

# SWIRE NEWS

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ISSUE 2015



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The Swire group is a multi-national, 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, off-shore and road transport logistics services and agricultural activities 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](mailto: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.

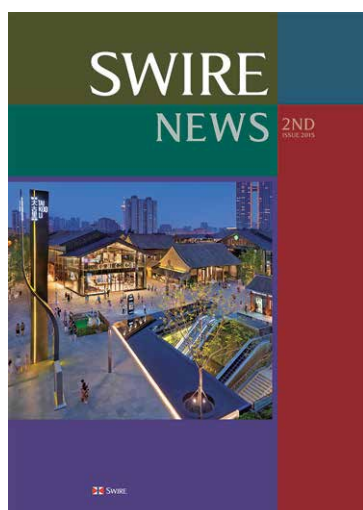
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*Sino-Ocean Taikoo Li Chengdu, the retail portion of Swire Properties' Daci Temple project in Chengdu, was opened in April. Story on page 16.*



## CORPORATE



*Merlin Swire (back row, left) with delegates at the summit. Chinese Premier Li Keqiang is front row, middle.*

### Global CEO Council

Merlin Swire, Deputy Chairman and CEO of John Swire & Sons Limited, attended the 3rd round table summit of the Global CEO Council in Beijing in June, joining CEOs and leaders from 13 other global multinational corporations. Organised by The Chinese People's Association for Friendship with Foreign Countries, the summit provides a platform for multinational Chief Executives to exchange views with state leaders about the opportunities and challenges of doing business in China. Addressing the meeting, China's Premier, Li Keqiang, emphasised that foreign investment is one of the keys to maintaining growth in the Chinese economy. He said the Chinese Government will strive to increase market access, provide better financial services and step up intellectual property rights protection to attract more foreign investors.

### Mainland China tour

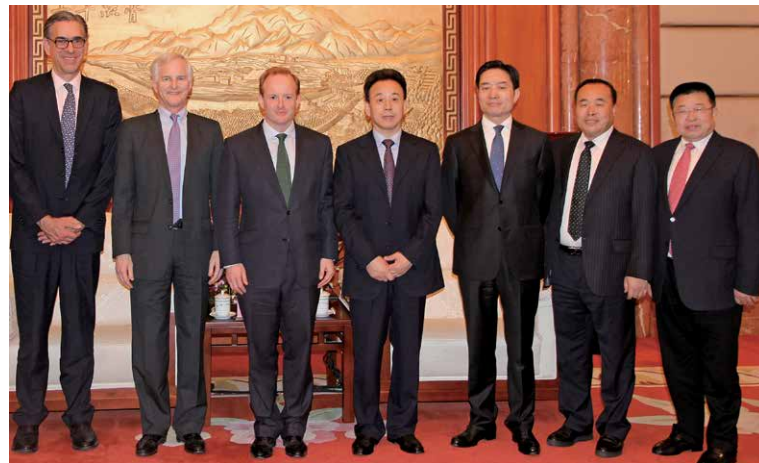
In April, a delegation of Swire group executives visited Beijing, Dalian and Chengdu, paying a round of courtesy calls on senior government officials. The group was led by Deputy Chairman and CEO of John Swire & Sons Limited, Merlin Swire and Swire Pacific Chairman, John Slosar, and also included Swire Pacific Executive Director, Ian Shiu, Swire Properties Chief Executive, Guy Bradley and Director and Chief Representative of John Swire & Sons

(China) Limited, Adrian Harley. In Beijing, members of the group met with Mr Wang Guangya, Director of the Hong Kong and Macao Affairs Office of the State Council, and with Executive Vice Mayor of Beijing, Mr Li Shixiang, taking the opportunity to discuss recent developments in China and Swire's ongoing investment in Hong Kong and on the Mainland.

In Dalian, in China's northeast, Mr Swire, Mr Shiu, Mr Bradley and Mr Harley visited the city's Mayor, Mr Xiao Shengfeng, who was keen to discuss Swire Properties' planned joint venture development, which will include a Taikoo Hui retail mall and residential apartments. Mr Swire, Mr Slosar and Mr Harley then paid a visit to Chengdu, where they met with the Governor and Vice Governor of Sichuan Province, Mr Wei Hong



*Merlin Swire with Director Wang Guangya*



(Left to right) Adrian Harley, John Slosar, Merlin Swire, Mr Wei Hong, Mr Gan Lin, Mr Wu Xiankui, Inspector of General Office and Mr Xie Kaihua.

and Mr Gan Lin, and the Director of Sichuan Provincial Department of Commerce, Mr Xie Kaihua. The group took the opportunity to discuss Swire's current investments in the region, which include the Sino-Ocean Taikoo Li Chengdu development, as well as cold storage interests and a bakery chain.

## Fuzhou visit

In July, Swire Pacific Executive Director, JB Rae-Smith led a Swire delegation to Fuzhou, where he met with Fujian Provincial Party Committee member and Party Secretary, Mr Yang Yue. Mr Yang said he hoped Swire remained confident in Fuzhou's ongoing strategic development and would continue to seek areas for collaboration with local government. Mr Rae-Smith said he believed Fuzhou had enormous potential for growth and the group would be looking for new opportunities for investment. Swire Motors has recently opened a Volkswagen and Harley-Davidson dealership in Fuzhou, while Dragonair operates 14 flights a week between Hong Kong and Fujian's provincial capital.

## Senior staff movements

### Cathay Pacific

**Simon Large** has been appointed Director Cargo.

**Paul Loo** has been appointed Director Corporate Development.

**Tom Owen** has been appointed Director People.

### HAECO Group

**Angus Barclay** has been appointed Director & General Manager – HAESL.

**James Barrington** has been appointed Group Director Airframe Services – HAECO.

**Kevin Carter** has been appointed Group Director Cabin Solutions, in addition to his current role as CEO, HAECO Americas.

**Summit Chan** has been appointed Chief Executive Officer – HAECO Xiamen.

**Greg Hughes** has been appointed Group Director Components & Engine Services – HAECO.

**Richard Kendall** has been appointed Deputy Chief Executive – HAECO Americas.

### James Finlay



**Guy Chambers** has been appointed Managing Director.

### The China Navigation Company

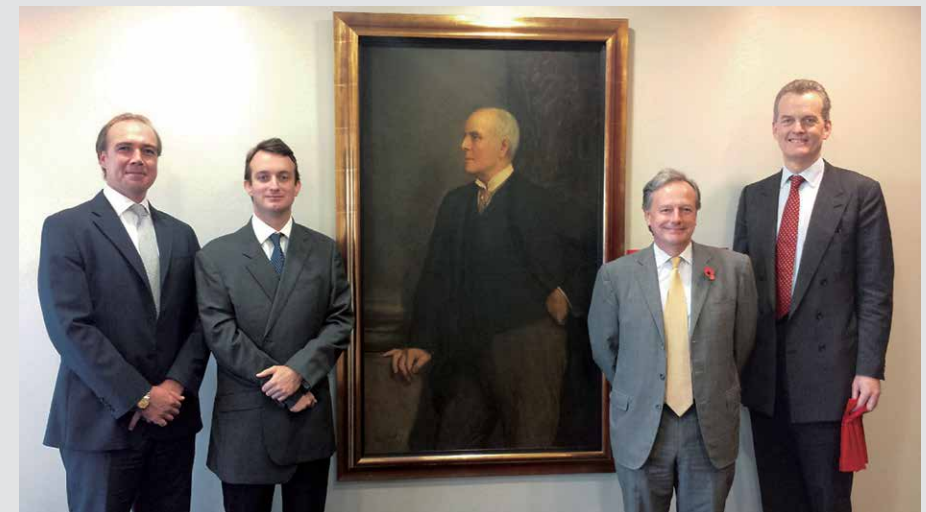


**James Woodrow** has been appointed Managing Director.

### Swire Pacific Offshore



**Ron Mathison** has been appointed Managing Director. In addition, he has been appointed Director of John Swire & Sons (S.E. Asia) Pte Limited, taking over from Charles Bremridge who has retired from the Group after 30 years of service.



