



Our Core Values



In a challenging year, we never neglected our values of Safety, Public Health, Security, Quality, Efficiency and People and indeed we reaffirmed our commitment to these values.

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We are proud that our high standard of security screening was delivered with courtesy and professionalism and with minimal delay to passengers. This was reflected in our ending the year as Best in Class for both 'Sense of Security' and 'Security Inspection' in the IATA Global Airport Monitor survey.

The Authority is committed to upholding our core values of safety, security, operational efficiency and service excellence. Close partnerships with the Government, airlines, regional airports, airport service providers and many other organisations, along with the support of a committed and dedicated workforce, allowed the Authority to deliver exemplary and exceptional service to the public during a most challenging year.

Safety and Public Health

Safety is the heart of our business and one of our core values. The safety of all individuals at the airport is fundamental. All personnel contributing to the success of this airport have internalised a safety mindset that can be automatically translated into action. During the year, our

performance well exceeded our safety targets in reducing airport staff and passenger injuries. We also recorded reductions in terms of equipment related incidents, such as aircraft related ground incidents and traffic incidents.

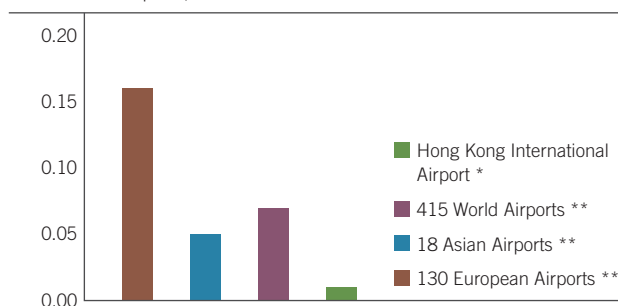
Throughout the year, the Authority worked with our business partners and contractors to launch a series of safety campaigns, such as Baggage Hall Safety, Ramp Safety and Road Safety, covering all aspects of airport operations. An Airport Safety Recognition Award Programme was organised to encourage good safety practice and innovative safety suggestions from all airport staff. This was reinforced by a safety training video provided to all business partners covering topics such as safety in the workplace, safety in the Passenger Terminal Building, and fire safety.

The Authority is proud that its safety management system, modelled on OHSAS 18001 and implemented since the airport opening, has met both the Civil Aviation Department's Aerodrome Licensing Requirements and the newly introduced ICAO Certified Aerodrome Safety Management standards. With effect from November 2005, such a safety management system will become an ICAO standard requirement for all airports.

The SARS outbreak in the first half of the year highlighted the need for specific attention towards public health. The Authority introduced a mandatory temperature check for passengers and workers entering and departing HKIA early

AIRCRAFT RELATED GROUND INCIDENTS

(Excluding aircraft flying related accidents)
No. of accidents per 1,000 movements

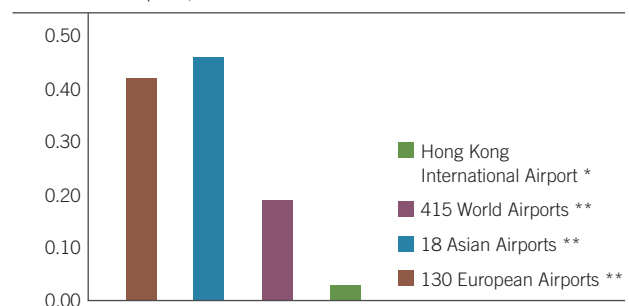


* Annual average for the year ended 31 March 2004

** Airports Council International 2002 Survey

EQUIPMENT AND FACILITIES RELATED ACCIDENTS

(Excluding aircraft flying related accidents)
No. of accidents per 1,000 movements



* Annual average for the year ended 31 March 2004

** Airports Council International 2002 Survey



◀ Regular emergency and safety drills keep us well prepared for unforeseen incidents

◀ The Authority celebrates staff contributions to airport safety through an award scheme

in the outbreak and this has now become part of our day-to-day operations. HKIA has strengthened its preventive and contingency measures with the establishment of a stepped response plan which dovetails with the Government's disease control alert system. As a result, the WHO and ICAO have awarded HKIA a SARS Preparedness Certificate.

