

Chief Executive Officer's Statement



Mr Stanley Hui Hon-chung
Chief Executive Officer





Dear Stakeholders,

Fiscal 2009/10, ended 31 March 2010, was a volatile year for Hong Kong International Airport (HKIA). The global downturn slashed demand for business and leisure travel, as companies and holidaymakers waited for the economic storm clouds to clear. Cautious shoppers and businesses depleting their inventories caused airfreight volume to fall.

By the final quarter of 2009, signs of a rebound were evident. Corporate and consumer confidence improved. Load factors recovered on the back of stronger demand and reduced flight frequencies, resulting in better economics to the airlines. Airlines began reinstating suspended services, albeit in a small and gradual way. Declines in passenger volume began to moderate and demand for cargo services bounced back strongly.

For the year, passenger traffic at HKIA reached 46.9 million, a decrease of 1.7% from 2008/09. Cargo throughput increased 4.4%, to 3.6 million tonnes, while air traffic movements declined 5.4%, to 280,000. Revenues were HK\$9,015 million, an increase of 1.5%. Profit attributable to equity shareholder increased 9.9%, to HK\$2,844 million. Return on equity rose to 7.8%.



Sustainability is at the core of both our day-to-day operations and our long-term development plans. We strive to save energy, reduce emissions and recycle and reuse waste throughout the airport.

Service Enhancements

Several new facilities that will strengthen our reputation for excellence entered service in 2009/10. SkyPier, a permanent cross-boundary ferry terminal that is eight times the size of the previous temporary facility, was officially opened on 15 January 2010 by the Hon Donald Tsang Yam-kuen, Chief Executive of the Hong Kong SAR. The same day, we launched the North Satellite Concourse, which offers 10 bridge-served parking stands for narrow-bodied passenger aircraft. Together with the other air bridges in Terminal 1, this facility allows 98% of our passengers to enjoy the comfort and convenience of embarking and disembarking aircraft through air bridges.

In June 2009, we completed the reconfiguration of the North Departures Immigration Hall. This change, which followed a similar upgrade to the South Departures Immigration Hall in 2008, added new security channels and increased passenger screening capacity by 50%. As a result, this year 97.8% of passengers queued for no more than 4.5 minutes for security check. The North Satellite Concourse and the improvements to the Departures Immigration halls were part of a HK\$4.5 billion capacity and service enhancement programme that began in 2006.

In September 2009, the HKIA Precious Metals Depository—a secure storage and physical settlement facility for banks, refiners and commodities exchanges—opened. During the year, we also completed phase 1A of the Permanent Aviation Fuel Facility, which includes four tanks, twin submarine pipelines and a dual-berth jetty.

As business conditions improved, Cathay Pacific Services resumed construction of its new cargo terminal. When the terminal is completed in 2013, HKIA will have a total general and express cargo handling capacity of 7.4 million tonnes per annum.

A Multi-Modal Hub

HKIA is a multi-modal transport hub that enables the smooth flow of people, goods, capital and information between Hong Kong, the Pearl River Delta (PRD) and the world. During the year, we took several steps to strengthen our connectivity with the PRD.

SkyPier, our cross-boundary ferry terminal, now offers seamless transfers for passengers arriving at HKIA by air and continuing on to ports in the PRD and Macao, as well as for sea-to-air passengers travelling in the opposite direction. During the year, ferry services commenced to Nansha in Guangdong and Taipa in Macao, bringing the number of ports served from SkyPier to eight.

We also enhanced our road connectivity. Cross-boundary coach services now link HKIA with 95 cities and towns in the PRD, up from 90 destinations last year, and 160 limousines make 300 round trips to PRD cities each day.

In the next decade, HKIA's importance as a multi-modal hub will increase. We are working with the Hong Kong SAR Government to ensure that the Tuen Mun – Chek Lap Kok Link, Hong Kong – Zhuhai – Macao Bridge and Hong Kong Boundary Crossing Facilities will be effectively integrated with the airport's existing and future infrastructure. And we support ongoing studies on the



proposed Hong Kong – Shenzhen Western Express Line, one function of which is to connect HKIA with Shenzhen International Airport. These projects will bring unprecedented levels of connectivity to HKIA and residents of the PRD and contribute to the economic growth and development not only of Hong Kong but of the region as well.

Our Green Airport

Sustainability is at the core of both our day-to-day operations and our long-term development plans. We strive to save energy, reduce emissions and recycle and reuse waste throughout the airport. For example, we facilitate the collection of used cooking oil at HKIA, which is converted to biodiesel that fuels all our diesel vehicles. In October 2009, we welcomed the arrival of our first two MyCars, which are zero-emission electric vehicles.

In addition, we work with our business partners to help them minimise their environmental impact. In 2009/10, we held nine carbon-reduction workshops that were open to all companies operating at HKIA. Since July 2009, over 30 of our business partners have completed carbon audits that cover 90% of the buildings and vehicles at the airport. By establishing an emission baseline, these audits are an essential first step in formulating an effective carbon-reduction programme.

Through educational programmes for schoolchildren, tree-planting events and global initiatives like the International Coastal Cleanup, we share our knowledge and passion for environmental protection with the community at large.

Awards

Delivering a positive experience for passengers and other airport users requires a coordinated effort by the Airport Authority, airlines and other business partners. This airport-wide commitment to service was recognised by several organisations in 2009/10. We received our third Asia-Pacific airport efficiency excellence award from the Air Transport Research Society. Among other awards, we also won the 2009 top service brand award from the Hong Kong Brand Development Council and the Chinese Manufacturers' Association of Hong Kong.

Recognition of Support

I would like to thank the Airport Authority's Board and the Hong Kong SAR Government for their guidance and support during a challenging year.

I would also like to express my gratitude to our 1,100 employees and the 60,000 members of the airport community. HKIA's reputation for service, safety, security and efficiency is a direct result of your efforts.

Stanley Hui Hon-chung
Chief Executive Officer
Hong Kong, 31 May 2010

