

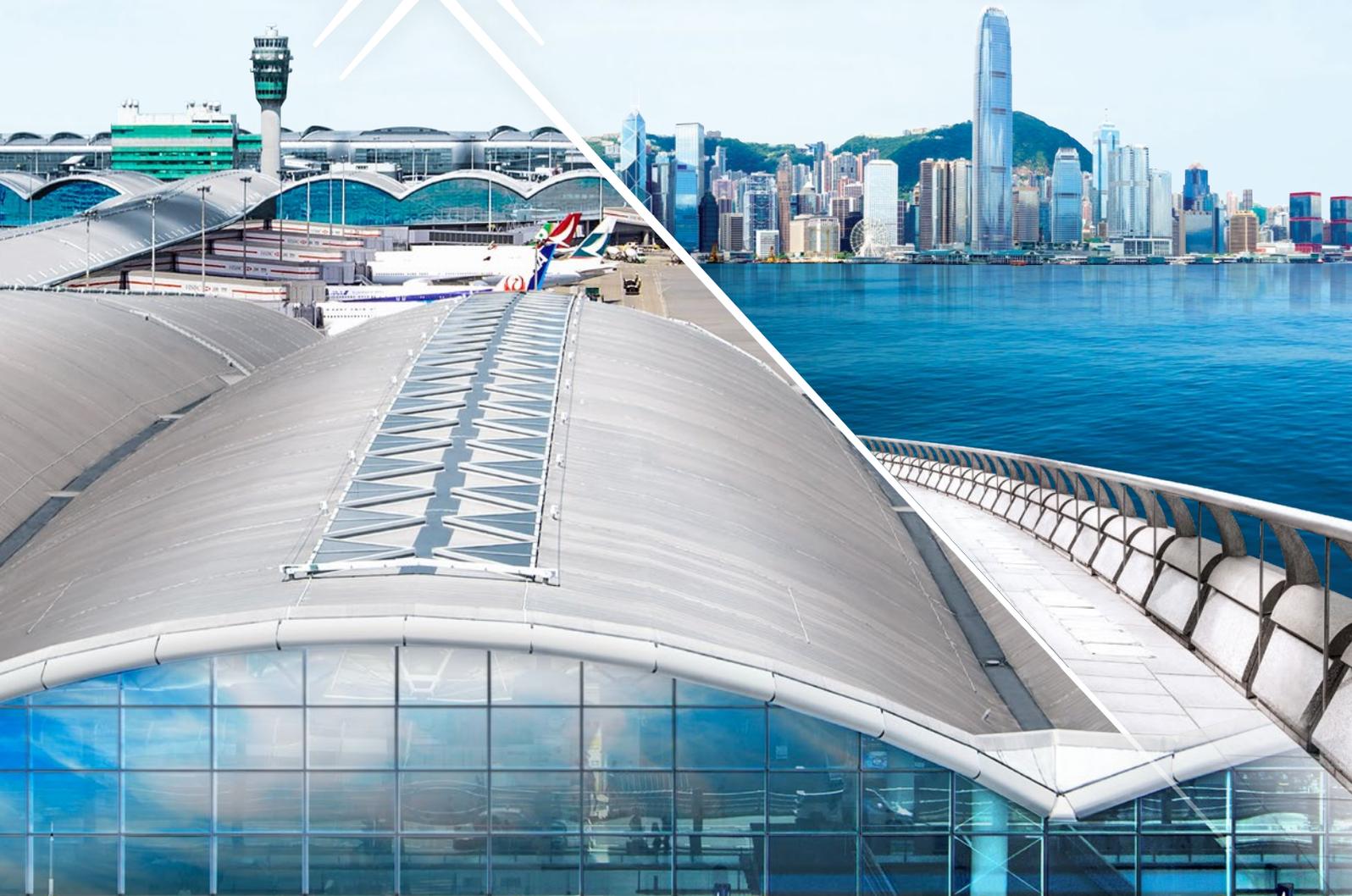


香港 | HONG KONG
國際機場 | INTERNATIONAL
AIRPORT

ANNUAL REPORT
2017/18



20 YEARS OF excellence



OUR VISION

To strengthen Hong Kong International Airport (HKIA) as the leading international aviation hub and a key engine for the economic growth of Hong Kong.

OUR MISSION

To excel in the operation and development of HKIA in collaboration with our partners by:

- ▶ Upholding high standards in safety and security
- ▶ Operating efficiently with care for the environment
- ▶ Applying prudent commercial principles
- ▶ Striving to exceed customer expectations
- ▶ Valuing our people
- ▶ Fostering a culture of innovation

In celebration of HKIA's 20th anniversary, the cover design of this year's annual report incorporates "XX", the Roman numerals for 20, as part of the word "excellence". The motif also reflects the unique design pattern of Terminal 1's ceiling.

20 YEARS OF INSPIRING JOURNEYS

1998-2007



The Northwest Concourse of Terminal 1 (T1) opens.



Airport Authority Hong Kong (AAHK) signs a franchise agreement for the development and operation of an express cargo terminal at HKIA.

• 2002

• 2001



• 2000



Hong Kong International Airport (HKIA) opens at Chek Lap Kok, with only the South Runway operating.



HKIA begins offering multi-modal freight transportation through the Marine Cargo Terminal.

• 1999



• 1998



The North Runway enters service, doubling the number of runways at HKIA.



AAHK acquires a 35% interest in Hangzhou Xiaoshan International Airport and establishes a joint venture to manage Zhuhai Airport.

● 2007



● 2006

HKIA adopts radio frequency identification (RFID) technology for handling of all departing baggage.



● 2005



AAHK signs an agreement to provide management and training support for the commissioning of Terminal 3 at Beijing Capital International Airport.

● 2004



● 2003



HKIA debuts cross-boundary ferry services from SkyPier to the Mainland.



The Central Asia Hub of DHL Express opens, consolidating HKIA's status as an express air cargo centre.

The International Air Transport Association names HKIA the world's best airport.

20 YEARS OF INSPIRING JOURNEYS

2008-2017



HKIA becomes the world's busiest cargo airport.



HKIA introduces a mobile boarding pass service.

• 2012



• 2011

AAHK publishes *HKIA Master Plan 2030* and begins a public consultation on HKIA's development.



HKIA and Shenzhen International Airport launch the Hong Kong-Shenzhen Airports Link, allowing passengers to check in and obtain boarding passes for connecting flights at either airport.

• 2010



• 2009



• 2008



HKIA's North Satellite Concourse commences operation.



HKIA embarks on a series of capacity enhancement projects, including the expansion of T1.



• 2017

The Hong Kong International Aviation Academy opens its door and receives first batch of students.



The three-runway system (3RS) project receives an Environmental Permit.

• 2016



The West Apron development is completed, adding 28 new parking stands.

• 2015



Construction of the 3RS begins.

AAHK unveils plans for SKYCITY, a 25-hectare integrated commercial development at HKIA.



• 2014

• 2013



HKIA is inducted into *TTG's* Travel Hall of Fame after winning the best airport award for 10 times.



The Midfield Concourse opens, adding 10 million passengers to HKIA's annual capacity.

