wife Caroline, daughters Joanna and Claire and five grandchildren, to whom we extend our deepest sympathy.