An Overview of Cathay Pacific Airways
A Home Carrier in Hong Kong

- Founded in 1946
- Based in Hong Kong
- 126 aircraft, average age under 11 years
- 117 destinations in 37 countries worldwide
- 18,500 staff: including 6,000 outport staff
- 50,000 passengers daily
Post Transaction Shareholding Structure

**SWIRE PACIFIC**
- 41.97% (+2%)

**CITIC Pacific**
- 2.98% (-14.5%)

**AIR CHINA**
- 18.10% (unchanged)

**Public Shareholders**
- 29.99% (+12.5%)

**CATHAY PACIFIC**
- 25.05% (unchanged)

**Dragonair**
- 100.0% (unchanged)
Cathay Pacific Group

100% owned subsidiaries:

Associates:
Dragonair

- Founded in 1985
- Became a member of the CX Group on 28 Sep 2006
- 28 Aircraft
- 30 destinations worldwide, over 15 of them in the Mainland
- 2,400 staff: 600 of them based in Chinese Mainland
- 18,000 passengers daily
Air Hong Kong

- Founded in 1986
- Eight A300-600 Freighters
- 60% owned by CX, 40% by DHL
- Destinations: Beijing, Shanghai, Tokyo, Osaka, Nagoya, Seoul, Taipei, Bangkok, Penang, Singapore, Manila
Staff Force

• Over 26,000 CX Group staff worldwide
• One of Hong Kong’s biggest employers
• 18,500 CX staff from 60 different countries and regions
  – Non-flying office and airport staff: 7,500
  – Cockpit crew: 2,500
  – Cabin crew: 8,000
### CX Destinations (59)

<table>
<thead>
<tr>
<th>Europe</th>
<th>North America</th>
<th>China</th>
<th>North Asia</th>
<th>Southeast Asia</th>
<th>India &amp; Middle East</th>
<th>Australia &amp; New Zealand</th>
<th>Africa</th>
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<tbody>
<tr>
<td>Amsterdam</td>
<td>Atlanta</td>
<td>Beijing</td>
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<td>Bangkok</td>
<td>Bahrain</td>
<td>Adelaide</td>
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<td>Brussels</td>
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<td>Shanghai</td>
<td>Nagoya</td>
<td>Cebu</td>
<td>Chennai</td>
<td>Auckland</td>
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<td>Frankfurt</td>
<td>Dallas</td>
<td>Hong Kong</td>
<td>Osaka</td>
<td>Denpasar</td>
<td>Colombo</td>
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<td>London</td>
<td>Los Angeles</td>
<td>Xiamen</td>
<td>Sapporo</td>
<td>Ho Chi - Minh - City</td>
<td>Delhi</td>
<td>Cairns</td>
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<td>Manchester</td>
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<td>Taipei</td>
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<td>Paris</td>
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<td>Manila</td>
<td>Riyadh</td>
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<td>Penang</td>
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<td>Stockholm</td>
<td>Vancouver</td>
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<td>Singapore</td>
<td>Hanoi</td>
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- CX flies to 117 destinations in over 37 countries/territories (incl. codeshare)
## KA Destinations (27)

<table>
<thead>
<tr>
<th>China</th>
<th>North Asia</th>
<th>Southeast Asia</th>
<th>Indian Sub-continent</th>
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<tbody>
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<td>Beijing</td>
<td>Qingdao</td>
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<td>Chongqing</td>
<td>Hangzhou</td>
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<td>Bandar Seri Begawan*</td>
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<td>Changsha</td>
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<td>Tianjin*</td>
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<td>Bengaluru</td>
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- KA flies to 30 destinations in over 11 countries/territories (incl. codeshare)
CX Profit & Loss

(HK$’ Million)
Hong Kong: Premier Aviation Hub in Asia
Reaching Half the World’s Population within 5 Hours
Basic Law

Article 128

The Government of the Hong Kong Special Administrative Region shall provide conditions and take measures for the maintenance of the status of Hong Kong as a centre of international and regional aviation.
Hong Kong - A Successful International Hub

- HKIA 2008
  - No.4 in global pax traffic
  - No. 1 in global cargo traffic
  - No.1 in international pax traffic among Asian airports
  - 7 Skytrax World Airport Awards in 10 years
  - Very competitive: 80+ carriers online serving 150+ destinations
# Global Connections

<table>
<thead>
<tr>
<th>City</th>
<th>Airlines</th>
<th>Direct Connections</th>
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<tbody>
<tr>
<td>Frankfurt</td>
<td>119</td>
<td>304</td>
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<td>Bangkok</td>
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<td>London</td>
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<td>Hong Kong</td>
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<td>148</td>
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<tr>
<td>New York</td>
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<td>214</td>
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<tr>
<td>Singapore</td>
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<td>Toronto</td>
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<td>Tokyo</td>
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<td>104</td>
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<tr>
<td>Seoul</td>
<td>63</td>
<td>161</td>
</tr>
<tr>
<td>Los Angeles</td>
<td>61</td>
<td>156</td>
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</table>
Hong Kong vs. Asian Hubs (Cargo 2008)

- Hong Kong: 3.7 m tonnes
- Shanghai: 2.6 m
- Seoul: 2.4 m
- Tokyo: 2.1 m
- Singapore: 1.9 m
- Taipei: 1.5 m
- Beijing: 1.3 m
- Bangkok: 1.2 m
- Guangzhou: 0.7 m
Keys to a Successful Hub