OUR VALUES

CARING

Care for People &
Environment



COMMITMENT

Can-do Attitude & Willing
to Walk the Extra Mile



CONTINUOUS IMPROVEMENT

Strive for Excellence &
Continuous Learning



CREATIVITY

Embrace Change &
Think Out of the Box



COLLABORATION

Teamwork & Partnership

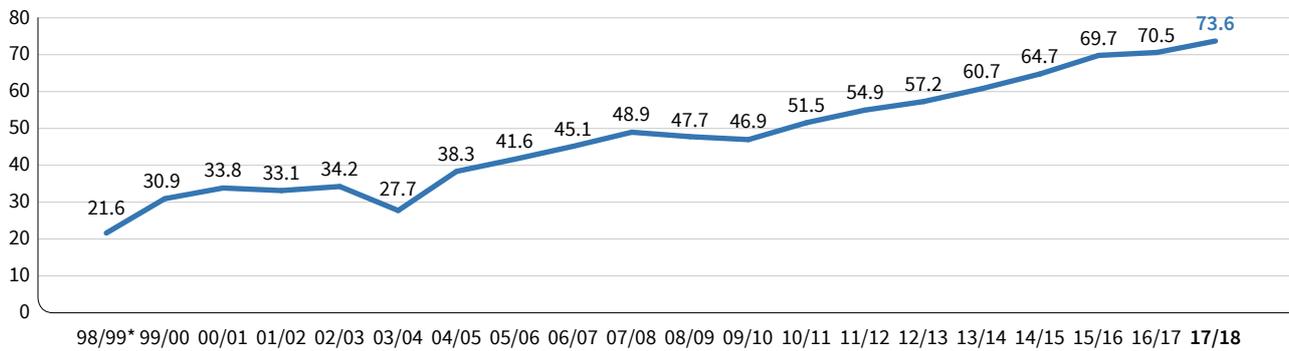
HKIA FACTS

Airport Site Area	1,255 hectares
Total Terminal Area	Over 850,000 square metres
Airlines	Over 100
Destinations	Over 220
Runways	2

PERFORMANCE HIGHLIGHTS

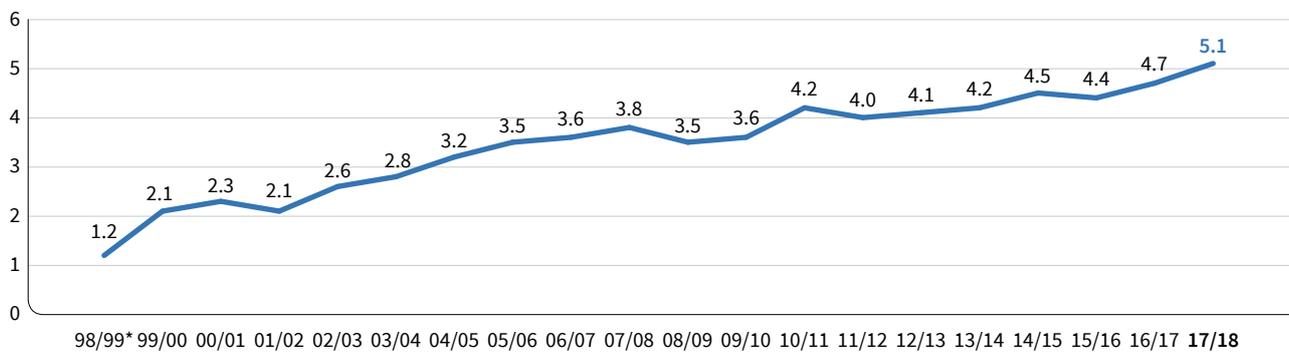
Passenger Traffic

(millions of passengers)



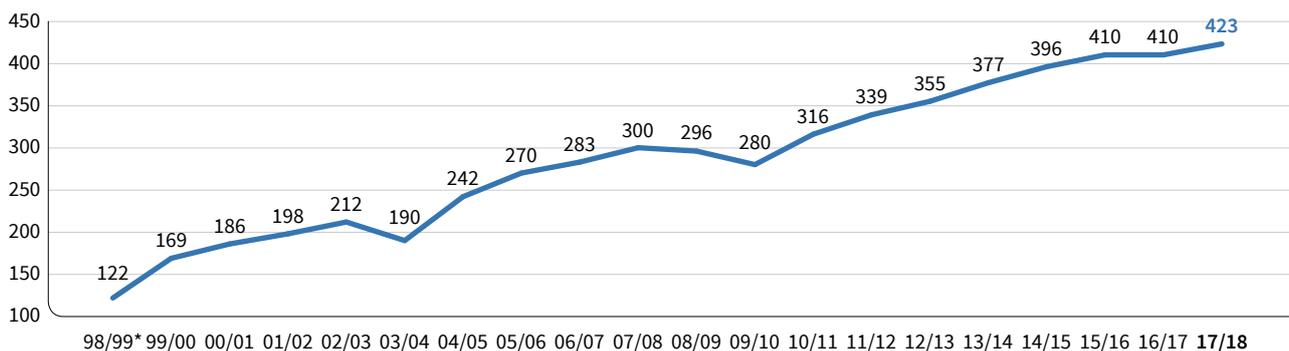
Cargo and Airmail Throughput

(millions of tonnes)



Aircraft Movements

(thousands)



* Period from 6 July 1998 to 31 March 1999.



CHAIRMAN'S STATEMENT



DEAR STAKEHOLDERS,

Hong Kong International Airport (HKIA) continued its upward growth trajectory in the fiscal year ended 31 March 2018. During the year, the airport welcomed 73.6 million passengers and handled 423,390 flight movements, registering year-on-year increases of 4.5% and 3.2%, respectively.

Cargo and airmail throughput rose 7.6%, to 5.1 million tonnes. We are the world's first airport to process more than 5 million tonnes of cargo and airmail in a single year.

In addition to outstanding growth, in 2017/18 we received numerous awards that complimented various aspects of our airport, from operational efficiency to passenger services to technological innovations. We closed the year by clinching the "Airport of the Year" accolade from *Air Transport World* for the second time.

TWO DECADES OF EXCELLENCE

HKIA celebrates its 20th anniversary in 2018. When the airport moved from Kai Tak to Chek Lap Kok in July 1998, our network comprised only 120 destinations and 60 airlines. Today, more than 100 airlines connect Hong Kong to over 220 destinations across the globe. Passenger and cargo volumes have more than doubled. This robust growth has made HKIA the world's busiest cargo airport for eight consecutive years and the world's third-busiest international passenger airport.

CHAIRMAN'S STATEMENT

Since construction commenced in August 2016, the 3RS is progressing well and the project's reclamation works are now at their peak. We will closely monitor the project to ensure its timely completion.



HKIA is more than a transport hub. It is at the heart of Hong Kong's economy, driving the development of our pillar industries—finance, trading and logistics, tourism and professional services. These industries together represent more than half of Hong Kong's gross domestic product. Without an efficient airport, our city would not have achieved its current level of success.

We are committed to HKIA's continued development to meet the aviation needs of this part of the world. At the core of this commitment is the construction of the three-runway system (3RS). I am pleased to report that since construction commenced in August 2016, the 3RS is progressing well and the project's reclamation works are now at their peak. We will closely monitor the project to ensure its timely completion.

WRITING A NEW CHAPTER

Hong Kong will soon see the completion of several major infrastructure projects, including the Hong Kong-Zhuhai-Macao Bridge and the Express Rail Link. These connections will significantly expand HKIA's catchment areas. In response, we are making arrangements to capture the abundant opportunities that these projects will present.

The SKYCITY integrated commercial development, a new tourism and business hub on the airport island that comprises hotels as well as retail, dining and entertainment (RDE) facilities, is going full steam ahead. Construction of the first new hotel has already commenced and the entire project is expected to be operational by 2023.

While we are busy with the 3RS expansion, our management is also focusing on maintaining and improving the standard of service of the existing airport, including bringing in all the latest technologies to further enhance the passenger experience.



Although we spare no effort to improve the hardware and software of the airport, people are still our most valuable asset. To attract and nourish aviation talent, the Hong Kong International Aviation Academy, opened in April 2017, has already reached 5,500 students in its first year of operation. The first batch of courses, offering professional knowledge and practical experience, were well received by students and our business partners.

OUR SUCCESS STORY CONTINUES

HKIA has achieved remarkable growth over the past two decades. I would like to express my heartfelt gratitude to the 73,000-strong airport community and to everyone who has contributed to HKIA's success, especially to our Board Members, past and present, for their guidance and support throughout the years.

As we celebrate HKIA's 20th anniversary, we are looking to a bright future and will strive to make HKIA a source of pride for future generations.

