Our Business
The development of our airport business is built on the success of our business units in delivering quality service to our customers in the most efficient, reliable and economic manner.

- Airfield
- Terminal
- Aviation Logistics
- Retail and Commercial Development
Our Business — Airfield

Airfield

Serving Our Airlines

Airfield Business gives airlines an orderly and secure airfield environment for movement of aircraft, passengers, baggage, cargo and mail.
Dozens of airfield services come together to support the take off and landing of around six hundred planes a day. The Authority plays a pivotal role in the co-ordination of these many services, ensuring that they are conducted safely and efficiently.

Over six hundred planes take off and land at HKIA on an average day. About 60% are wide-bodied aircraft, carrying on board some 300 passengers and a similar number of stowed baggage. During peak hours, more than 60 planes are parked on the airfield. During the short ground time, they are served by 13 ramp franchisees, each delivering specific ramp services to their customer airlines. Ground servicing consists of a multitude of activities, including passenger boarding and disembarkation, baggage loading, unloading and delivery to and from the passenger terminal, aircraft refuelling, cabin cleaning, air catering replenishing and so on.

With several thousand workers, mobile equipment and vehicles all moving about on the apron, co-ordinated and disciplined operations are of paramount importance to the on-time departure of the aircraft and the safety of personnel and property. The Airfield team plays a pivotal role to ensure that all these ramp activities are conducted safely, efficiently and in an integrated manner.

In the financial year under review, there were 157,203 passenger flight movements, reflecting a steep decline in the earlier part of the year as a result of SARS. Cargo flights on the other hand have not been affected, with 30,994 in the year, representing a 15.5% growth from last year. With the

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**CIVIL INTERNATIONAL AIRCRAFT MOVEMENTS*\**
For the year ended 31 March
in thousands

<table>
<thead>
<tr>
<th>Year</th>
<th>95</th>
<th>96</th>
<th>97</th>
<th>98</th>
<th>99</th>
<th>00</th>
<th>01</th>
<th>02</th>
<th>03</th>
<th>04</th>
</tr>
</thead>
<tbody>
<tr>
<td>Movements</td>
<td>140</td>
<td>180</td>
<td>220</td>
<td>160</td>
<td>190</td>
<td>230</td>
<td>270</td>
<td>310</td>
<td>350</td>
<td>390</td>
</tr>
</tbody>
</table>

* “Aircraft movements” include civil international passenger cargo and non-revenue flights.

Source: Civil Aviation Department of the Hong Kong SAR Government and the Airport Authority.

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**AIRSIDE OPERATION PERFORMANCE**

<table>
<thead>
<tr>
<th>Year</th>
<th>00/01</th>
<th>01/02</th>
<th>02/03</th>
<th>03/04</th>
</tr>
</thead>
<tbody>
<tr>
<td>Departure on time</td>
<td>90%</td>
<td>95%</td>
<td>98%</td>
<td>100%</td>
</tr>
</tbody>
</table>

* Departure on time is defined as the outgoing flights take off early or within 15 minutes of schedule.
lifting of the WHO’s travel advisory on Hong Kong on 23 May, the Authority launched a recovery programme to help airlines in stimulating traffic and to encourage the resumption of cancelled flights. The various schemes of the programme were well received by the airlines and air traffic volume recovered speedily. In the fourth quarter of 2003, a daily average of 612 aircraft movements was recorded, exceeding the pre-SARS average of 585.

Safety at the Airfield

Safety is absolutely fundamental to every aspect of Airfield Business. Vigorous efforts were made to strive for continuous improvements in ramp safety. Projects in the year to promote a ramp safety culture included the Safety Ambassadors Scheme, Safety Working Group, Airside Driving Safety Campaign and Safety Awareness training to all personnel on the airfield. Aircraft related ground incidents were successfully reduced by 26%, the ramp injury rate by 21% and airside traffic accidents by 16%.