In November 2014, Swire group Chairman Barnaby Swire unveiled a portrait of his great-great-grandfather, John Samuel Swire (1825-1898), at the Swire group's Singapore office. John Samuel Swire, known to his staff as "The Senior" (Partner), was the founder of the group's interests in Australasia in the 1850s and 1860s and also established its first operational interests, The China Navigation Company and Taikoo Sugar. The painting was transferred to Singapore – which is headquarters to both The China Navigation Company and Swire Pacific Offshore – after hanging for many years in the John Swire & Sons boardroom in Hong Kong. It is a copy of a posthumous portrait of John Samuel Swire painted by the noted Victorian artist Sir Hubert von Herkomer and presented to his widow Mary; the original hangs in the JS&S boardroom in London.

Shown left to right are Tim Blackburn, Managing Director of The China Navigation Company, Sam Swire, Director of John Swire & Sons Limited, Charles Bremridge, who recently retired as Director of John Swire & Sons (S.E. Asia) Pte Limited, after 30 years' service with the group, and Barnaby Swire.

## Thank you, Lydia

Baroness Dunn retired in May as a Non-Executive Director of Swire Pacific Limited. At the annual staff conference at Shek-O, her fellow Directors got together to send a message of thanks and best wishes to the Baroness – a special memento of her many years' dedicated service on the Board. Back row (left to right): Hunter Crawford, who recently retired as Staff Director of John Swire & Sons (H.K.) Limited, Swire Beverages Managing Director Patrick Healy, Swire Properties Chief Executive Guy Bradley, Swire Properties Finance Director Michelle Low, Cathay Pacific's Chief Operating Officer Rupert Hogg, Swire Pacific's Trading & Industrial Division Executive Director, JB Rae-Smith and John Swire & Sons (H.K.) Limited Director Ian Shiu; front row:



Swire Pacific Corporate Development and Finance Director Martin Cubbon, Swire Pacific Chairman John Slosar, HAECO Chief Executive Officer Augustus Tang, and

Cathay Pacific's Chief Executive Ivan Chu. Baroness Dunn joined Swire in 1963 and was appointed a Director of Swire Pacific in 1981.



2015 INTERIM RESULTS

Swire Pacific	HK\$M	Change
Revenue	31,633	+5%
Profit attributable to shareholders (underlying)	4,833	+12%
Earnings per share (underlying)	HK\$	Change
‘A’ share	3.21	
‘B’ share	0.64	+12%
Dividends per share		
‘A’ share	1.120	
‘B’ share	0.224	+2%

Swire Pacific Limited

Underlying profit attributable to shareholders, which principally adjusts for changes in the valuation of investment properties, increased by HK\$503 million or 12% to HK\$4,833 million. The increase in underlying profit reflects higher profits from the Property, Aviation and Beverages Divisions and profits on the sale of two units at OPUS HONG KONG, offset in part by a loss from the Marine Services Division and lower profits from the Trading & Industrial Division.

The Beverages Division recorded an attributable profit of HK\$456 million in the first half of 2015, an increase of 13% compared to the first half of 2014. The increase reflected solid performances in the USA, Taiwan and Hong Kong and generally lower raw materials costs. Overall sales volume grew by 9% to 551 million unit cases. Sales volumes increased in all territories.

The Marine Services Division reported an attributable loss of HK\$156 million, compared with a profit of HK\$658 million in the same period in 2014. This principally reflected a loss of HK\$169 million at the Swire Pacific Offshore (“SPO”) group. The results for the half year include an impairment charge of HK\$140 million arising from the cancellation of contracts with a

Brazilian shipyard. Excluding the impairment charge, SPO reported an attributable loss of HK\$29 million. The offshore industry has been affected by reduced spending by exploration and production companies on projects due to the low oil price.

Attributable profit from the Trading & Industrial Division in the first half of 2015 decreased by 42% from the corresponding period in 2014, to HK\$123 million. The decrease principally reflects lower profits from Taikoo Motors and Akzo Nobel Swire Paints, costs associated with developing the business of Swire Pacific Cold Storage and losses from the Swire Sustainable Business group. The profits of Swire Foods and Swire Retail increased.

Swire Properties Limited

Underlying profit attributable to shareholders, which principally adjusts for changes in the valuation of investment properties, increased by HK\$163 million from HK\$3,775 million in the first half of 2014 to HK\$3,938 million in the first half of 2015.

The increase in underlying profit principally reflected increased income from retail and office investment properties, and higher trading profits from the sale of luxury residential properties in Hong Kong.

Swire Properties	HK\$M	Change
Revenue	9,386	+12.6%
Profit attributable to shareholders (underlying)	3,938	+4.3%
Earnings per share (underlying)	HK\$	Change
	0.67	+3.1%
Dividend per share	0.23	+4.5%

Underlying profit from property investment increased by 4%. Gross rental income amounted to HK\$5,368 million in the first half of 2015 compared with HK\$5,045 million in the first half of 2014. The increase principally reflected higher rents from office properties in Hong Kong and from retail properties in Mainland China. There was an operating profit of HK\$1,025 million from property trading in the first half of 2015, compared to an operating profit of HK\$807 million in the first half of 2014. The profits in the first half of 2015 largely arose from the sales of 96 units at the AREZZO development and from sales of remaining units at the AZURA and MOUNT PARKER RESIDENCES developments in Hong Kong. Profits from hotels were lower than in the first half of 2014. This mainly reflected weaker results in Hong Kong.

Cathay Pacific Airways Limited

The Cathay Pacific Group reported an attributable profit of HK\$1,972 million for the first six months of 2015. This compares to a profit of HK\$347 million in the first half of 2014. The Group’s performance in the first six months of 2015 was considerably better than in the same period in 2014. There was an improved contribution from our subsidiary and associated companies. Air China’s profits were significantly higher, principally as a result of lower fuel prices.

Cathay Pacific Airways	HK\$M	Change
Revenue	50,388	-0.9%
Profit attributable to shareholders	1,972	+468.3%
Earnings per share	HK\$	Change
	0.501	+469.3%
Dividend per share	0.26	+160.0%

The Group’s passenger revenue decreased by 0.8% to HK\$36,226 million. Capacity increased by 6.4%, reflecting the introduction of new routes (to Boston and Zurich) and increased frequencies on other routes. The load factor increased by 2.3 percentage points to 85.9%. Strong competition, a significant reduction in fuel surcharges, foreign currency movements and the fact that a higher proportion of passengers were connecting through Hong Kong put downward pressure on yield, which decreased by 9.3% to HK60.4 cents. Demand on regional routes was strong, particularly in economy class. There was strong economy class demand on long-haul routes. But premium class demand, though robust on short-haul routes, was weaker than expected on some long-haul routes.

The Group’s cargo revenue for the period was HK\$11,376 million, a decrease of 2.5% compared to the same period in 2014. Capacity for Cathay Pacific and Dragonair grew by 8.9% and the load factor increased by 0.9 percentage points to 64.1%. But strong competition, overcapacity in the industry and a significant reduction in fuel surcharges put downward pressure on yield, which dropped by 11.1% to HK\$1.93. However, there was strong demand on some of our principal cargo routes, notably

to and from North America, assisted in part by maritime backlogs caused by industrial action at major shipping ports on the West Coast of the United States. Intra-Asia shipments grew but traffic to Europe fell short of expectations.

Hong Kong Aircraft Engineering Company Limited (“HAECO”)

The HAECO Group reported an attributable profit of HK\$254 million for the first six months of 2015. This compares with a profit of HK\$283 million for the equivalent period in 2014. Revenue increased by 7.4% to HK\$5,734 million.