Jack So Chak-kwong

Chairman

Hong Kong, 4 June 2018



CHIEF EXECUTIVE OFFICER'S STATEMENT

(Front row, from left): Mr David Au Ho-cheung, Executive Director, Property Development; Ms Florence Chung Wai-yee, Executive Director, Human Resources & Administration; **Mr Fred Lam, Chief Executive Officer;** Ms Cissy Chan Ching-sze, Executive Director, Commercial; Mr Ng Chi-kee, Executive Director, Airport Operations

(Back row, from left): Mr Alex Kwan King-fai, Executive Director, Engineering & Technology; Mr William Lo Chi-chung, Executive Director, Finance; Mr Kevin Poole, Executive Director, Third Runway; Mr Wilson Fung Wing-yip, Executive Director, Corporate Development



DEAR STAKEHOLDERS,

Fiscal 2017/18, ended 31 March 2018, was a year of solid growth for Hong Kong International Airport (HKIA). All three traffic categories—passenger volume, cargo throughput and flight movements—set new records. Cargo and airmail throughput exceeded 5 million tonnes for the first time.

A FRESH NEW LOOK

As HKIA continues to experience growing demand, we are undertaking a series of enhancement projects to ensure the airport has capacity to cater for the demand in the short- and medium-term until the three-runway system enters service.

At Terminal 1 (T1), an expansion project is adding 48 new check-in counters and two new baggage reclaim carousels. The Arrivals Hall is also being enlarged to create a more spacious and pleasant environment for people receiving family and friends. On the airside, the East Hall will become a kid-friendly zone with games and playground equipment. A new open-air garden will give travellers a place to enjoy a moment of tranquillity.

We are also renovating T1's interior to create a more attractive, comfortable environment. Carpets are being replaced and public seating areas refurbished. The food court in the East Hall is undergoing a major revamp to enhance the dining ambience and introduce a wider variety of cuisines. Boarding gates will be transformed into themed zones, while washrooms will feature elegant, modern designs. When these projects are complete, the terminal will have a fresh new look.

CHIEF EXECUTIVE OFFICER'S STATEMENT

2018 marks HKIA's 20th anniversary. Over the years, HKIA has been recognised as the world's best airport more than 70 times. I would like to express my sincere thanks to the 73,000 members of the airport community and our business partners, whose efforts helped us deliver excellent results and the highest service standards again in 2017/18.



Meanwhile, we are constructing a 200-metre-long, air-conditioned bridge between T1 and the North Satellite Concourse (NSC). With an observation deck and food and beverage outlets, the Sky Bridge will reduce travel time to gates in the NSC and become an attraction in its own right.

In addition to new and enhanced facilities, two anchor stores opened in 2017/18. The new outlets offer passengers a greater variety of duty-free products and innovative retail experiences, such as a whisky-tasting corner and an interactive skincare and make-up section. More fresh concepts and pop-up stores will soon be introduced. With these changes—and our “HKairport Shop” online platform—we are redefining airport shopping.

SHAPING TOMORROW'S TRAVEL EXPERIENCE

At HKIA, we use new technologies to meet travellers' needs for more efficient, convenient services.

In 2017/18, we collaborated with the Immigration Department to introduce facial recognition technology that strengthens security and expedites immigration clearance. We are now exploring the use of a single travel token to make journeys through HKIA even faster and smoother. With this system, each passenger's biometric and travel information is captured at their first point of identity verification and used to create a digital token to identify the passenger at checkpoints throughout the airport.

We continue to introduce advanced self-service and mobile platforms at HKIA. This year, we launched an advanced, mobile self check-in kiosk where passengers can simultaneously validate their travel documents, print boarding passes and tag their luggage.

We added new features, such as car park reservations, in-terminal virtual navigation aids and signage translation, to our “HKG My Flight” mobile app. When connected to our new smart luggage tag, MyTAG, the app notifies passengers arriving at HKIA when their bags are ready to be reclaimed. Additional app features, including food ordering and real-time queuing information, are being developed.



INVESTING IN THE COMMUNITY

HKIA plays a central role in Hong Kong's development and maintains close relationships with the local community. Building on years of community engagement and service, in 2017/18 we launched the EXTRA MILE project, a collective platform for Airport Authority Hong Kong and our business partners to attract and retain talent. In co-operation with non-governmental organisations, we introduced three pilot programmes targeting working youth, non-Chinese speakers and airport staff with children. Based on the concept of creating shared value, the programmes are designed to unleash each group's potential, improve their social mobility and expand the airport's talent pool.

A BRIGHT FUTURE TOGETHER

2018 marks HKIA's 20th anniversary. Over the years, HKIA has been recognised as the world's best airport more than 70 times. I would like to express my sincere thanks to the 73,000 members of the airport community and our business partners, whose efforts helped us deliver excellent results and the highest service standards again in 2017/18.

I look forward to continuing our partnership as we write another exciting chapter in HKIA's history and strengthen the airport's status as a leading international aviation hub.

Fred Lam

Chief Executive Officer

Hong Kong, 4 June 2018

EVENT HIGHLIGHTS



Airport Authority Hong Kong (AAHK) launches the third Hong Kong International Airport (HKIA) Environmental Management Recognition Scheme, which focuses on waste management.

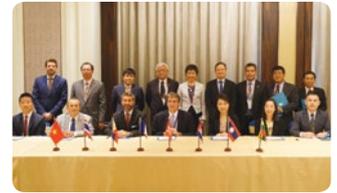
The Hong Kong International Aviation Academy (HKIAA) opens, offering foundation courses and professional training to young people and airport staff.



AAHK holds the sixth HKIA Career Expo, where over 4,000 positions are offered by more than 40 aviation-related companies.

AAHK unveils major projects, including the expansion of Terminal 1 and construction of Sky Bridge, that will increase HKIA's capacity and enhance its ambience.

HKIA is named "Best Global Airport" at the 2017 Asian Freight, Logistics and Supply Chain Awards organised by *Asia Cargo News*.



AAHK signs a memorandum of understanding for sponsoring civil aviation staff from six South East Asian countries to participate in the Advanced Master in Air Transport Management Programme, which is jointly organised by HKIAA and École Nationale de l'Aviation Civile.

"HKG My Flight" is recognised at the Hong Kong Digital Brand Award 2017.

APR

MAY

JUN

JUL

AUG

SEP

2017



For the third time, AAHK takes gold in the public services category at the Hong Kong Awards for Environmental Excellence.



President Xi Jinping visits HKIA and expresses his support for the three-runway system project.

HKairport Shop, an online shopping platform, opens.



The Hong Kong Police Force's Airport Security Unit celebrates its 40th anniversary.

AAHK establishes the International Airports Benchmarking Programme with London Heathrow and Toronto Pearson to facilitate the exchange of airport management experience.

More than 80 students complete HKIAA's first Certificate Course in Airport Services and Operations and begin 12-month internships.



The Immigration Department introduces Smart Departure—a system that uses facial recognition technology to automate the travel document inspection process—at HKIA.

AAHK wins gold under the “Excellence in Employee Work-Life Balance” category of the HR Innovation Awards 2017 for establishing the Airport Preschool.



The Midfield Concourse receives the certificate for the “Final Gold” rating in the Hong Kong Green Building Council’s BEAM Plus New Buildings V1.1 scheme.

AAHK publishes its first children’s book, *Little Adventure at the Big Airport*, to stimulate children’s interest in the airport.



AAHK receives a certificate from the International Air Transport Association, recognising HKIA as a Partner Airport of the Centre of Excellence for Independent Validators in Pharmaceutical Logistics (CEIV Pharma).

HKIA is named “Airport of the Year” by *Air Transport World* for the second time.

HKIA unveils a new website with a fresh design and more user-friendly interface.

OCT

NOV

DEC

JAN

FEB

MAR

2018



AAHK and DHL Express announce a partnership to expand the capacity of DHL’s Central Asia Hub by 50%.

HKIA captures the “North and East Asia - Best Airport” award at the 2017 Future Travel Experience Asia Awards.

AAHK organises the first Work Improvement Team Convention to promote a culture of continuous improvement in the airport community.