The airport has pioneered a sophisticated Airport Lightning Warning System that accurately forecasts lightning and provides real time warnings to airfield personnel to take precautionary measures on the approach of lightning storms to avoid lightning hazard. With the new system fully operational, a zero incidence of lightning shocks to outdoor workers at HKIA was achieved.

Quality Service

The Airfield team continues to strive for excellent operational efficiency and customer satisfaction through improvement in operational procedures and work processes. During the year, the process for airbridge docking was critically reviewed and streamlined with the airbridge operators. As a result, airbridge docking time was reduced by 25% from 120 seconds to 90 seconds. This greatly shortened passenger waiting time to disembark from their aircraft on arrival. In addition, 98% of passengers were served by bridge stands, despite the increase in aircraft movements during the peak hours.

Contingency measures during lightning storms have also been improved as a result of the concerted efforts of the Airfield team, Air Traffic Management Division of the Civil Aviation Department, airline pilots and line maintenance operators. The streamlined procedures minimised delay to passengers disembarking from arriving aircraft while safeguarding ramp personnel from injuries by lightning strikes.

Healthy Growth

This year, 2.74 million tonnes of cargo moved through the airport, 7.5% more than the previous year. To cope with the forecast growth of 6% per annum, a project was initiated to build four more freighter parking stands, making a total of 25 cargo stands in 2005.

HKIA is designed to handle the future large aircraft. The Airbus A380, the world’s largest commercial aircraft, will begin test flights in 2005. The Authority has submitted its A380 Compatibility Report to the Civil Aviation Department, and certification to handle the new aircraft is expected following some minor works. HKIA is ready for the era of new large aircraft.
**Extending our Reach**

The Authority's philosophy in expanding HKIA's aeronautical business is to provide passengers with more destinations, higher frequencies and more choice of carriers. As such, our strategy is tailored to meet market demand and developing trends, including low fare airlines.

HKIA's air network is one of the most comprehensive in the world, spanning international, regional and Mainland destinations. As at April 2004, 72 scheduled carriers, including 15 all-cargo carriers, operated flights from HKIA to 136 destinations around the world, including 40 in the Mainland. During the year, at the height of SARS, a new locally registered airline, CR Airways, began operations at HKIA, displaying the confidence of the market in Hong Kong's civil aviation industry. Three overseas carriers - Kenya Airways, Transaero Airlines and Myanmar Airways - followed closely and commenced service at HKIA, bringing more flights and destinations to Hong Kong. Existing carriers also added a number of new routes and increased services. As a result, five new destinations were added to HKIA's air network, namely Hat Yai and Chiang Mai in Thailand, Nairobi in Kenya, Siem Reap in Cambodia and Yangon in Myanmar. The number of flights per week also increased to 4,338 in March compared with 4,095 a year ago.

The Government's policy to progressively liberalise air services has provided HKIA with new potential markets for expansion. During the year, a number of bilateral air services arrangements were concluded or reviewed by Government to provide for much expanded rights. The Authority will work expeditiously with airlines to use the new service provisions to expand their business, providing passengers from our expanded home market of the PRD with more choice of destinations and carriers.
Serving Our Passengers

Terminal Business ensures the speed and efficiency of passenger flow through the terminal but also seeks to create an enjoyable experience for all airport users.
With the opening of SkyPier, HKIA is now well established as a truly multi-modal international transportation hub, offering convenient access to our expanded home market in the PRD.

For passengers, the first and most lasting impression of an airport is the Passenger Terminal Building. At HKIA, we are fortunate to have a building with a very striking architectural design that cannot fail to make an impact. The spaciousness and the clarity of signage combine to make movement around the terminal a pleasure for travellers. This is a fine foundation on which to run an outstanding terminal - however, there is much more required than architecture for us to create the finest airport in the world.

The business of managing a passenger terminal is a business of managing the flow of people. Today's air travellers expect to move through the terminal in a safe, smooth and efficient manner. This requires the best modern facilities and equipment and finely tuned management systems - all of which must be kept under constant review and continuous improvement. Our benchmark here - as throughout the airport - is of course the best international practice.