• Hong Kong as a successful aviation hub
  1. Flight and network connectivity provided by home based carriers
  2. Excellent airport infrastructure
  3. Progressive liberalization policy

• Other crucial elements
  4. Competitive airport costs
  5. Slot availability
  6. Access to growth markets

The most successful hubs are created where Government, home carriers and airports work closely together
The Role of a Home Carrier
Behind Every Successful Hub is a Strong Home Carrier

- Examples:
  - London: British Airways; Frankfurt: Lufthansa; Dubai: Emirates; Singapore: Singapore Airlines; HK: Cathay Pacific

- Coordinate schedules
- Maximize connecting traffic
- Build network strength: increased frequency, new destinations
- HKIA’s transfer traffic has grown from 23% to 33% 1997-2007
- Half of CX’s traffic is transfer traffic
HK Aviation Industry: Major Characteristics

• HK home carriers are not state enterprises – without government subsidies or preferential market treatments

• HKIA and its ancillary infrastructure facilities are built, funded and operated on prudent market-based principles.

• This market-based operation model makes a good reference for airports worldwide, including the aviation sector in the mainland China.
**HK Aviation Industry: Contribution**

- Creates plentiful local employment opportunities
- An economic driver in tandem with the “four-pillars” of the HK economy, in particular tourism and logistics
- Enhances HK’s overseas image through the provision of premium services
- Attracts foreign direct investment and strengthens HK’s role as an international finance centre
- Facilitates China’s world trade activities via a comprehensive network and professional air freight services
Outlook of China’s Aviation Industry

• Some 150 airports nationwide are either being built or expanded

• Slots constraints are anticipated in major hubs (Beijing, Shanghai and Guangzhou etc.)

• HK’s role as an international and regional aviation hub, coupled with its quality management and services, is an asset to the future development of China’s aviation industry.
Gateway to China
CX and the Aviation Industry’s Contribution to HK
Economic Benefits to HK: Jobs/GDP (2007)

- Creates 7.7% of employment
  - Airlines, the airport and civil aviation (aircraft manufacturers, avionics, engines, etc.), plus the inherent catalytic effect create 220,000 direct, indirect and induced jobs in Hong Kong, equivalent to 7.7% of the working population.

- The industry contributes 8.2% of Hong Kong GDP
  - The air transport industry contributes HK$ 127 billion to Hong Kong GDP through its impacts above – equivalent to 8.2% of Hong Kong GDP.

Source: Oxford Economics, HK Government Statistics 2007 and our estimates
CX Supports Hong Kong

• **Provides job opportunities**
  – CX group employs nearly 20,000 staff in HK

• **Foreign exchange earnings**
  – accounts for 76% of CX group passenger revenue in 2008

• **Committed to investing in HK**
  – HK$3 billion : HK airport infrastructure
  – HK$5 billion : CX City
  – HK$53 billion: new aircraft since 1997
  – HK$5.5 billion: new cargo terminal

• **Support local community**
  – major sports, social and cultural activities
  – charity organisations in HK and the mainland
  – Promotes sustainable development
Promotes HK – the Events Capital of Asia

- Promotes tourism
- International Chinese New Year Parade
- HK International Races
- HK Rugby Sevens
- Musical and cultural performances
Supports community activities

• CX Volunteers
• “I Can Fly” programme
• Community events
• Change for Good
• LEAP
Charity Events for the Mainland
Service Excellence
Quality Products and Services

- Safety - top priority
- On time performance (above 90%)
- Award-winning lounges
- Latest cabin products
- Studio\textsuperscript{CX} inflight entertainment system and “Best Chinese Food in the Air”
- Online services
Winning Team
Hong Kong International Airport & The Pearl River Delta
PRD Infrastructure Development

- **PRD Intercity Light Rail**
  - 23 routes to be completed before 2030
  - Total length of 1890 km
  - 9 cities in PRD expected to be within 1-hour reach by 2015
- **Hong Kong- Zhuhai- Macau Bridge**
  - Expected to enter service in 2015-2016
- **Guangzhou- Shenzhen- Hong Kong Express Rail**
  - Expected to enter service in 2015
  - Hong Kong to Guangzhou in 48 min
- **Hong Kong-Shenzhen Western Express Line**
  - 24 min from HKIA to Shenzhen Bao’an Airport
  - Connection with PRD Intercity Light Rail at Qianhai
Seamless Transfer for PRD Passengers

- **Upstream Check-in Service**
  - Shenzhen Bao’an Airport
  - Shenzhen Kingkey Banner Center (entered service in May 09)
  - PRD Ports
  - Around 20,000 users per month (1H2009 Average)

- **Skypier**
  - Connects to 7 PRD ports: Shekou, Fuyong, Humen, Zhongshan, Zhuhai Jiuzhou, Macau & Nansha (launched in 14 July 09)
  - 72 trips per day
  - 2008: 2 million passengers

HKIA serviced up to 10 million passengers from PRD in 2008
How to Strengthen HKIA’s connection with PRD

- Strengthen the development of infrastructure in PRD, Hong Kong & Macau
  - Increases connectivity of the airport with PRD traffic network
- Simply CIQ Processes
  - Single Border Check
  - Upstream baggage check through for land transfer
- Opening up Taiwan Tourism to Mainland Residents
  - Relax restrictions on stopover in HKG
  - Relax restrictions on Individual Travel
- Hong Kong, Macau and Guangdong to work together & promote PRD as travel destination
Thank You!