AAHK launches “EXTRA MILE”, a community investment project that attracts and nurtures talent for Hong Kong’s aviation industry.



The HKIA Gift Donation Campaign collects 12,783 items for underprivileged children and families.

PASSENGER SERVICES



Clinching over 70 “best airport” awards over the past two decades, Hong Kong International Airport (HKIA) is widely regarded as one of the world’s finest airports. Today, we continue to win travellers’ hearts with a combination of friendly service, modern facilities and innovative technologies.

A MORE PLEASANT JOURNEY

In 2017/18, we undertook several projects to enhance HKIA’s ambience and increase the comfort and convenience of departing, arriving and transit passengers.

In December 2017, for example, we completed phase one of a programme to replace the seats around boarding gates in Terminal 1 (T1). About 1,360 new seats with vibrant colours and integrated electrical outlets were installed. Artwork and decorative plants were placed nearby to create a relaxing,



restful environment. In parallel with our plan to revamp T1’s boarding gates, which will be transformed into

themed zones, approximately 11,000 seats in the terminal will be upgraded in phases by 2020/21.

PASSENGERS BY MARKET

(year ended 31 March 2018)



SOUTH EAST ASIA

25%

MAINLAND

20%

TAIWAN

12%

JAPAN

12%

EUROPE

7%

USA & CANADA

7%

AUSTRALASIA

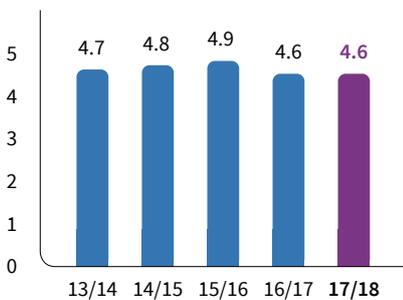
5%

OTHERS

12%



PASSENGERS USING HKIA'S CROSS-BOUNDARY LAND AND SEA TRANSPORT (millions of passengers)



During the year, we also replaced the carpet in T1 and installed granite tiles in some high-traffic areas. A total of 55,000 square metres of carpet and granite tiles were fitted. Moreover, two washrooms with new, modern designs opened in T1. Passengers' feedback on the two washrooms will be taken into consideration when we design new washrooms in the future. In March 2018, we added a tranquil new rest area near Gate 35 on the Departures Level, where transit passengers can relax between flights.

Today's travellers demand fast, reliable internet connectivity. At the end of 2017, we concluded a major upgrade to HKIA's free Wi-Fi service, boosting the airport's overall internet bandwidth tenfold and increasing the number of Wi-Fi access points in the passenger terminals from 800 to 1,100. For travellers using data-intensive applications, we created 15 high-speed Wi-Fi zones with download speeds of up to 400 megabits per second.



Passengers can enjoy download speeds of up to 400 megabits per second in the high-speed Wi-Fi zones.



In July 2017, we introduced courtesy channels that provide dedicated access and security screening for departing passengers with special needs, such as those with reduced mobility, the elderly, pregnant women, as well as passengers invited by airlines based on the airlines' operational needs. The channels help passengers requiring additional assistance to enjoy a smoother journey.

For the comfort of arriving passengers, in September 2017 we opened complimentary showers, which offer free soap and shampoo, on the Arrivals Level of T1. About 100 people use the showers each day and feedback has been very positive.



The newly designed washrooms are part of a programme to enhance the terminal ambience.

PASSENGER SERVICES

CREATING THE AIRPORT OF THE FUTURE

At HKIA, we embrace new technologies to create a better, more personalised passenger experience. In 2017/18, we continued to build new functions into “HKG My Flight”, our free mobile app. For travellers who cannot read the airport’s English

and Chinese signs, this year we launched signage translation into nine languages, including French, Japanese, Korean and Spanish. The app’s new wayfinding service gathers location data from 10,000 iBeacon transmitters in the terminals and assists passengers with turn-by-turn navigation using augmented reality technology.

This year we added a service that allows the reservation of parking space at HKIA using the app or our website. “HKG My Flight” also works with MyTAG, our newly launched baggage tag, to tell passengers arriving at HKIA when their luggage is ready to be reclaimed.

We plan to bring food ordering and real-time information about waiting times at HKIA’s checkpoints to “HKG My Flight” next year.

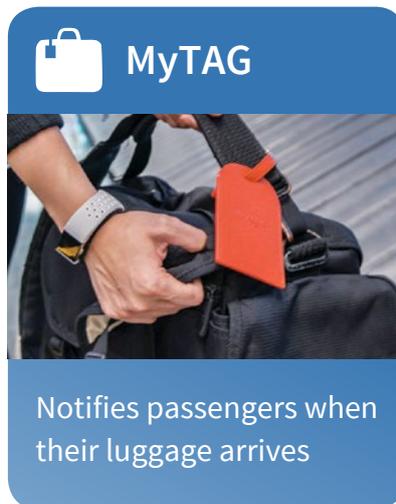
In 2017/18, we introduced an advanced, self-service check-in kiosk. Enabling passengers to check in and print boarding passes and luggage tags, the internet-based kiosk can be located outside the airport. We have obtained a patent for the new device in Hong Kong and Japan.



SIGNAGE TRANSLATION

Signage available in nine languages

The graphic shows a hand holding a smartphone displaying a translation of airport signage. The phone screen shows 'Portes 20' and 'Portes 201' with arrows pointing left. The background shows a blurred airport sign with '20' and '201'.



MyTAG

Notifies passengers when their luggage arrives

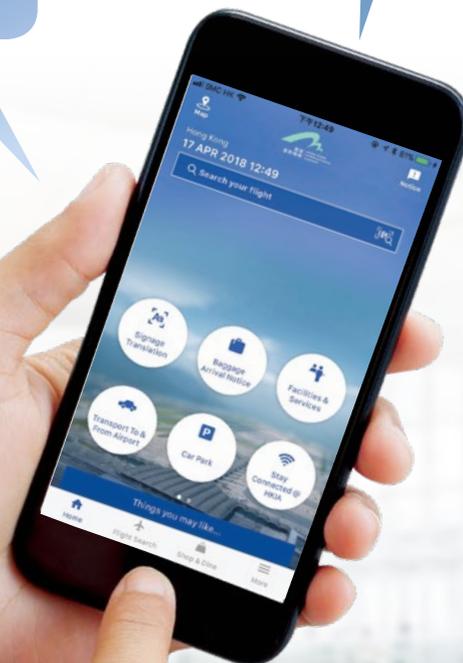
The graphic features the MyTAG logo (a white suitcase icon) and the text 'MyTAG'. Below is a photo of a person's hands attaching a red MyTAG tag to a black suitcase.



PARKING RESERVATION

Pre-book airport parking

The graphic shows the 'PARKING RESERVATION' logo (a white 'P' in a blue square) and the text 'PARKING RESERVATION'. Below is a photo of several cars parked in an airport parking lot.



We also installed 21 personalised flight information display systems—which allow passengers to check their flight status by scanning a boarding pass or entering a flight number—throughout the passenger terminals.

In conjunction with the Immigration Department, in October 2017 we launched Smart Departure, which uses facial recognition technology to automate the travel document inspection usually performed by an immigration officer. We are now examining the use of biometric technologies to facilitate passenger flow and enhance security in other parts of the airport.

HKIA's use of advanced technology was recognised with the "North and East Asia - Best Airport" accolade at the 2017 Future Travel Experience Asia Awards.



The advanced self-service check-in kiosk enables passengers to check in, print boarding passes and luggage tags at once.

SERVICE PERFORMANCE IN 2017/18

96.1% Baggage Delivery (First Bag)¹

96.3% Baggage Delivery (Last Bag)²

91.3% Passenger Embarkation & Disembarkation by Air Bridge

99.7% Departures Security Screening Under Normal Circumstances³

98.9% Transfer Security Screening Under Normal Circumstances³

¹ The target for delivery of the first bag to baggage reclaim is 20 minutes. The target for bags from aircraft at the Midfield and remote parking bays is 25 minutes owing to the distance.