During the year, this process of improvement has seen us working with airlines, other airport partners and Government authorities to achieve a number of significant modifications to our systems and procedures. For example: we have established a Frequent Visitor Channel to speed passenger flow; we have modified the Customs Inspection Hall to provide privacy for customers undergoing customs inspections; and we have changed the display of the multi-media information booth to become more user friendly.

The AVERAGE TIMES OF FIRST AND LAST BAGS INTO ARRIVALS HALL AFTER AIRCRAFT LANDED

<table>
<thead>
<tr>
<th>Average Time (minutes)</th>
<th>01/02</th>
<th>02/03</th>
<th>03/04</th>
</tr>
</thead>
<tbody>
<tr>
<td>Last bag</td>
<td>30</td>
<td>30</td>
<td>30</td>
</tr>
<tr>
<td>First bag</td>
<td>20</td>
<td>20</td>
<td>20</td>
</tr>
</tbody>
</table>

AVERAGE TIMES OF FIRST AND LAST BAGS INTO ARRIVALS HALL AFTER AIRCRAFT LANDED

<table>
<thead>
<tr>
<th>Average Time (minutes)</th>
<th>01/02</th>
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</thead>
<tbody>
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<td>30</td>
<td>30</td>
</tr>
<tr>
<td>First bag</td>
<td>20</td>
<td>20</td>
<td>20</td>
</tr>
</tbody>
</table>

Ten Busiest Airports in Year 2003 — International Passenger Throughput*

TEN BUSIEST AIRPORTS IN YEAR 2003 — INTERNATIONAL PASSENGER THROUGHPUT*

<table>
<thead>
<tr>
<th>Rank</th>
<th>Airport</th>
<th>Passengers (in millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>HKIA</td>
<td>60</td>
</tr>
<tr>
<td>2</td>
<td>Narita</td>
<td>50</td>
</tr>
<tr>
<td>3</td>
<td>Seoul</td>
<td>45</td>
</tr>
<tr>
<td>4</td>
<td>Charles de Gaulle</td>
<td>40</td>
</tr>
<tr>
<td>5</td>
<td>Changi</td>
<td>35</td>
</tr>
<tr>
<td>6</td>
<td>Heathrow</td>
<td>30</td>
</tr>
<tr>
<td>7</td>
<td>Schiphol</td>
<td>25</td>
</tr>
<tr>
<td>8</td>
<td>Gatwick</td>
<td>20</td>
</tr>
<tr>
<td>9</td>
<td>Rheim/Main</td>
<td>15</td>
</tr>
<tr>
<td>10</td>
<td>Bangkok</td>
<td>10</td>
</tr>
</tbody>
</table>

* "International passenger throughput" includes originating, terminating and transfer (counted twice) passengers travelling between the designated airport and an airport in another country. Transit passengers are not included.

Source: Preliminary figures from Airports Council International
We have made positive strides towards serving our passengers: the number of complaints received last year has fallen from 179 cases to 154 cases, representing a 14% drop. This reflects continuous improvements to the passenger experience in areas such as check-in (where 90% of passengers waited for less than 15 minutes), baggage delivery (where 98.6% of bags arrived in the reclaim hall within 40 minutes) and arrival immigration (where 94.3% of passengers were cleared within 15 minutes).

All these changes helped HKIA to be named the world’s best airport for the fourth consecutive year in the Skytrax poll of about five million air travellers. IATA also named HKIA Best Airport Worldwide with a Special Recognition Award for leading levels of service.

**Minimising Connection Time**

Transfer passengers make up about one third of HKIA’s total traffic and satisfaction of their needs is clearly important to the success of HKIA as the leading regional hub. Continuous improvements have been explored to make their check-in process in particular faster and easier. To this end, modifications to transfer points in the Passenger Terminal Building have been completed during the year. Transfer halls have also been merged and a new look makes transfer points more conspicuous. The total number of transfer counters has been increased from 25 to 51 to speed up the check-in-process for transfer passengers.