Performance for line maintenance services of HAECO in Hong Kong was good. More extensive work scopes were conducted per aircraft which generated higher workload and revenue for the first half of 2015. More airframe services work was done. Component services in Hong Kong were adversely affected by the costs of capability development. HAECO ITM Limited (“HAECO ITM”) recorded a higher profit. This reflected higher utilisation of rotatable parts as operations increased. The profits of Hong Kong Aero Engine Services Limited (“HAESL”) decreased. Fewer engines were overhauled reflecting the retirement of aircraft operating Trent 500 engines and a reduction in

HAECO	HK\$M	Change
Revenue	5,734	+7.4%
Profit attributable to shareholders	254	-10.2%
Earnings per share	HK\$	Change
	1.53	-10.2%
Dividend per share	0.60	-7.7%

the required frequency of scheduled maintenance of Trent 700 engines. HAECO USA Holdings, Inc. (“HAECO Americas”) recorded a higher loss in the first half of 2015 than in 2014. The higher loss principally reflected lower airframe services operating results. The profit of Taikoo (Xiamen) Aircraft Engineering Company Limited (“HAECO Xiamen”) decreased. This reflected reduced demand for its airframe services. Taikoo Engine Services (Xiamen) Company Limited (“TEXL”) performed well, with more engines overhauled, but the absence of unutilised tax losses caused its after tax profits to fall. Taikoo (Xiamen) Landing Gear Services Company Limited (“HAECO Landing Gear Services”) incurred a smaller loss in the first half of 2015 than in 2014 (work was only resumed in the second quarter and results were adversely affected by impairment and other provisions arising from the fire at its premises in late 2012). The overall contribution from the Group’s other activities in Mainland China improved slightly.

For full results of these companies, please visit our websites:  
www.swirepacific.com  
www.swireproperties.com  
www.cathaypacific.com  
www.haeco.com

## PROPERTY



Guests of honour at the opening ceremony (left to right): Sino-Ocean Land's General Manager Commercial Real Estate Division Chen Lei, Vice President Wang Fu Shun, Chief Executive Officer and Chairman Li Ming, Swire Pacific Chairman John Slosar, Swire Properties' Chief Executive Guy Bradley and Director Retail Portfolio Management Alvin Kong.

### Chengdu opening

The retail and hotel elements of Swire Properties' new joint venture with Sino-Ocean Land, the Sino-Ocean Taikoo Li Chengdu cultural and commercial complex, opened in April and July this year. Situated in the heart of downtown Chengdu, the 1.23 million square-foot low-rise Taikoo Li retail complex boasts the unique concept of "Fast Lane" and "Slow Lane" retailing: the "Fast Lane" incorporates luxury brands and high-end contemporary fashion, while the "Slow Lane" comprises a line-up of outdoor diners, cafés and lifestyle stores. The Temple House hotel is the third property in Swire Hotels' "The House Collective". Designed by internationally-renowned Make Architects, the 100-room hotel and its 42 adjoining serviced apartments form an integral part of the Chengdu city government's conservation project to preserve the historic precinct adjoining the thousand-year-

old Daci Temple. Beautifully restored Qing dynasty Chinese courtyard buildings have been incorporated into the hotel – with one housing the entrance lobby – while modern design features combine with traditional Chengdu architectural elements of timber, brick and stone. The Temple House offers a dynamic collection of eateries, including The Temple Café, Italian restaurant, Tivano, and the Jing Bar. Other amenities include a spa and tea house (more on page 16).

### Shanghai project named

Swire Properties and HKR International have announced that their Shanghai joint-venture mixed-use project, formerly known as the Dazhongli Project, has been named HKRI Taikoo Hui. Located in the Jingan District of Puxi, in the heart of Shanghai, HKRI Taikoo Hui will have a gross floor area of approximately 3.46 million square feet

and comprise a retail mall, two office towers and three hotels/serviced apartments. Upon completion, the development will be connected to three metro lines and be easily accessible to downtown locations, as well as Pudong and Hongqiao International Airports.

### Second Shanghai property venture

Swire Properties has entered into a framework agreement with Shanghai Newbund Industrial Development Co., Limited, a subsidiary of Shanghai Lujiazui Finance & Trade Zone Development Co., Limited ("LJZ Company"), to jointly develop a retail project in Qiantan, in Shanghai's Pudong New District. Swire Properties is proposing to take a 50% interest in the project, which is expected to have a total gross floor area of approximately 124,000 square metres and connect to a three-line metro interchange station.

Qiantan is planned as a new international business district for Shanghai, as well as an integrated commercial, residential and cultural hub, and is expected to benefit from the city's rapid urbanisation and increasing demand for commercial space outside the Lujiazui financial centre.

The Qiantan development will be Swire Properties' seventh large-scale, mixed-use project in Mainland China after Taikoo Li Sanlitun and INDIGO in Beijing, TaiKoo Hui in Guangzhou, Sino-Ocean Taikoo Li Chengdu in Chengdu, HKRI Taikoo Hui in Shanghai, and a planned mixed-use project in Dalian.

### Land acquisition

Swire Properties has formed a partnership with China Motor Bus Company, Limited ("CMB") to conditionally acquire a plot of land owned by CMB at Chai Wan on Hong Kong Island, for a consideration of HK\$850 million. The joint venture represents an 80% beneficial holding by Swire Properties and 20% by CMB. Subject to various conditions, planning permission has been granted by the Town Planning Board for the property, together with adjoining land, to be redeveloped as a residential and commercial complex, a covered public transport terminus and a public open space with a proposed aggregate gross floor area of approximately 692,000 square feet.

### Retail partnership

Swire Properties' US subsidiary, Swire Properties Inc, has entered a three-way partnership with Whitman Family Development and Simon Property Group, to jointly develop the retail component of Brickell City Centre in Miami. Under the partnership agreement, Swire Properties Inc will remain the primary developer of the mixed-use project, while Simon Property Group and Whitman Family Development will share the role of co-developer of the 500,000 square-foot retail component. Swire Properties Inc and Whitman Family Development formed a partnership to co-develop the shopping centre at Brickell City Centre in January 2013; Simon Property Group will bring its international experience in the premium and high-end retail market to the partnership.

## AVIATION

### New lounge experience

Cathay Pacific recently opened new lounges for First and Business Class passengers travelling out of Manila's Ninoy Aquino International Airport and Bangkok's Suvarnabhumi Airport. Both spaces showcase the airline's new lounge design template – already employed at Haneda Airport in Tokyo – exclusively created for Cathay Pacific by London-based interior specialist Studioilse. The two new lounges are considerably bigger than their predecessors, with seating for 135 and 140 people respectively. The new design aims to create an environment that helps passengers feel relaxed and this has been achieved by the use of warm, natural materials such as wood and stone, and by

softening the acoustics and using natural lighting where possible. With a greater focus on food and beverage service, both lounges feature Cathay Pacific's signature Noodle Bar, and passengers can enjoy a selection of light items as well as freshly blended cocktails and a variety of drinks at The Bar.

The airline has also reopened its First Class lounge, The Pier, at Hong Kong International Airport following an extensive renovation and redesign by Studioilse. With wellbeing as the core focus of The Pier, complimentary foot massage has been introduced for the first time in a Cathay Pacific lounge, to cater for passengers' physical and emotional health when travelling.



The new lounges at Manila Ninoy Aquino International Airport (top) and Bangkok Suvarnabhumi Airport are designed to reflect the Cathay Pacific brand experience and to offer First and Business Class passengers both relaxation and enjoyment.





## Network changes

Cathay Pacific Airways has discontinued its thrice-weekly service between Hong Kong and Moscow with effect from 1st June this year. Connectivity with the city and other points in Russia will be maintained through **oneworld** partner S7 and other **oneworld** member airlines. Meanwhile, Dragonair commenced a twice-weekly service between Hong Kong and Hiroshima in August. The service, which is operated by Airbus A321 aircraft in a two-class configuration, is the airline's fourth destination in Japan, joining Tokyo (Haneda), Fukuoka and Okinawa.