² The target for delivery of the last bag to baggage reclaim is 40 minutes throughout the airport.

³ Passengers whose queuing time at the screening channels is 4.5 minutes or less under normal circumstances.



A FRESH DINING AND SHOPPING EXPERIENCE

Dining and shopping are an important part of the airport experience, and we strive to deliver a retail and food and beverage mix that is fresh and enticing.

In July 2017, we launched “HKairport Shop”, an online platform where passengers order goods and pick them up at HKIA. Passengers can buy over 1,500 products, including packaged food, beauty and skincare



The new anchor shops give passengers a fun and engaging retail experience by offering services such as wine tastings.

AIRPORT SERVICE QUALITY (ASQ) SURVEY OVERALL SATISFACTION SCORE



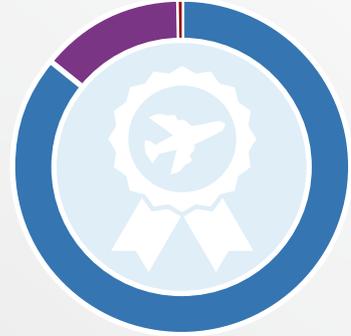
86.5%
EXCELLENT



13.4%
VERY GOOD



0.1%*
GOOD



* There were 4 cases of Overall Satisfaction scoring 3 (Good) in 2017.

Source: ASQ Official Report 2017

items, wine and electronics, around the clock. Goods can be picked up at the airport as soon as three hours after purchase or delivered to addresses in Hong Kong.

During the year, we welcomed new perfume and cosmetics, fashion accessories, and liquor and tobacco concessions to HKIA. The new anchor outlets offer an innovative, engaging customer experience, with “magic mirrors” for virtual make-up, a “new generation” zone featuring emerging Japanese and Korean beauty brands, a whisky-tasting bar and an in-store VIP lounge.



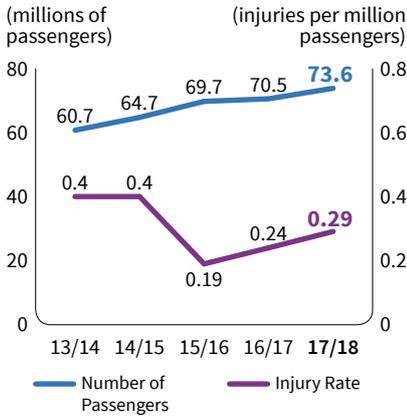
Operating 24 hours a day, the new East Hall food court will offer additional catering outlets and seats.

We also broadened HKIA’s retail mix with children’s wear, entertainment and lifestyle products. Our free delivery service grew to 15 markets, including long-haul destinations such as Australia, Canada and the United States.

In October 2017, we began advance works for the renovation of the East Hall food court, which will become a 24-hour gourmet hub with an iconic design, 300 additional seats and nine new food kiosks. We also widened the airport’s culinary mix, introducing hybrid shops that combine retail and food and beverage outlets.

PASSENGER SERVICES

PASSENGER TRAFFIC AND INJURY RATE



A SAFER ENVIRONMENT

The safety of our passengers, staff and business partners is always the first priority at HKIA.

In 2017/18, we tested new full-body scanners that use advanced imaging technology to enhance detection of banned items carried by passengers. We are now evaluating the test results and planning the installation of the scanners.

To strengthen HKIA's safety performance, we complemented our regular schedule of drills and training sessions with several new initiatives. For example, we reviewed and updated our corporate safety policy and safety management system manual, and increased the frequency and scope of ramp safety audits, ramp surveillance and inspections.

We also stepped up inspections of kitchens, lounges and other areas with a higher risk of fire. Training programmes were organised to strengthen knowledge of first-aid, firefighting and fire prevention techniques among airport staff.

In addition, we rolled out the Airport Safety Ambassador Programme to promote the safe use of lifts and escalators by passengers.

With a continuous focus on improvement, we achieved an Airport Composite Safety Index score of 3.25, exceeding the target of 3.86 by 15.8%. This index measures the injury rate among passengers and staff at HKIA.

Airport Authority Hong Kong's (AAHK) efforts in bolstering its safety culture were recognised with several accolades from the Occupational Safety and Health Council, including

AAHK collaborates with business partners to conduct drills stimulating different scenarios to test the airport community's emergency preparedness.





The opening of Hong Kong-Zhuhai-Macao Bridge will strengthen HKIA’s connections with the PRD and Macao and help expand the airport’s catchment area.

a “Gold Award” for our safety management system, a “Bronze Award” for our safety promotion campaigns and a “Safety Performance Award” for our safe behaviours at work. During the year, AAHK also won an “International Safety Award” from the British Safety Council.

CROSS-BOUNDARY CONNECTIVITY

As a multi-modal transport hub, HKIA serves not only Hong Kong but the entire Pearl River Delta (PRD).

In 2017/18, land-based cross-boundary traffic reached 2.03 million passengers. SkyPier, which provides ferry services between HKIA and nine ports in the PRD and Macao, served 2.54 million passengers.

During the year, we continued to enhance our cross-boundary services. To increase passenger comfort, 10 new vessels were deployed on routes

serving SkyPier, while larger, more luxurious vehicles were introduced on routes served by SkyLimo, the cross-boundary limousine service. We also launched SkyLink, an app for sharing the latest operational information with upstream staff for better communication and efficiency.

The number of locations and airlines participating in our cross-boundary services grew in 2017/18. The number of airlines operating at SkyPier increased to 86, while new remote city terminals opened at Yitai Square and the Guangdong Yingbin Hotel in Guangzhou. To capitalise on passenger flows from the Hong Kong-Zhuhai-Macao Bridge, we will open remote city terminals at the Macao and Zhuhai boundary crossing facilities, in addition to off-airport check-in counters at the Hong Kong Boundary Crossing Facilities.

In 2017/18, two carriers, Air France and KLM Royal Dutch Airlines, started providing upstream check-in (UCI)

service, bringing the total number of participating airlines to 22. UCI lets passengers check in at ferry ports and land points in the PRD and Macao prior to taking a coach or ferry directly to HKIA for their flight. With service extended to Nansha Port in November 2017, UCI service is now available at all nine ferry ports served from SkyPier.

During the year, we developed new intermodal products, which bundle flights and cross-boundary ferry and land transportation into a single ticket, to cover more airlines and destinations in the PRD and Macao. We also increased the distribution channels for these intermodal products to include all global distribution systems as well as online travel agents and portals. Meanwhile, we increased these products’ exposure in the corporate sector by promoting them to travel agents and multinational corporations.

CARGO AND AVIATION SERVICES



To reinforce our leading position, we are positioning Hong Kong International Airport (HKIA) as a high-value cargo hub and expanding our capacity to capture the potential of rapidly growing business segments.

TEMPERATURE-SENSITIVE AIR CARGO

In 2017/18, the International Air Transport Association (IATA) recognised HKIA as a Partner Airport in its Centre of Excellence for Independent Validators in Pharmaceutical Logistics (CEIV Pharma) programme. HKIA is one of a few airports in the world to receive this airport-wide certification, which acknowledges our competency and preparedness in handling pharmaceutical airfreight that requires stringent temperature control at a globally recognised standard. To achieve this certification, three cargo terminals, three ramp handling operators and a Hong Kong-based carrier passed IATA's CEIV Pharma assessment by mid-2017.



Maintaining the integrity of HKIA's cold chain, AAHK is investing in cool dollies that help preserve goods against the ambient temperature during ramp transportation.

During the year, we also joined Pharma.Aero, an international group of pharmaceutical shippers, CEIV Pharma-certified cargo communities, airport operators and other industry stakeholders. Through this platform, we work with the industry to establish pharma corridors connecting fellow Pharma.Aero airports. This allows us to provide

seamless, secure airfreight trade lanes for pharmaceutical products.

As growth in pharmaceutical air cargo volumes continues to outperform the total airfreight market, we are investing in HKIA's cold chain by building apron shelters and purchasing 21 new cool dollies.