**A Truly Multi-modal Transportation Hub**

Our business does not start when the passenger arrives on the airport island. We see our work as reaching back to the very start of their journey. We work with transport providers in Hong Kong and the PRD for the development of the most convenient and accessible land and sea transport links into HKIA.

The fastest passenger growth sector of HKIA is Mainland-related (including passengers travelling between Taiwan and cities in the PRD) who make up 60% of total visitor traffic at the airport. Out of this Mainland-related group, 70% are inter-modal transfer passengers, who use HKIA to connect with cities in the PRD and other cities in the hinterland. This is a passenger sector vital to the future of HKIA and much effort has therefore been devoted to improving the entirety of their travel experience.

The opening of SkyPier in late September 2003 has established HKIA as a truly multi-modal international transportation hub, substantially more accessible to transfer passengers in our extended home market of 48 million people in the Greater Pearl River Delta. With the new facility, passengers arrive on high-speed ferries from
PRD ports and board bonded buses at SkyPier. They can then proceed to the Passenger Terminal Building direct for their onward flights, without having to go through normal immigration and customs formalities at HKIA. Sea transfer in some cases cuts travel time between aircraft and PRD ports from four hours to two.

At the end of the year, these high-speed ferries were making 40 return trips daily between SkyPier and Shekou, Shenzhen, Macau and Humen in Dongguan. Operation to and from Guangzhou is scheduled to start later in the year, to be followed by Zhuhai and Zhongshan. Since its launch, more than 200,000 passengers have used SkyPier and the Authority expects SkyPier traffic to continue to grow as service gradually expands to more ports in the PRD.

The ferries have been a welcome addition to coach services operated by five bus companies which, on an average day, offer about 200 trips between the airport and 40 towns and cities in the PRD, making a number of stops at smaller towns en-route. Last year, these coaches carried 1.1 million passengers.

An Enjoyable Airport Experience

Passenger terminals need to be more than mere processors of flow of people. We want our passengers to enjoy a memorable experience throughout their journey through the airport. The Authority works hard to ensure that its Passenger Terminal Building is not only the largest single such building in the world but also the most user friendly. Visitors to HKIA have always been impressed with its unique architectural design, its wide range of shops and restaurants that suit all taste and budgets, and its clear signage which makes walking in the terminal building a pleasant experience.

But good - and even excellent - is never enough for an airport that aims to set global standards in all aspects of its operations. Works are therefore currently underway in a number of areas of the departure concourse to make the airport experience even more pleasant. To create a more relaxing environment in the busy central concourse, a television lounge has been set up and showcases have been put in to display art pieces of local designers on loan from Leisure and Cultural Services Department. A large variety of flowers and plants have also been placed in the departures waiting lounge to provide the feel of a soft landscape. More leather lounge seats will be installed for passengers to relax while waiting for flights.

Besides a comfortable environment and the efficiency and speed of airport operation, the enjoyable experience of HKIA would not be complete without a dedicated human touch. To ensure our passengers receive a friendly and courteous service, a Customer Services Excellence Programme was launched in October 2003, involving all the service providers to promote high quality service at the airport. In addition, we have also expanded the Airport Ambassador Programme to include 38 senior volunteers. Together with the rest of the ambassadors, they continue to provide assistance to passengers needing information or other assistance.

Such efficient, speedy and friendly services allow the passenger the leisure and comfort to relax and enjoy the many facilities and features of our ever improving and ever changing terminal.
Aviation Logistics

Serving Our Business Partners

Aviation Logistics Business is the supply chain manager for the planning and facilitation of aviation logistics services which ensure safe and efficient flows of cargo, passengers and aircraft.
With a range of new products and services, the Authority is consolidating the dominant position of HKIA as the preferred air cargo hub for the fast developing industrial powerhouse of the PRD.

Connecting the Factory of the World to its Market

Our skills at keeping the wheels running smoothly at the world’s busiest international cargo airport, which is also the fifth busiest international passenger airport, are vital to making HKIA a preferred regional hub. This achievement involves the support of our business partners who provide a wide range of products and services from fuel for aircraft to cargo handling and meals for passengers.