## First Trent XWB for HAESL

Hong Kong Aero Engine Services ("HAESL") has taken delivery of its first Rolls-Royce Trent XWB engine. The engine will support the cross-calibration of HAESL's test cell, driving the company's development towards full Trent XWB capability. By the end

of 2015, HAESL will become one of only a few engine overhaul facilities in the Rolls-Royce global network equipped to service airlines operating Airbus A350 XWB fleets. To meet the future needs of servicing the Rolls-Royce Trent XWB engine, HAESL will also construct a new four-storey, 13,000 square-metre facility housing engine overhaul workshops, offices and training rooms.

## New design concept

HAECO Private Jet Solutions ("HAECO PJS") has unveiled a new cabin interior design, the "East meets West" concept, for wide-body aircraft. The design concept is a crossover collaboration between HAECO PJS and an international fashion brand, deploying classic "eastern" lattice patterns in a chic "western" cabin setting. Lattice frame dividers were also chosen over traditional dividers to create a spacious feeling within the cabin.



HAECO PJS' new cabin design concept

## AGRIBUSINESS & FOOD CHAIN

### Franchise territory expansion

Swire Coca-Cola USA has signed a Letter of Intent ("LOI") with The Coca-Cola Company under which it will be granted additional territory rights in Arizona to include the Phoenix and Tucson markets; the agreement is subject to closing a definitive deal. With the addition of the new territories, Swire Coca-Cola USA will serve the entire state of Arizona and the company's franchise population will increase from approximately 11.2 million to 17.5 million, covering an extensive area of the western United States. The signing of the LOI follows Swire Coca-Cola USA's franchise territory assumption in the Denver and Colorado Springs markets in May 2014.

### Further investment in bottling

Swire Beverages Holdings Limited, a wholly owned subsidiary of Swire Pacific Limited, has entered into an agreement to acquire CITIC Corporation Limited's 15% interest in Swire BCD, 20% interest in Swire Coca-Cola Beverages Hefei and 12.86% interest in Swire Coca-Cola Beverages Zhengzhou for a total cash consideration of RMB1,250 million. On completion of the transaction, Swire Pacific will increase its attributable interest in its subsidiaries to 89.38% (Swire BCD), 91.50% (Swire Coca-Cola Beverages Hefei) and 85.78% (Swire Coca-Cola Beverages Zhengzhou). Completion of the transaction is conditional upon both parties obtaining all necessary approvals from relevant regulatory bodies in Mainland China.

## Ice cream to China

Swire Foods has entered into an agreement with Nestlé Suisse S.A. under which Swire Foods will be the exclusive distributor of Mövenpick ice cream products in Mainland China, starting from August 2015. This is a major addition to the current product portfolio that Swire Foods distributes on the Mainland, which includes sugar, tea, coffee, hot cereal and dried fruit products under the Taikoo brand, Mövenpick premium coffee products, and soup and broth products under the Campbell and Swanson brands.



## MARINE SERVICES



Where it all began: Erradale, one of The China Navigation Company's new B.Delta39 handy-size eco "logger" bulk-carriers, seen passing the futuristic Shanghai skyline in June this year, after discharging a cargo of logs from New Zealand at the port of Wujin on the Huangpu River. The first vessel to sail under the Swire Flag went into service here 142 years ago in April 1873.

## Triple naming

On 19th June, The China Navigation Company ("CNCo") held a naming ceremony for three of its vessels newly completed by Zhejiang Ouhua Shipbuilding at Zhoushan

in Mainland China. MV *Papuan Chief* – the last of four multipurpose vessels in the Chief22 Class series and the fourth CNCo vessel to trade under this name – was



At the naming ceremony are: lady sponsors (front row, left to right) Doris Luk, Lucy Xu and Georgiana Chan with CNCo's Managing Director, Tim Blackburn, and Swire group Chairman Barnaby Swire (standing behind Lucy and Georgiana).



sponsored by Georgiana Chan, Swire Shipping's Regional Manager, China. MV *Liangchow* and MV *Lintan*, the 11th and 12th bulk carriers in CNCo's B.Delta39 series, were named by Doris Luk of HUD Group and Lucy Xu of Swire Shipping, Shanghai. *Papuan Chief* is designed specifically for the Pacific Islands trades, while the handy-size bulk carriers will be deployed in Swire Bulk's Pacific fleet. The event followed a naming ceremony held in Sydney on 17th June for CNCo's first Chief22 Class vessel, *Coral Chief*. The vessel is now deployed in Swire Shipping's Australia to PNG service. China Navigation is midway through a new building programme to upgrade its fleet and will see a total of 12 multipurpose vessels and 28 handy-size bulk carriers delivered by 2016.

## Strategic shareholding

CNCo has acquired a 25.68% stake in PT Mitrabahtera Segara Sejati Tbk ("MBSS") – a public company listed on the Jakarta stock exchange and Indonesia's leading provider of marine logistics services. MBSS currently owns and operates a modern fleet of 85 tugs, 75 bulk barges (5-12,000dwt), seven floating cranes/transhippers, one pneumatic cement carrier and one landing craft support vessel. CNCo's operating division, Swire Bulk Logistics, has actively engaged with MBSS and their major shareholder, Indika Energy, since 2013 to develop marine logistics opportunities in Indonesia; Indika is one of Indonesia's largest integrated energy businesses. In July 2014, CNCo was presented with an opportunity to acquire a stake in MBSS and assume key management roles as well as positions on its Board of Directors. The investment

establishes a strategic partnership between Indika and CNCo to develop opportunities in the rapidly expanding maritime sector in Indonesia, one of the largest and fastest growing economies in the region.

## Swire Shipping expands service offering

Swire Shipping has recently undertaken two new initiatives to enhance its network of multipurpose liner services. The company has formed a connecting carrier partnership with the Hamburg-based shipping group, Rickmers-Linie, to provide regular break-bulk cargo services out of India and the Middle East into the South Pacific region; the move means both companies can offer customers an increased range of destinations and loading ports. Under the partnership, Swire Shipping will be able to connect its break-bulk and project cargoes in India and the Middle East, through Rickmers-Linie's Middle East and India Service, to its network in Australia, New Zealand and the South Pacific, via Singapore. The load ports are Jebel Ali, Mumbai, Chennai, Dammam, Kolkata (other ports on inducement). The destination ports, via Singapore, are Papua New Guinea, the Solomons, New Caledonia,

Fiji, Australian East Coast, Darwin, East Timor and New Zealand.

Swire Shipping has also increased its North Asia coverage with the introduction of a new express service linking the region with Papua New Guinea ("PNG") and Australia. The North Asia Express ("NAX") service provides a direct service between North Asian ports and Townsville in Australia and Lae in PNG. NAX offers a 16-day transit time between Shanghai and Lae, and a 10-day transit between Townsville and Shanghai; it will complement Swire Shipping's existing North Asia Trade, providing customers with a market-leading 10-day frequency from North Asia to Lae.

## SOS grows its business in Brazil

In June, Swire Oilfield Services ("SOS") opened a state-of-the-art operational base at Bellavista, in Macaé, Brazil. SOS is the world's largest supplier of DNV 2.7-1 cargo carrying units ("CCUs"), modular systems, aviation services and fluid management to the offshore oil and gas industry. The company first entered the Brazilian market in 2011 and has since grown to be the market



SOS' operational base at Bellavista in Macaé, Brazil.