CARGO THROUGHPUT BY MARKET*

(year ended 31 March 2018)



* Airmail is excluded.

CARGO AND AVIATION SERVICES

AIRMAIL TONNAGE (year ended 31 March 2018)

Total airmail*

+12%



111

THOUSAND
TONNES

* Includes airmail from Hongkong Post and transit mail from the airlines.

HIGH-GROWTH SEGMENTS

E-commerce shipments are growing exponentially, creating demand for premium warehouse space. We are catering to this segment with a new logistics centre in the airport island's Kwo Lo Wan area. With warehouse space of around 380,000 square metres, the centre will be one of the largest logistics facilities in Hong Kong. It will be equipped with innovative features to serve the e-commerce, temperature-controlled airfreight and transshipment segments. An invitation to tender for developing and operating the logistics centre was issued during the year.

Meanwhile, Airport Authority Hong Kong (AAHK) is exploring collaboration opportunities with Hongkong Post and other postal authorities to expand the Air Mail Centre and enhance its capacity and efficiency.

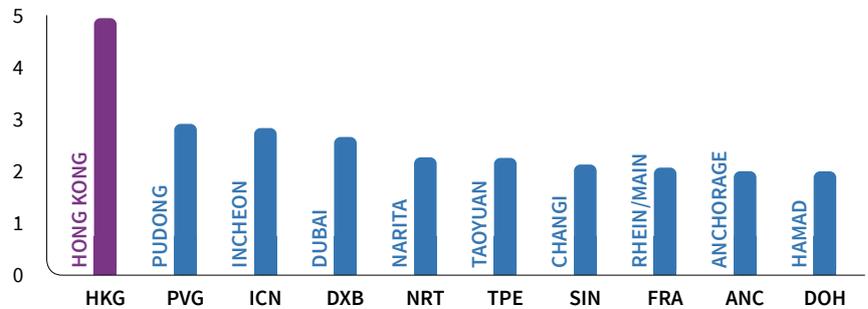
In November 2017, we announced a partnership with DHL Express to enlarge their Central Asia Hub (CAH) at HKIA. When the expansion programme is completed in 2022, the CAH's annual capacity will increase 50%, to 1.06 million tonnes.



HIGHER SECURITY STANDARDS

The International Civil Aviation Organisation is introducing new policies to strengthen air cargo security. We are in discussions with the Civil Aviation Department and the industry to find ways to cope with additional screening while maintaining the efficiency of our cargo services.

10 BUSIEST AIRPORTS IN 2017 – INTERNATIONAL FREIGHT THROUGHPUT* (millions of tonnes)



* International freight throughput includes imports, exports and transshipment (counted twice) freight carried between the designated airport and an airport in another country.

Source: Preliminary figures from Airports Council International in April 2018



NEW AIRLINES AND DESTINATIONS

In 2017/18, 13 new airlines began serving HKIA: Air Cargo Global, Air Japan, Air Seoul, CargoLogicAir, Hong Kong Air Cargo, JC (Cambodia) International Airlines, Lanmei Airlines (Cambodia), National Air Cargo, Shandong Airlines, Sky Gates Cargo Airlines, Small Planet Airlines, Virgin Australia International Airlines and Western Global Airlines.

We also added nine destinations to our network: Christchurch, Prague, Sendai, Sihanoukville, Tokushima, Verona, Warsaw, Yuncheng and Zhangjiajie.

AIRFIELD AND SYSTEMS



Despite being one of the busiest airports in the world, Hong Kong International Airport (HKIA) enjoys a reputation for delivering safe, reliable services. To retain our competitive edge amidst growing traffic, we continue to add infrastructure, upgrade our facilities and employ new technologies.

OPTIMISING RUNWAY USE

In 2017/18, we achieved a record 423,390 flight movements while maintaining the airport's safety standards and noise footprint.

We did this by boosting runway maintenance efficiency with advanced technologies, thus allowing us to reduce the night-time maintenance period by 15 minutes and open up more takeoff and landing slots, without compromising safety. We also launched a pilot programme that encourages airlines to deploy quieter aircraft late at night and early in the morning, thereby maximising runway utilisation while controlling the total noise level of aircraft operation at HKIA.

To meet medium-term demand before the three-runway system enters service, Airport Authority Hong Kong (AAHK) and the Civil Aviation Department (CAD) are studying the latest aviation and air traffic management technologies. This will further enhance HKIA's efficiency.

COLLABORATIVE DECISION MAKING

Effective information sharing is essential in HKIA's busy operating environment. The Airport Collaborative Decision Making (A-CDM) system is a real-time information-sharing platform for AAHK and its business partners to

exchange accurate, high-quality data. It enhances the airport's efficiency and capacity utilisation by improving flight punctuality and reducing taxiing time.

First developed in 2015/16, the A-CDM system was implemented and upgraded to 24-hour operation in 2017/18.





LEVERAGING NEW TECHNOLOGIES

We are increasing the use of automation and robotics to enhance safety and efficiency at HKIA.

In August 2017, we completed the installation of an automated foreign object debris detection system on both runways. This electro-optical system complements manual inspections and offers round-the-clock runway surveillance with a recording function for post-event analysis and investigation.

Many types of vehicles and ground service equipment (GSE) travel along and across HKIA's taxiways. In 2018/19, we will begin developing a ground traffic alert system that

uses the real-time aircraft ground movement information in the A-CDM system to signal predicted aircraft movements to drivers and GSE operators. Scheduled for implementation in 2020, the new system will enhance airfield safety and the efficiency of vehicles and GSE on the apron.

We are also studying the use of autonomous vehicles on the airfield and putting in place appropriate safety measures. Trials are planned for the second quarter of 2018.

Digital image analysis is another promising technology. We are exploring two new schemes for detecting cracks in airfield pavement. The first scheme uses a three-dimensional laser scanner and a

camera mounted on a vehicle. A trial of this scheme was successfully conducted in March 2018. The second scheme, which was tested with the CAD's support in February 2018, uses a drone-mounted, high-resolution camera to capture images for subsequent automatic data analysis. Both schemes are now under evaluation.

In 2017/18, we completed a feasibility study for creating a digital twin of HKIA, with the aim of virtually replicating the airport's terminal infrastructure and systems. The digital model will simulate scenarios, enabling us to make predictions and identify solutions without disrupting actual airport operations. We plan to build a digital model of Terminal 1 (T1) in 2018/19.



ENHANCING ASSETS

To increase operational efficiency, we began building a high-speed baggage transport system between the Midfield Concourse and T1 in 2017/18. The new system is scheduled for commissioning in 2019/20.

Currently, GSE at HKIA are owned by individual ramp operators. To serve client airlines, operators must move their GSE from one parking stand to another, which causes extra traffic on the apron and can result in congestion and flight delays when equipment arrives late. In response, we started developing a pooling scheme, where operators can rent GSE from AAHK. Critical equipment—such as conveyor belt loaders, main and lower deck loaders, and passenger stairs—will be placed on parking stands. The scheme will initially be implemented in mid-2018 at the Midfield Concourse and in the Midfield area. The equipment can also be made available elsewhere, on request.

This year, we also launched the Airfield Operations Training Centre, which uses virtual reality (VR) technology to train equipment operators. The centre lets staff experience different operating conditions in a safe environment and provides more flexible training schedules. Training using the first VR module, which was created for aircraft loading bridge operators, will begin in mid-2018.

The Airfield Operations Training Centre uses new technology to boost the efficiency and flexibility of airport staff training.

STRENGTHENING RELATIONSHIPS

In September 2017, AAHK formed the International Airports Benchmarking Programme, with the operators of London Heathrow and Toronto Pearson as founding members. Los Angeles, Munich and San Francisco airports joined the programme in 2017/18.

The programme's objective is to improve safety, security, productivity and environmental performance by sharing knowledge and key performance indicator (KPI) data among hub airports. With this data, members can prioritise areas for improvement and support effective decision making. Initial KPIs were agreed and preliminary benchmarking was completed in 2017/18.