In spite of SARS, HKIA’s cargo business continued with its robust growth with a throughput of 2.74 million tonnes in the year, setting another record, and a 7.5% increase compared with 2.55 million tonnes in 2002/03. This strong performance no doubt confirmed the PRD as the “factory of the world”.

On the other hand, SARS affected the business of most of our partners earlier in the financial year. Due to the cancellation of many flights at the height of the outbreak, aviation fuel uplift dropped from 4.36 million cubic metres in the previous year to 4 million cubic metres, a decrease of 8.2%. The second half of the year saw a rebound, up 4.3% from the same period in the previous year.

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### TEN BUSIEST AIRPORTS IN YEAR 2003 — INTERNATIONAL FREIGHT THROUGHPUT*

<table>
<thead>
<tr>
<th>Airport</th>
<th>Throughput (in thousand tonnes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hong Kong Int'l</td>
<td>3,000</td>
</tr>
<tr>
<td>Narita</td>
<td>2,500</td>
</tr>
<tr>
<td>Seoul</td>
<td>2,000</td>
</tr>
<tr>
<td>Anchorage</td>
<td>1,500</td>
</tr>
<tr>
<td>Osaka</td>
<td>1,000</td>
</tr>
<tr>
<td>Rheim/Main</td>
<td>1,000</td>
</tr>
<tr>
<td>Taipei</td>
<td>700</td>
</tr>
<tr>
<td>Miami Int'l</td>
<td>500</td>
</tr>
<tr>
<td>Schiphol</td>
<td>500</td>
</tr>
<tr>
<td>Narita</td>
<td>500</td>
</tr>
</tbody>
</table>

* “International freight throughput” includes imports, exports and transshipment (counted twice) freight carried between the designated airport and an airport in another country. Air mail is not included.

Source: Preliminary figures from Airports Council International

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### AIR CARGO BY MARKET

Year ended 31 March 2004

<table>
<thead>
<tr>
<th>Market</th>
<th>% of Cargo</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe</td>
<td>19%</td>
</tr>
<tr>
<td>S E Asia</td>
<td>17%</td>
</tr>
<tr>
<td>Taiwan</td>
<td>15%</td>
</tr>
<tr>
<td>USA &amp; Canada</td>
<td>14%</td>
</tr>
<tr>
<td>Japan</td>
<td>12%</td>
</tr>
<tr>
<td>Mainland China</td>
<td>8%</td>
</tr>
<tr>
<td>Others</td>
<td>15%</td>
</tr>
</tbody>
</table>

High quality airline catering, delivered on time, is important to passenger comfort.
Meals provided by aircraft caterers also recorded a 18.5% drop to 18.4 million, from 21.8 million meals in the previous year. The second half of the year saw a 3.9% increase in meals supplied compared with the same period in previous year, corresponding with the rebound in traffic.

Growth Projects

HKIA is a key logistics integrator connecting Hong Kong with the Mainland and the rest of the world. In line with corporate goals to increase cargo flow, reach out to the market place in the PRD and generate more revenue, the Authority has carried out a number of projects to increase its aviation logistics services portfolio. Overall, the objective is to meet increasing customer demand and to maintain healthy competition.

Aviation Fuel Facility

The aviation fuel receiving facility at Sha Chau is an interim facility, which will reach its design capacity as cargo and passenger traffic continues to grow. To cope with the continuous growth of HKIA, a permanent aviation fuel facility will be built at Tuen Mun Area 38. This permanent facility will also honour the Authority’s commitment to the environment by replacing the interim aviation fuel receiving facility. Application for a Land Grant is in its final stages and the Authority is working closely with the relevant Government departments on the details of this, with good progress made.

The Authority exercised the option to buy out the aviation fuel service system from the aviation fuel service franchisee in July 2003, making it an Authority asset that will provide a steady source of revenue over the remaining franchise period of 15 years. Open access, competitive fuel prices and transparency of the operation continue to be maintained.