Security

The Authority has always considered the security of passengers a top priority and the military action against Iraq in early 2003 demanded the highest level of readiness. The Authority and its airport security subsidiary, AVSECO, have in place a plan for swift implementation of increased security measures to meet increased threat levels. The Authority and AVSECO conduct regular drills on these measures.

HKIA is committed to maintaining a high standard of security, provided by courteous and professional staff in a timely manner. During the year the Authority installed additional explosive detection equipment and X-ray systems for use in the screening of staff, passengers, crew and baggage. HKIA ended the year as Best in Class for "Sense of Security" and "Security Inspection" in the IATA Global Airport Monitor survey. The results reflect our focus on continuously raising security standards while always keeping delay and inconvenience to passengers to an absolute minimum.

Environment

The Authority endeavours to ensure that everything we do is in keeping with environmental best practice. Our

achievements in waste management and reduction qualified us for the Environmental Protection Department's "Gold Wastewi\$e" logo. The Authority was also the first non-government organisation in Hong Kong to be awarded a certificate for 'Good Air Quality' in our Passenger Terminal Building.

Environmental initiatives and programmes designed to promote good environmental management practice within the airport community have also been implemented and achieved a high rate of participation by our business partners. Continuing with our successful schools programme last year, we organised a "Creative Use of Airport Waste" Competition to promote waste reduction and reuse. Three community exhibitions on HKIA environmental programmes were held to raise community awareness.

Customer and Quality Service

We continuously strive to increase the variety and quality of services to all our passengers to ensure that they enjoy a positive experience of the airport. The Authority seeks feedback from users through a variety of channels and treasures passenger comments. A particularly good source of feedback is the IATA quarterly survey: feedback from this and other quarters has continued to guide the Authority in planning the development of facilities and services at the airport. Variety of shopping and dining is a key passenger requirement and the recently completed East Hall expansion offers the best in retail and a wide variety of cuisine to suit all tastes and budgets. The Airport Ambassador Programme, which was set up in September 2002 to answer the information and orientation needs of

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arriving and departing passengers, has won HKIA compliments from both overseas and local users of the airport. With about 90 members, including youth trainees, student volunteers and retirees, the Ambassador Programme is now a regular feature at the Passenger Terminal Building, contributing substantially to improved customer service.

Efficiency

Passengers using HKIA expect efficient access to timely and reliable information. The Authority's IT team developed and installed a system that displays flight schedule information outside of the airport, such as at coach stations, SkyPier and ferry terminals in the PRD. With minor adjustments, the system can be enhanced to include coach and ferry schedules. The system enables exchange of transportation information with business partners in a flexible, timely and effective manner.

The wireless network, which now covers all publicly accessible areas and some staff areas within the Passenger Terminal Building, is being used by staff on the move to provide better and faster service to customers. Business partners such as Cathay Pacific and King Power have also started to use this wireless network to improve service to their customers.

A comprehensive maintenance programme is in place at the airport to guarantee a safe and reliable operation. During the year, the Authority has introduced a methodology called Reliability Centred Maintenance (RCM)

to plan and schedule maintenance tasks. The RCM approach is applied to many airport systems, including the Airfield Ground Lighting System (AGLS). This will ensure that maintenance is done in a cost-effective manner while also preserving the safety and reliability of operations. The end result of the process as applied to AGLS is that it has become one of the most efficient and reliable systems supporting airfield operation.

People

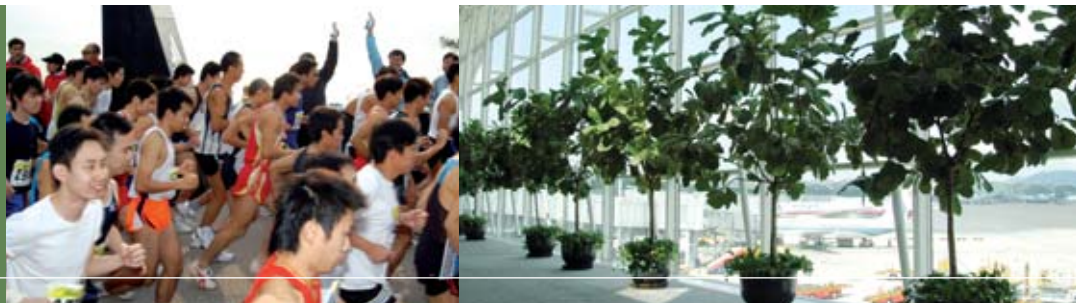
The task of ensuring that its people are equipped with the necessary skills and competence is of the utmost importance to the Authority. Aligning talent requirements with business strategies is the first step to clarifying the competence strengths and gaps. Individuals with potential for development are given personal development plans, inclusive of job rotations and cross assignments. Succession planning highlights the areas requiring the most immediate attention and development plans are put in place to strengthen the overall skill sets.