MAINLAND PROJECTS



Airport Authority Hong Kong's (AAHK) collaboration with airports in Hangzhou, Shanghai and Zhuhai enables the exchange of management expertise that strengthens the competitiveness of Hong Kong International Airport and our Mainland partners.

HANGZHOU XIAOSHAN INTERNATIONAL AIRPORT

Since 2006, AAHK has held a 35% interest in Hangzhou Xiaoshan International Airport (HXIA).

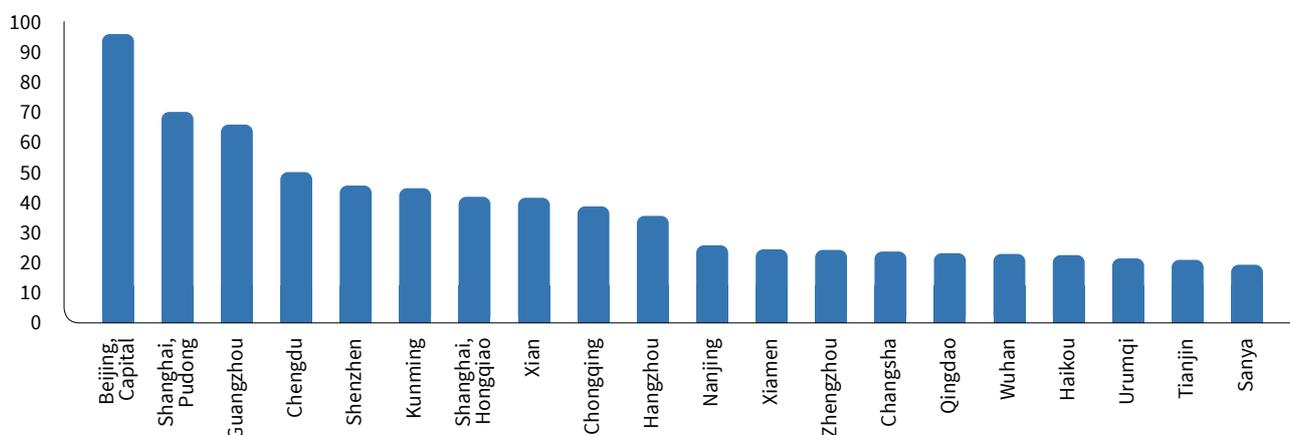
Traffic at HXIA continued to grow in 2017. Passenger throughput rose 12.6% from 2016, to 35.6 million, cargo volume soared 20.8%, to 589,500 tonnes, while flight movements increased 8%, to 271,100.

This strong performance made HXIA the 10th busiest passenger airport and the sixth busiest cargo airport on the Mainland. Among the top 10 Mainland airports, HXIA ranked second for passenger growth and first for cargo growth.

In 2017, HXIA added eight cities to its international network, bringing the total to 43. New international passenger services to Lisbon, Melbourne and Saipan began, and direct cargo flights to Chicago and Novosibirsk were launched. Meanwhile, domestic destinations increased 12, to 113.

Several important projects at HXIA reached milestones in 2017. For example, the preliminary design for Terminal 4 and the Integrated Transportation Centre was completed. Development of HXIA's ground transportation network proceeded according to schedule. In the future, the airport will be accessible by mass transit and high-speed rail lines, as well as an airport express line serving the greater Hangzhou area. Many of these projects will be completed by 2022 to prepare the city for the Asian Games.

TOP 20 AIRPORTS ON THE MAINLAND IN 2017 – PASSENGER THROUGHPUT (millions of passengers)

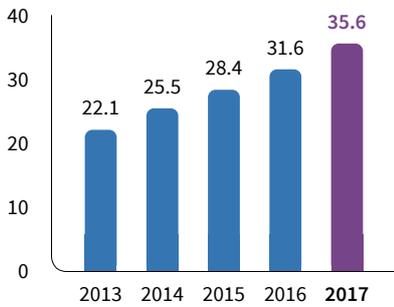


Source: Civil Aviation Administration of China (CAAC)

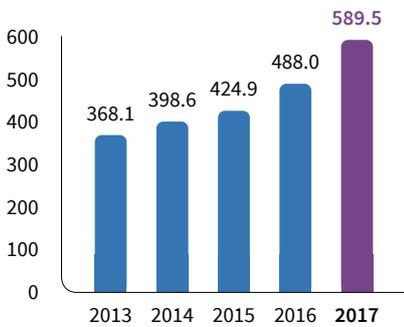
MAINLAND PROJECTS

THROUGHPUT AT HANGZHOU XIAOSHAN INTERNATIONAL AIRPORT

(millions of passengers)



(cargo in thousands of tonnes)



Source: Civil Aviation Administration of China (CAAC)

The master planning for HXIA’s long-term development is also under way. It is planned to ultimately enlarge HXIA to 30 square kilometres and increase its annual capacity to 100 million passengers.

SHANGHAI HONGQIAO INTERNATIONAL AIRPORT

A joint venture between AAHK and Shanghai Airport Authority was established in 2009 to manage the terminal operations and retail business at Shanghai Hongqiao International Airport. The third phase of the joint venture—which will see strengthened co-operation on flight movement management, service benchmarking and sharing of smart airport initiatives—started in 2018.

In 2017, passenger throughput at Hongqiao airport increased 3.5%, to 41.9 million, while flight movements rose 0.6%, to 264,000.

Hongqiao airport was named the Mainland’s best airport in the 2017 Skytrax survey. It also received a “Gold Certificate” from the International Air Transport Association’s Fast Travel programme for proactively introducing self-service facilities.

To sustain Hongqiao airport’s high service standards, Terminal 1 (T1) is being renovated. Enhancement works to Building B in T1 are progressing well and are expected to be completed in the third quarter of 2018.

To offer passengers a better airport experience, Building B in Terminal 1 at Hongqiao airport is undergoing a major renovation.



ZHUHAI AIRPORT

AAHK has a 55% stake in the Hong Kong-Zhuhai Airport Management Company Limited, the joint venture that has managed Zhuhai Airport since 2006.

Zhuhai Airport enjoyed another record-breaking year in 2017. Passenger throughput surged 50.3%, to 9.2 million, domestic cargo volume grew 18.6%, to 37,379 tonnes, while flight movements jumped 40.3%, to 69,720. Nine domestic destinations were added to the airport's network, bringing the total to 55.

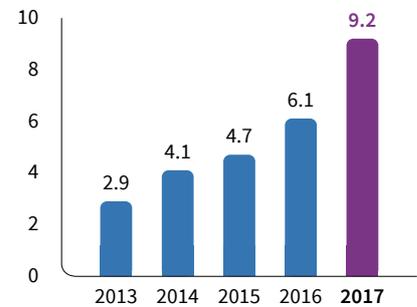
In 2017, Zhuhai Airport launched the Airport Collaborative Decision Making system, an information-sharing platform for the airport and its business partners. By the first quarter of 2018, the system had helped improve the airport's on-time flight departure rate by about 10%, to over 80%.

During 2017, renovations to the airport's eastern wing were completed and upgraded departure gates and baggage carousels were put into service. In 2018, new check-in counters will be installed and modifications to the departures hall will start. In the meantime, design work continues on a new annex for international and premium passengers. Scheduled for completion in 2020, the entire expansion programme will increase the terminal's annual capacity to 12–15 million passengers.

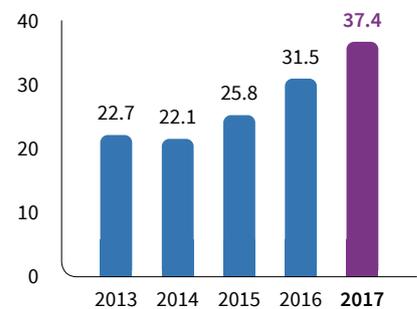
With the imminent commissioning of the Hong Kong-Zhuhai-Macao Bridge, the airport is fitting out a lounge on the bridge's artificial island in Zhuhai. The lounge is expected to enter service when the bridge commences operation.