(Front row, left to right) Swire Pacific and SPO Chairman, John Slosar, Mrs Joy Slosar and Neil Glenn, SPO Managing Director, together with ships' officers and the SPO management team at the naming ceremony.

leader in its field. The 60,000m<sup>2</sup> facility includes an administration hub, loading and unloading area, CCU maintenance, test, inspection and washing yard and a slings manufacturing facility. A number of eco-friendly elements were included in the design and construction of the base, including a waste-management warehouse, water reservoir, 50m<sup>2</sup> of solar panels for water heating, a water-treatment and sewage-treatment station. Since its opening, Swire Oilfield Services Brazil has secured an exclusive five-year contract for the provision of CCUs to oil and gas service company, Weatherford International plc.

## Two more SPO vessels

Swire Pacific Offshore ("SPO") celebrated the addition of two new vessels to its fleet at a dual naming ceremony held at Loyang Offshore Supply Base, Singapore, in March.

*Pacific Centurion*, an Anchor Handling Tug Supply ("AHTS") vessel, is the

second vessel launched in SPO's new C-Class series. This powerful and high-specification vessel is suitable for a variety of offshore tasks, including towing large vessels in deep water and harsh environments, and boasts enhanced Fi-Fi II (Fire-fighting), DP2 (Dynamic Positioning), and oil recovery capabilities. Meanwhile, *Pacific Goldfinch* is the second of 10 G-Class Platform Supply Vessels ("PSV") commissioned from Japan Marine United Corporation ("JMU"). JMU has previously completed the construction of a series of H-Class and L-Class PSVs for SPO. The 4,000dwt G-Class vessels are suited to a wide range of offshore supply duties and their tank arrangements allow for generous liquid capacities, with 969m<sup>3</sup> of cargo fuel. The efficient hull form and bulbous bow shape also ensure optimal fuel efficiency.

Both vessels were named by Mrs Joy Slosar, wife of Swire Pacific and SPO Chairman, John Slosar.



## TRADING & INDUSTRIAL

### Paving the way at Webb Dock

Alex Fraser, Australia's leading producer of sustainable materials for the civil construction industry, is to supply 340,000 tonnes of recycled material to a major project at the Port of Melbourne in Victoria. A new automotive Roll-On/Roll-Off terminal is being developed at the port's Webb Dock West and will go into operation next year. Designed to accommodate vessels that carry road vehicles, the facility will include a 920-metre ship berth and a fully enclosed 8,000 square-metre cargo storage area; up to a million vehicles are expected to pass through the terminal every year.

Alex Fraser will supply approximately 300,000 tonnes of Class 2, 3 and 4 crushed concrete and 8,500 tonnes of

recycled sand – equating to savings of approximately 1,465 tonnes in terms of reduced carbon dioxide emissions. In addition to the road base materials, Alex Fraser's Asphalt Division is expected to lay nearly 40,000 tonnes of both deep and thin-lift asphalt that includes a high percentage of recycled content. The joint project between Recycling and Asphalt highlights the way Alex Fraser products and services complement each other, while the site's location also benefits from its close proximity to the company's network of facilities in Melbourne. Webb Dock was the location Alex Fraser's Port Melbourne recycling facility between 1989 and 2004 and played an important role in the company's transition from demolition expert to large-scale supplier to the civil construction industry.

### Kalari expands with new contract

Australian bulk logistics specialist Kalari has been awarded an important contract by BHP Billiton ("BHPB"), involving haulage of key commodities to its Olympic Dam site, located 560 kilometres north of Adelaide in South Australia. On 1st November this year, Kalari will begin hauling sulphuric acid, 'binder', fly ash, and sulphur by road to Olympic Dam, returning with loads of copper to BHPB's packing facility in Adelaide. The company will deploy pneumatic tankers, stainless steel acid tankers and new side tippers to service this high-volume contract on a 24/7 basis. Specialised equipment will also include a unique copper restraint system that allows copper packs to be safely and efficiently loaded onto its vehicles and restrained without the use of



Alex Fraser's vehicle fleet supply recycled materials at the project site at Webb Dock West.

tie-down chains, thus eliminating manual handling and significantly reducing risk to personnel.

Olympic Dam is a world-class mining and mineral processing site, producing high-quality copper, uranium, gold and silver. The operation includes a mechanical underground mine, a copper concentrator, hydrometallurgical plant, copper smelter, and copper and uranium refinery. Kalari has been involved for more than 20 years in specialised haulage to Olympic Dam and the company's excellent safety record and operational performance have played a major role in securing this new contract from BHPB. The contract will also involve Kalari employing approximately 70 additional staff within the Port Pirie, Port Augusta and Roxby Downs areas of South Australia.

### Rebecca Minkoff launched in Hong Kong

In April, Swire Resources opened Hong Kong's first Rebecca Minkoff outlet at Tsim Sha Tsui's Ocean Terminal. The new retail store offers the leading US lifestyle brand's latest collection of ready-to-wear, bags, footwear, jewellery, eye-wear and tech accessories for fashion lovers. Swire Resources acquired the Hong Kong distributorship for Rebecca Minkoff earlier this year.



(Left to right) At the opening ceremony are Canis Lee, Assistant Director and General Manager, Retail Leasing Department, Harbour City Estates, Swire Resources' Managing Director Janis Tam, Swire Pacific Chairman John Slosar, Creative Director Rebecca Minkoff and Co-founder and CEO of Rebecca Minkoff Holdings, Uri Minkoff, Hong Kong singer Fiona Sit, Executive Director of Swire Pacific's Trading & Industrial Division JB Rae-Smith and Swire Industrial Director, Laiman Tam.



## IN THE COMMUNITY

### Contributing to Nepal earthquake relief efforts

The massive earthquakes that hit Nepal in late April and early May have taken the lives of thousands while leaving many more injured and homeless. The Swire Group Charitable Trust pledged a donation of HK\$750,000 to the Hong Kong Red Cross, while various Swire group companies initiated different relief efforts to assist those affected.

The Cathay Pacific Group and its wholly owned subsidiaries raised HK\$6 million to support UNICEF HK's relief efforts; this amount included HK\$3.4 million raised by staff and matched dollar-for-dollar by the Group, and HK\$2.6 million collected from Cathay Pacific and Dragonair passengers through the "Change for Good" programme. In addition to cash donations, both airlines offered free support to several local and overseas charities in delivering relief supplies and rescue teams to the quake-stricken areas. The support in this area has

an estimated value of HK\$4 million. Swire Hotels also matched employees' donations dollar-for-dollar, raising a total of HK\$42,740 for the Hong Kong Red Cross.

### SPO supports underprivileged children

At the end of last year, Swire Pacific Offshore's West Africa team ("SPO WAF") launched the "Holistic Dormitory Project" in partnership with Douala-based charity AGAPE Association. The project saw SPO raise funds to establish a six-bed dormitory for homeless children within AGAPE's daytime refuge centre for underprivileged children in one of the poorest quarters of Douala. The remaining funds will be used to support the children's schooling and general living expenses. SPO WAF's employees also volunteer as English teachers or sports coaches at the refuge centre on a regular basis. SPO is also working on a long-term project with New Destiny Orphanage to purchase a site and build a new home for orphans.



Robert Etchells, SPO's Regional Finance Manager (Africa and North Sea), coaching rugby at AGAPE's daytime refuge centre for children.

## RECOGNITIONS

### MSCI Global Sustainability Index

Swire Pacific has been listed on the MSCI Global Sustainability Index, compiled by MSCI ESG Research. The Index is designed for investors seeking to invest in companies with strong sustainability profiles. Swire Pacific received an overall "AA" rating and achieved a high score in the 81st percentile for its environmental pillar. MSCI ESG Research is a leading provider of Environmental, Social, and Governance ("ESG") ratings and analysis to the global investment community, covering more than 5,700 publicly traded companies worldwide. Its products and services are used by institutional investors and asset managers to integrate ESG factors into their investment portfolios.