The Authority has undertaken an organisation-wide Climate Assessment to measure employee satisfaction. This involved face-to-face interviews with 20% of the total workforce, focusing on overall satisfaction and leadership competencies. Action plans to address expectation gaps have been compiled by unit heads and progress on these plans is being tracked on a quarterly basis.

We continued to move forward during the year on closely aligning our pay structure with private sector models. Three

The annual King of the Road race is one of several community activities organised at HKIA

The greening of the passenger terminal gives a comfortable and relaxing environment





◀ 'Real' staff of HKIA meet the on-screen characters of TV series "Triumph In The Sky"

◀ Staff participated in a run up the stairs at Jardine House in aid of charity

years ago, the Authority introduced a pay-for-performance concept, radically repositioning the fixed and variable elements of staff pay and heavily linking the variable element to the performance of the organisation, the unit and individual staff. Eligibility for the performance-based incentive is based on predetermined criteria within the framework of management by objectives. The Variable Compensation Scheme was created and implemented in 2002.

Communication

Timely communication helps the 45,000 strong airport community work closely together to uphold our status as the best airport and aviation hub in the world. During the period of the SARS outbreak, communication sessions were delivered by relevant specialists to offer advice and information to business partners on the prevention of the virus. Operation SkyFit was launched at this time to restore confidence and put across the message that air travel is safe. Working hand-in-hand with the airport community, which gave the operation its full co-operation and support, these efforts paid off. In response to

recovery programmes launched by the Authority immediately after WHO lifted its advisory, we saw traffic bounced back faster than expected.

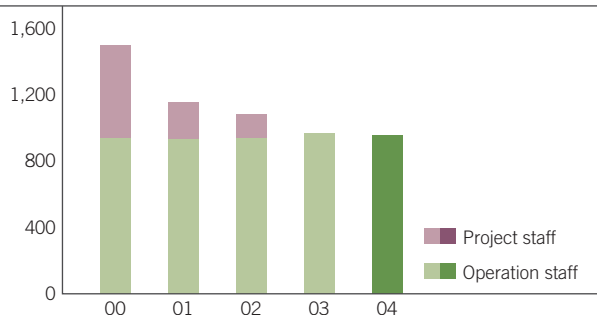
Greater contact with journalists in the PRD was reflected in increased and favourable coverage by the media within the Mainland, notably on the launch of SkyPier and the official opening of SkyMart. The airport was also extensively featured on television during TVB's 40-episode "Triumph In The Sky" and an eight-episode "City In The Sky" documentary produced by Radio Television Hong Kong. These two widely viewed series gave the airport, its partners and the industry a major boost in profile.

Social Responsibility

As a good corporate citizen, the Authority takes part in charities, sports, environment and educational projects. We worked with Government departments and business partners to inform the community of job opportunities at the airport. Money collected from donation boxes within the passenger terminal has been distributed to local charities.

STAFF NUMBERS IN THE LAST 5 YEARS*

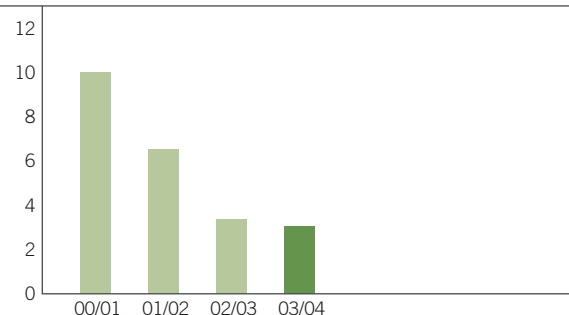
As at 31 March
No. of Staff



* Excluding subsidiaries

STAFF TURNOVER RATE*

Percentage (%)



* Excluding subsidiaries