Express Cargo Terminal

Express air cargo has been forecast to grow at an average rate of 13% per annum, more than double the 6% for general air cargo. To support this growth, the Authority awarded a franchise to DHL to build an express cargo terminal, the largest of its kind in Asia, adjacent to the present air cargo terminals. The facility is to be constructed in three phases, with the first phase occupying an area of 18,200 sqm and providing an annual capacity of 160,000 tonnes. There is provision for this to increase to 330,000 tonnes in 2014, with an increase in area to 33,200 sqm. Construction of the first phase is on time and operation is scheduled to start in the middle of 2004, consolidating HKIA as the express cargo hub of Asia.

Tradeport Logistics Centre

To cater for the demand for quick and high-value logistics support services, Tradeport became operational in April 2003. This purpose-built, stand-alone logistics centre in the cargo area of HKIA provides a wide range of value-adding services to air freight goods for customers from the
electronics, computer and hi-tech industrial sectors. Phase 1 of the development comprises a three-floor facility of 31,500 sqm. Business has been developing well and Tradeport is contemplating an expansion to Phase 2 by adding another floor.

**Air Cargo Consolidation Centre**

In line with its strategy to reach out to the home market of the Greater PRD, the Authority undertook a feasibility study on the setting up of air cargo consolidation centres (ACCC) in the PRD. In addition to generating more cargo flow to the airport, such centres will also strengthen and consolidate HKIA’s dominant position as the preferred air cargo hub for the PRD. The study has been completed with the Futian Free Trade Zone in Shenzhen selected as the location for the first ACCC. The Authority subsequently formed a strategic partnership with Hactl to launch the project. Phase 1 of the ACCC commenced operation in October 2003, providing bulk cargo acceptance and consolidated cross-border delivery to HKIA.

Leveraging on the success of Phase 1, and to further add value to our customers, the Authority is working with the relevant authorities on Phase 2 of the project to also cover pre-packed cargo acceptance and consolidation, and direct trucking service to the air cargo terminal for export. In addition to Futian, the Authority is also exploring the feasibility of setting up similar operations at other locations in the PRD to expand our home market and reach out to our customers.

**Improving Cargo Operations**

To ensure continuous service improvement and to maintain healthy competition, the Authority is working with Asia Airfreight Terminal (AAT) to increase its capacity to cope with growing demand. As AAT’s throughput is nearing its design capacity of 420,000 tonnes per annum, the Authority has been working closely with this franchisee to arrange for additional cargo handling capacity. It is expected that Phase 1 of the new multi-level air cargo terminal will be operational by the end of 2006.
Retail and Commercial Development

Satisfying our Customers

Retail and Commercial Development plan and deliver the finest airport shopping destination, together with innovative advertising and other facilities, striving to exceed customer expectations.
Dynamic and cosmopolitan, yet with a real local flavour, Hong Kong SkyMart is a destination in its own right with 160 shops and 40 eateries within an area of over 39,000 square metres.

Connecting Local and International Brand Names with Our Passengers

By tracking the changing profile of our passengers, HKIA is able to plan ahead for the services and facilities appropriate to their particular needs. HKIA has a truly international passenger mix with over 70% from the Asia region (nearly 30% of whom are from the Mainland, our fastest growing passenger segment). While we started with 25% transfer passengers at airport opening, this has grown to 33% in recent years. Our efforts to increase the variety of retail and catering to cater for this diverse mix of passengers has been highly appreciated by users of our airport who rewarded us by voting HKIA the Best Airport - Dining Facilities, in addition to Best Airport of the Year 2004, in the Skytrax international survey.

Hong Kong has a reputation as a shoppers’ paradise. With so many high worth airport users, our airport shopping mall, Hong Kong SkyMart, has been developed around this reputation. Recognised as a convenient alternative to downtown shopping, Hong Kong SkyMart is dynamic and cosmopolitan with a unique Hong Kong flavour which distinguishes it from other airport malls. In response to customer feedback, the Authority undertook a HK$600 million project only four years after airport opening to expand the East Hall, the main retail and catering area of SkyMart, which is located just after the security checkpoint in the Passenger Terminal Building.