### Leading MRO

HAECO Group has been named "Leading Independent MRO Organisation" at the 2015 Aviation Week MRO of the Year Awards. The award recognises HAECO's achievement in creating "HAECO Cabin Solutions", a unique,



HAECO Americas President MRO Services Jim Sokol (right) receives the award from Aviation Week's President Greg Hamilton (left) and Aviation Week Chief Editor MRO Lee Ann Shay.

integrated solution for airline customers that combines cabin completion and reconfiguration services with comprehensive MRO capability. Organised by the leading aviation publication Aviation Week, the awards honour the best MRO and aftermarket companies around the world for value-adding achievements and innovations.

### A first for any carrier

Dragonair has been named "World's Best Regional Airline" in the annual Skytrax World Airline Awards™. This is the fourth time Dragonair has received the World's Best Regional Airline honour – the only airline to achieve such a feat since this category was added to the awards in 2010. The carrier was also named "Best Regional Airline in Asia" in the same survey. Skytrax is acknowledged as running the largest and most prestigious customer satisfaction survey in the airline industry. The latest Skytrax awards are based on a survey of more than 18 million airline passengers from over 160 countries, covering more than 275 airlines worldwide.



Dragonair's Chief Executive Officer Algernon Yau receives the Skytrax awards at the Paris Air Show.



Managing Director of SPO, Neil Glenn (left) receives the award from Mr Lui Tuck Yew, Minister for Transport and Second Minister for Defence, at the Singapore IMA ceremony.

### Ship Owner of the Year

Swire Pacific Offshore ("SPO") has won the Singapore Registry of Ships' Ship Owner of the Year award at the Singapore International Maritime Awards ("IMA") 2015 ceremony held on 21st April. Organised by the Maritime and Port Authority of Singapore, the biennial Singapore IMA ceremony recognises individuals and companies for their contributions to Singapore's development as a premier global hub port and international maritime centre. This is the first time that SPO has won the award.

### Outstanding travel brand

Swire Travel has topped the Travel Agent category in "The Outstanding Brand Awards 2015", organised by renowned Hong Kong financial magazine Economic Digest. The award recognises Swire Travel for its outstanding brand marketing. Winners are chosen based on votes cast by readers and selected by a judging panel made up of members of professional institutes and academies.



Swire Travel's Managing Director Andrew Leung receives the honour at the award presentation ceremony.



# Character building

Swire Properties' objectives in Mainland China – as exemplified by its latest mixed-use development in Chengdu – are the same as in Hong Kong: to impact positively on communities through transformational, landmark projects.

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(Left) The open-air Sino-Ocean Taikoo Li Chengdu complex acknowledges the history and character of the city, whilst immersing visitors in a unique shopping experience.

"Our goal is to customise each development to the unique characteristics of its location, in order to create an inspiring experience befitting the city," says Guy Bradley, Chief Executive of Swire Properties.

Anyone familiar with the company's diverse portfolio of landmark projects in Hong Kong will appreciate how that strategy has contributed to enhancing the SAR's built environment. It's one that's also fundamental to Swire Properties' operations in Mainland China.

A case in point is the Daci Temple Project, a major new mixed-use venture in Chengdu. Very much a one-of-a-kind development, it exemplifies the company's determination to harmonise with local sensibilities. "Chengdu is the latest example of this approach and we are very proud of how it has turned out," says Bradley.

Developed in partnership with Sino-Ocean Land, the project comprises various elements. The retail component – Sino-Ocean Taikoo Li Chengdu – was officially opened in April. That was followed in July by the opening of The Temple House, a boutique hotel with 100 rooms and 42 serviced apartments, managed by Swire Hotels.



Guy Bradley, Chief Executive of Swire Properties.

With the entire complex located in Jinjiang, Chengdu's downtown shopping district, but also just a short distance from the thousand-year-old Daci Temple, its design

fittingly blends contemporary and historical elements. Modern materials, retail facades and artworks are incorporated; however, the use of traditional Sichuan-style architectural features pays respectful homage to the surrounding heritage area. Overall, the fusion of old and new in an environment that encourages people to shop, relax and indulge is key to the development's character.

"It is important that we adapt to local culture and characteristics when designing each new development, so that the people of the city can enjoy and embrace it as a landmark of their own," says Bradley, who adds that the company's priorities in Chengdu and other cities on the Mainland are the same ones that have underpinned its long-term vision in Hong Kong over several decades – namely a focus on quality, integrity and originality in projects that transform their locales.

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"We are motivated to invest in Mainland China by the same factors that drive us in Hong Kong and elsewhere," he says. "We look for great locations and attractive entry prices, and opportunities where, as a developer, we can make a difference."

The Mainland, of course, presents its own challenges for property developers. Of late, the luxury retail market has weakened in some cities, while oversupply has exerted downward pressure on office rents in Guangzhou and Beijing and is creating difficult trading conditions for hotels.

Bradley takes a macro view, however: "The economy is developing very quickly and this pace is going to continue to cause growing pains and throw up surprises," he acknowledges. "That's why we are comfortable with our own pace of growth in China, which some commentators describe as slow. In fact, our retail sales have been growing at double-digit rates, which is very pleasing, and whilst the luxury end of the market has recently shown signs of softening, we position our malls to serve a broad range of consumption, which we expect over the longer term to grow at satisfactory rates."

He adds: "With land in Hong Kong so scarce, the Mainland plays a key part in our growth story. We now have five projects there, with four already in operation. When our Dazhongli Project in Shanghai opens from 2016, our Mainland portfolio will constitute approximately 8.7 million square feet, or 40% of our gross floor area globally."

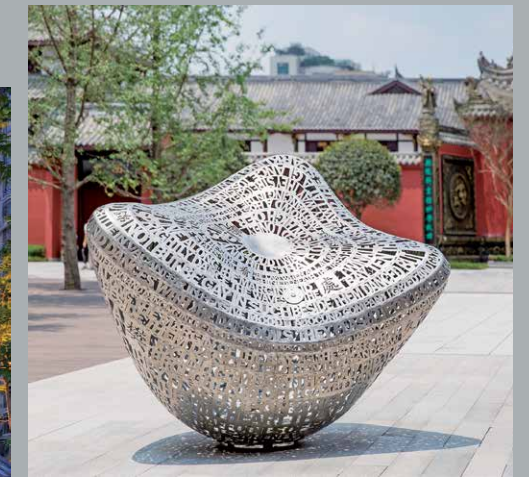
Not counting Chengdu, the company's established Mainland projects are in Beijing and Guangzhou. Its first retail venture on the Mainland, Taikoo Li Sanlitun, in the capital's Chaoyang District, was followed by INDIGO, a retail-led, mixed-use development consisting of a shopping mall, a Grade-A office tower, ONE INDIGO, and a 369-room business hotel – EAST, Beijing. Meanwhile, TaiKoo Hui, in Guangzhou's Tianhe District, features a shopping mall, two Grade-A office towers, a cultural centre and a five-star Mandarin Oriental hotel with 263 guestrooms and 24 serviced apartments.

Carrying on the Taikoo Hui name is the Shanghai project to which Bradley alludes. A landmark development on one of the city's major retail thoroughfares, West Nanjing Road, in its historic centre, Puxi, the Dazhongli Project – now officially named HKRI Taikoo Hui – is another large-scale, retail-led, mixed-use development.

"HKR International, our joint venture partner, is famous for developing Discovery Bay in Hong Kong. We see the design and location as allowing us to extend the success of the Taikoo Hui brand. It's in a prime location and will be a 3.5 million square-foot retail-led project, along with two office towers and three hotels. It's probably the last landmark site of this scale in Puxi."

After a slow start, Bradley reports, construction is now well underway and it is anticipated the development will be ready to open for business towards the end of 2016.

Continuity is also inherent in the Daci Temple Project. Not only does the partnership with Sino-Ocean Land carry on Swire Properties' successful collaboration with the Mainland real estate player that began with INDIGO, but the Taikoo Li brand name is extended to the project's retail component.



Blending the old and the new, Sino-Ocean Taikoo Li Chengdu realises an innovative architectural design that pays homage to traditional Sichuan architecture and the nearby thousand-year-old Daci Temple, while incorporating modern building techniques and materials.





Says Bradley: "The Chengdu development leverages the two companies' experience in large-scale mixed-use developments, and their respective areas of strength: Swire Properties' expertise in positioning, planning, design, leasing and property management, and Sino-Ocean Land's extensive experience in construction and cost control on the Mainland."

The Chengdu development, meanwhile, builds on the Taikoo Li concept pioneered in Beijing, while delivering a retail precinct that is specifically tailored to the modern yet leisurely lifestyle of Chengdu's residents. "Li" in Chinese translates as "lane" – and lanes are key to the design of both malls.

"Taikoo Li is an open-plan, lane-driven, shopping street concept that was first realised in Taikoo Li Sanlitun," explains Bradley. "The Taikoo Li in Chengdu shares the same DNA, but has its own architectural style and retail theme."

With its open-plan layout, Sino-Ocean Taikoo Li Chengdu offers a low-rise shopping experience over 1.23 million square feet of floor space. Its "Fast Lane" incorporates high-end contemporary fashion and active cultural elements such as public performances, while the "Slow Lane" features lifestyle stores and a mix of al fresco cafes and dining outlets. More than 110 brands have seized the opportunity to make their Southwest China debut at Swire Properties' Chengdu development.

Of the expanding geographical ambit of Swire Properties' Mainland portfolio, Bradley says: "We tend to take a very disciplined approach and focus on the main first-tier cities, like Beijing and Shanghai. There is still huge potential in those cities and our strategy is to continue to focus on them. However, Chengdu, with 14 million people, is to some people already a first-tier city too – I heard it described recently as a tier-1.5 city."

Another more definitively tier-two market that the company is about to enter is Dalian. Swire Properties has agreed to take a 50% interest in a joint venture involving CITIC Real Estate and Dalian Port Real Estate, to progress a mixed-use development in the city comprising a retail complex and apartments. The Dalian Port Project will link Zhongshan District, the city's core business zone, with the waterfront overlooking Dalian harbour. The site is already connected to the metro system and it is anticipated the development will extend over 3.2 million square feet of floor space.

"We looked at Dalian for its special characteristics in the Northeast of China – and of course the 'best in city' location, right by the waterfront, was attractive," says Bradley. "The joint venture company is now being set up and the team is moving ahead with master planning and concept design. We feel very confident that the development will set a new benchmark for Dalian when it opens in 2020 and we are excited to be working with our old friend CITIC again."

What is abundantly clear is that regardless of the location of the city, Swire Properties chooses its projects very carefully: there is a focus on building the company's brand, reputation and portfolio on the Mainland over time with impactful, landmark developments.

"We have established a firm foothold with projects that bear Swire Properties' stamp of quality design and creativity," says Bradley. "We are very happy with the quality of our Mainland China portfolio to date. If we can add to that without compromising our brand or returns then we have the capacity to do so. Our vision for the Mainland is to position Swire Properties, or 'Taikoo', for the long term, as a trusted developer of transformational projects that impact positively on the community – just like in Hong Kong."



When HKRI Taikoo Hui in Shanghai opens from 2016, Swire Properties' Mainland portfolio will constitute approximately 40% of its gross floor area globally. (Computer rendering of HKRI Taikoo Hui)



Opened in 2008, Taikoo Li Sanlitun in Beijing was Swire Properties' first investment project in Mainland China and pioneered the open-plan, lane-driven, retail concept inspired by the traditional courtyards and hutongs of Mainland Chinese cities.



# Talking plane sense

HKUST's recently-appointed Swire Professor of Aerospace Engineering, Xin Zhang, says the degree course is great news for Hong Kong's aspiring engineers and its aviation sector.



Professor Xin Zhang, Swire Professor of Aerospace Engineering at The Hong Kong University of Science and Technology.

## sense

Professor Xin Zhang may not be the man to ask for an unbiased view about Aerospace Engineering. After all, aviation is something of an obsession in his family: not only were both of his parents and an uncle involved in the industry, but his brother and his brother's wife are too. When the recently-appointed Swire Professor of Aerospace Engineering at The Hong Kong University of Science and Technology ("HKUST") talks about his vocation in life, however, it's hard to argue with his passion.

"Young people will always be interested in aerospace because it's a real industry and it relates to the physical world," he says. "Human nature always has an urge to go higher, further, faster. In any society there is an attraction to this."

By sponsoring one of HKUST's Named Professorships, the Swire Group Charitable Trust is supporting the first Aerospace Engineering degree course of its kind in Hong Kong.

The aim is to establish it as a world-class programme that will bolster Hong Kong's thriving aviation sector and increase career opportunities for local students.

Professor Zhang is a respected authority in his field. A graduate of the Beijing University of Aeronautics and Astronautics, he completed a PhD in fluid mechanics at Cambridge University in 1987 and then remained in Britain, where he worked at the University of Southampton, until joining HKUST on 1st January this year. His areas of expertise include the aerodynamics of aircraft and racing cars, as well as aeroacoustics, and engine noise.

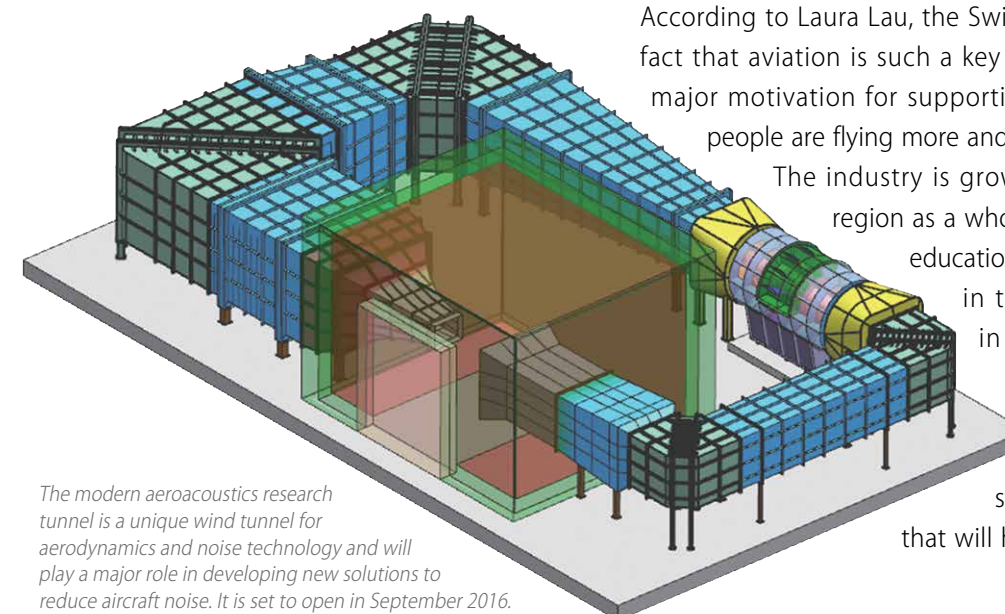
"Prior to this, there was no Aerospace Engineering course in Hong Kong, in terms of hard engineering," says the professor. "There were vocational aviation courses, however. There's a strong aviation industry in Hong Kong and obviously the university saw an opportunity."

Following a consultation process involving industry stakeholders - including Swire's aviation-related companies - HKUST's Department of Mechanical Engineering changed its name to the Department of Mechanical and Aerospace Engineering in 2013. "A minor programme in aeronautical engineering was started in academic year 2012/13 with nine students," says Professor Zhang. "It has grown each year and the target intake for this September is 30 students." The University plans to open eight aircraft and aeronautical engineering faculty positions, as well as joint appointments with the Department of Computer Science and Engineering, in order to teach avionics.