Hong Kong SkyMart is a destination in its own right with 160 shops and 40 eateries covering more than 39,000 sqm - 30% in the landside area and 70% in the airside restricted area. On offer are the very best in luxury brands, duty free liquor and tobacco, perfumes and cosmetics,
Our Business — Retail and Commercial Development

general merchandise, local and international quality brand name products and other specialty items. The food and beverage outlets offer something for everyone, including Asian and Western cuisine in convenient self-service food court settings as well as more leisurely à-la-carte dining.

East Hall Expansion a Success
Following its official opening in March 2004, the East Hall is now a natural gathering point with a boutique boulevard comprising 25 top-tier luxury brand names. The spacious and inviting ambience encourages travellers to arrive earlier at the airport and spend more time shopping. For some of the luxury retailers, these are the first ever airport stores. For others, the East Hall development has provided them with an opportunity to further upgrade their shop design and retail concepts, as well as their range of products, to better cater to airport shoppers. For passengers with time to spare, there is an extensive selection of international, regional and local cuisines available in self-service food courts as well as in fine dining restaurants with panoramic views of the airport.

Working with Business Partners
The Authority adopts an active role in ensuring the on-going success of its tenants. Retail surveys are organised regularly to monitor travellers’ changing needs and preferences. Regular trade briefings provide useful customer information to tenants while brand building, marketing campaigns, sales-driven seasonal promotions and events also help to promote the Hong Kong SkyMart brand image and stimulate sales. During the SARS period, the Authority worked together with its retail and catering tenants to ride out the adverse economic conditions, demonstrating a true business partner relationship. Relief schemes were granted to assist the tenants, and recovery programmes and special promotional activities were organised to attract more customers after SARS.

Reaching a Niche Audience
With the large number of travellers who are passing through the airport every day, international businesses have found HKIA a prime location to promote their products and services to a niche audience. Advertisers promote their services and goods in various forms from banners and posters to the 300 light boxes and 10,000 trolleys in the Passenger Terminal Building. Billboards on the approach roads to HKIA on the airport island are also popular and especially attractive when they are lit up at night. The Authority is always looking for innovative ways to increase advertising revenue.

Creating a New SkyCity
To strengthen our competitive advantage, and capture increased flow of passengers and goods, the Authority has formulated ten key growth projects. One of the largest of these projects is SkyCity. The infrastructure and facilities of SkyCity will promote general economic growth, trade and tourism, but most of all traffic to HKIA. The main development, SkyPlaza, will be an integrated multi-purpose transportation and airport business centre which will serve as a strategic focal point of HKIA air, sea and land traffic flows. SkyPlaza will link the existing Passenger Terminal Building with various developments in SkyCity,
The infrastructure and facilities of SkyCity will promote general economic growth, trade and tourism, but most of all traffic to Hong Kong.

including AsiaWorld-Expo and SkyPier, which is the new terminus for high speed ferries from PRD ports. Part of the SkyPlaza office tower will be occupied by the Authority as its headquarters.

AsiaWorld-Expo will be Hong Kong's second major exhibition centre and the first development in SkyCity. The project is undertaken by a joint venture company formed by the Authority, the Government and a private developer. Construction started in late March 2004 and, when the first phase is completed in 2005/06, the centre will provide more than 70,000 sqm of rentable space. Exhibition hall space will be increased in the second stage.

Planning for future retail requirements in the new SkyPlaza has already started. Initially, some 100 shops and restaurants will be available when the development commences operations in 2005/06. Shops in SkyPlaza will cater to a slightly different clientele to that of the passenger terminal. In order to complement the diverse activities in SkyCity, it is envisaged that the retail and catering outlets at SkyPlaza will meet the needs of visitors to AsiaWorld-Expo, airport staff and local residents alike. Other SkyPlaza patrons will include hotel guests, passengers using HKIA's air, land and sea transport, as well as meeters and greeters. When completed, SkyPlaza will be another choice destination for top quality shopping, dining and leisure facilities at HKIA.