According to Laura Lau, the Swire Trust's Head of Philanthropy, the fact that aviation is such a key industry in Hong Kong provided a major motivation for supporting the programme. "It's clear that people are flying more and more, both for business and leisure.

The industry is growing in China and the Asia Pacific region as a whole. It's therefore important that the education sector is invested in this area, both in terms of research capabilities and in providing a source of engineers.

"We are delighted to support opportunities for Hong Kong students to pursue a specialised degree that will help them in their career in aviation.



The modern aeroacoustics research tunnel is a unique wind tunnel for aerodynamics and noise technology and will play a major role in developing new solutions to reduce aircraft noise. It is set to open in September 2016.



Previously, if Hong Kong students wanted to study this subject they would have to go overseas and pay higher fees, or get a scholarship."

Adds Professor Zhang: "Historically, companies have tended to hire from Europe. We're not trying to replace that, because Hong Kong by its nature is an international city. However, it would also be good to have a proportion of our engineers coming directly from a Hong Kong programme. The programme is attractive for students because there is huge demand for engineers in Hong Kong and also in Mainland China, where the aviation sector is expanding hugely and where new aircraft designs are being developed all the time."

How things have changed from when Professor Zhang himself first headed to the West. Originally from Chengdu, he won a postgraduate scholarship to go to Cambridge and was among the first generation of students to be allowed to leave Mainland China following the Cultural Revolution. "At the time I couldn't even speak English – I could write it, but was barely able to speak it," he recalls.

The professor's achievements in Britain speak for themselves, however. At Southampton, he became Director of the Airbus Noise Technology Centre, the first of its kind in the world, and he also pioneered the academic study of racing car aerodynamics. Many of his PhD students have gone on to become designers in Formula One racing. "Racing cars are just like aeroplanes upside down," he laughs. "The principles are the same, in terms of the physics."

A key area of research for Professor Zhang is aircraft noise predication and attenuation. This uses state-of-the-art computer simulations and advanced anechoic wind tunnel testing to find ways of reducing aircraft noise, which can have a negative impact on the environment and health.

"I strongly believe in doing research that is useful – not just publishing for the sake of it," says the professor. "Real problems come from the real world. By collaborating with the industry, we can investigate how noise is generated and transmitted, develop mathematical descriptions of the problem and work on solutions through mathematical modelling,

numerical simulation and model tests. After that we can propose new and better designs."

To aid this research, construction will soon start on a modern aeroacoustics research tunnel at the university. "This is a very sophisticated facility which will be unique in any Asian university environment. It will allow us to test not only flow and force, but also noise generation."

Professor Zhang is already helping to supervise PhD students, while the department is planning a Master's degree programme in Aviation, possibly in collaboration with another respected aerospace engineering school. In addition, a new research centre on advanced noise technology is being established at HKUST. Says Laura Lau: "HKUST has gone beyond our expectations in terms of finding additional external support and resources. With the professorship in place, we can see that the university and the department are truly committed to building a world-class aerospace centre."

For his part, Professor Zhang is extremely optimistic about the future of aviation in Hong Kong. "We have an excellent sector here, typified by world-class companies such as HAECO, HAESL and Cathay Pacific," he says. "I am inspired by the number of young people who want to pursue a career in aerospace and am delighted that the Swire Trust shares our passion for giving students the opportunity. There is a great industry in Hong Kong and at this university we want to be the best in our business too."



By sponsoring one of HKUST's Named Professorships, the Swire Trust is supporting the first Aerospace Engineering degree course of its kind in Hong Kong. The aim is to establish it as a world-class programme that will bolster the SAR's thriving aviation sector and increase career opportunities for local students.



Professor Zhang (back row, second from the left) and Swire Trust's Head of Philanthropy, Laura Lau (front row, left), at the inauguration ceremony for the Named Professorships.





### International Archives Day

On 13th June, Swire HK Archive Service ("Swire HKAS") took part in the "Share Your Stories" free exhibition and seminar organised by the Hong Kong Archive Society in celebration of UNESCO International Archives Day. The event featured seminars conducted by leading professionals in the local archive and heritage community, and an exhibition showcasing stories of Hong Kong's past. One of 13 exhibitors on the day, Swire HKAS presented an array of printed and digital historical items that vividly brought Swire history to life. The display included photographs and storyboards on Taikoo Dockyard, a collection of Cathay Pacific Airways' iconic advertisements and other ephemera, including Taikoo cube sugar boxes.

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### Skate4Good

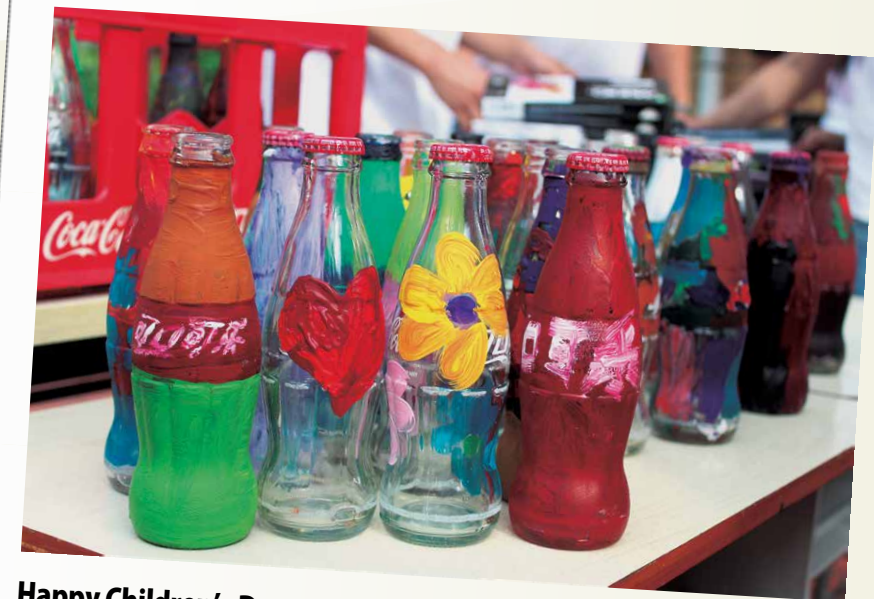
In April, Swire Properties' Community Ambassadors got together with non-profit design group IDEA Project Hong Kong and NGO Youth Outreach to launch "Yo Bro! Skate4Good", a three-month sport-and-design project which engaged 30 young skateboarders in transforming the skateboarding space at Youth Outreach's Hang Out centre. The project, sponsored by Swire Properties' Community Caring Fund, aimed at engaging at-risk young people in a fun and creative activity and helping them design a vibrant, welcoming new space to meet and enjoy the positive benefits of skateboarding.



### Project Faith

In celebration of its 40th anniversary, Swire Pacific Offshore ("SPO") co-organised "Project Faith" with Singapore's Bright Vision Hospital and not-for-profit community art promoter, Social Creatives in April. The project saw 40 SPO volunteers spend an afternoon painting two colourful murals, *Garden of Faith* and *Reminiscing Singapore*, to brighten up the hospital environment and to bring colour into the lives of patients and staff. A sudden downpour disrupted progress but failed to dampen the enthusiasm of the volunteers.

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### Happy Children's Day

On 1st June, volunteers from Swire Coca-Cola Beverages Xiamen and students from Jimei University threw a special party for pupils at Siming Special Education School, in celebration of International Children's Day. Amongst other fun activities, the children enjoyed decorating Coca-Cola glass contour bottles with guidance from the volunteers. The event was part of a flagship programme initiated by Swire Coca-Cola in Xiamen to train employees and students to provide weekly coaching for children with autism, as well as migrant children. Since the programme's launch in 2009, over 1,300 volunteers have been trained and have helped more than 16,000 children with their studies.



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