THROUGHPUT AT ZHUHAI AIRPORT

(millions of passengers)



(cargo in thousands of tonnes)



Source: Civil Aviation Administration of China (CAAC)



The new Terminal 4 and Integrated Transportation Centre will help HXIA cope with increasing traffic.

SUSTAINABILITY AND PEOPLE



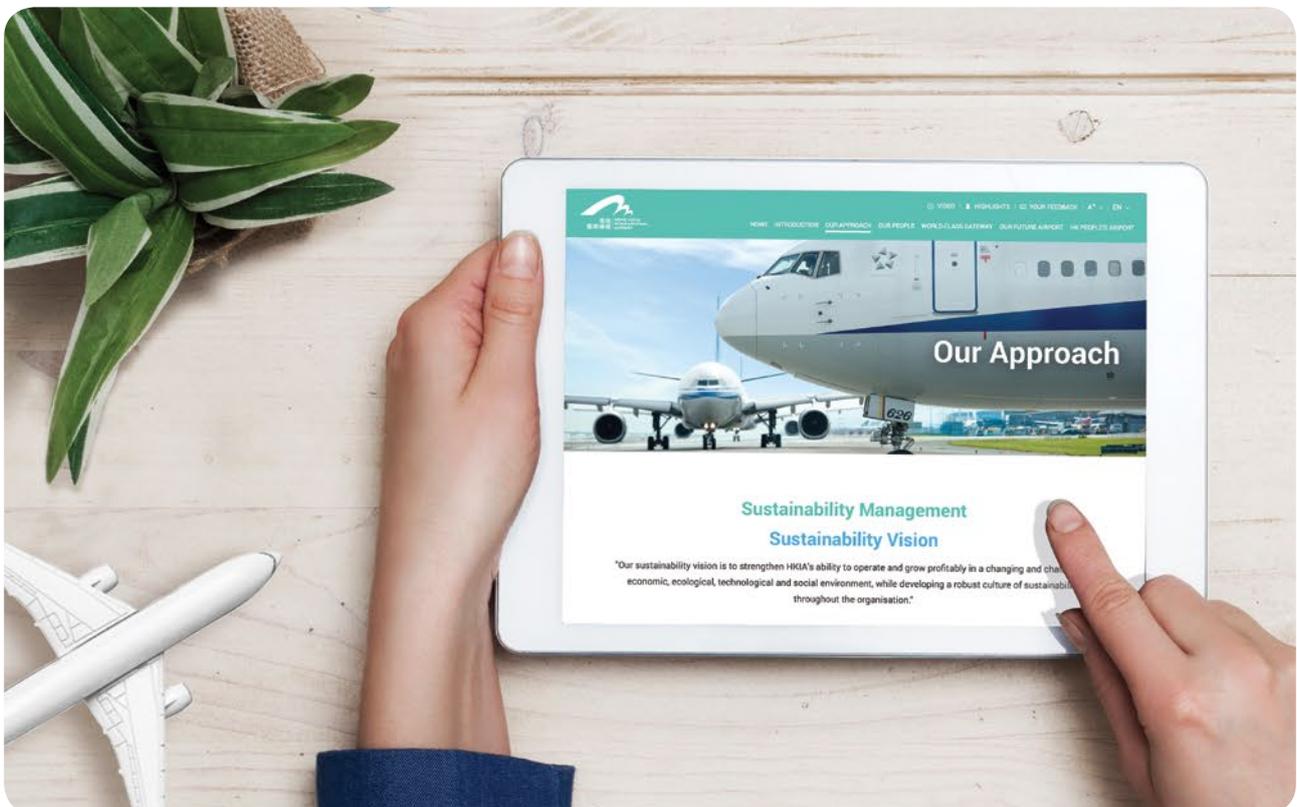
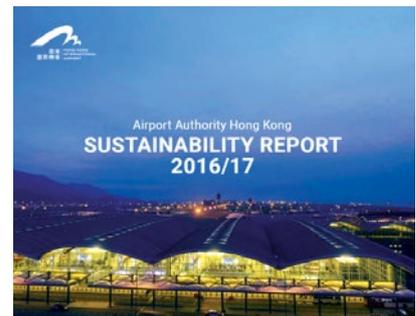
Airport Authority Hong Kong (AAHK) is committed to the sustainable development of both the airport and the community we serve. We constantly seek new opportunities to enhance the way we operate Hong Kong International Airport (HKIA), collaborate with our business partners and support the people of Hong Kong.

SUSTAINABILITY REPORT 2016/17

In January 2018, we published our fifth sustainability report, which provides a comprehensive account of AAHK's management approach to sustainability and key initiatives in different aspects of our operations.

This was our first entirely web-based report. A range of features, such as dynamic graphics, video and interactive charts, were adopted to increase the report's accessibility and enhance the reader experience.

The report was prepared with reference to the Global Reporting Initiative standards: Core option and Airport Operators Sector Disclosures.



SUSTAINABILITY AND PEOPLE

TAKING GREENER STRIDES

In March 2018, we received ISO 14001:2015 certification, which specifies the requirements for the environmental management system that we use to manage, measure and enhance our performance across a range of environmental categories.

We take an airport-wide approach to managing our environmental impact. In November 2016—along with our business partners, we pledged that by 2020, we would reduce the airport's carbon intensity by 10%, relative to 2015 levels. We are working closely with our business partners to help them reduce their carbon intensity. For example, we host round-table discussions with

senior executives from the airport community. We also created a carbon reduction benchmarking scheme, established technical working groups to share new technologies and introduced an award programme that recognises top performers.

In incorporating more environmentally-friendly practices in our daily operations, we are promoting wider use of electric vehicles in the airside areas of HKIA. With the support of our business partners, by July 2017 all airside saloon cars had been replaced with electric models. We are planning the second phase of this programme, which will require the replacement of all airside private cars with a gross vehicle weight of less than 3 tonnes with electric models. This year, we

also conducted a trial of airside electric passenger buses. We plan to begin replacing all 40 of our airside buses with electric models next year.

To enhance our energy efficiency, in 2017/18 we applied building analytics to the North Satellite Concourse. This technology uses big data and real-time analysis of the building's operational performance to identify energy-saving opportunities. We also connected the chillers in Terminal 1 to a cloud-based analytic platform, ensuring they are running properly and optimising their energy consumption.

To help the airport community prepare for the municipal solid waste (MSW) charging scheme that the Hong Kong SAR Government will soon introduce, in June 2017 we launched an airport-



wide pilot programme that tests three charging mechanisms. The 20-month programme helps tenants measure the quantity of their waste and estimate the future cost of waste disposal under the MSW scheme, thereby encouraging them to reduce waste.

During the year, we completed a feasibility study for a small waste-to-energy facility at HKIA. The study recommended a waste treatment technology and identified the facility's engineering and environmental requirements and estimated cost. We are proceeding with preliminary design work.

INVESTING IN THE COMMUNITY

In 2017/18, we launched EXTRA MILE, a community investment project based on the concept of creating shared value. Supported by 18 business partners and four non-governmental organisations and social enterprises, EXTRA MILE comprises three pilot programmes that are designed to retain and attract talent for HKIA.

Two programmes, "Working Holiday@Lantau" and "The Pioneer", provide career opportunities at HKIA for working youths and non-Chinese speakers. The third programme, "EduCare", is an AAHK-subsidised after-school service for primary students studying in Tung Chung whose parents work at HKIA. "EduCare" targets workers who would otherwise have to take care of their children at home during the day.



The EXTRA MILE project provides work placement opportunities at HKIA to help participants unleash their potential.



SUSTAINABILITY AND PEOPLE



From publishing a children's book to elderly visits, AAHK's community engagement programmes cover various stakeholders.

We also developed HKIA's talent pool with district-level job fairs and a large career expo at the Hong Kong Convention and Exhibition Centre. In 2017/18, job fairs were held in locations such as Sham Shui Po and Tin Shui Wai.

In addition to employment-related initiatives, we build connections with stakeholders throughout our community. For example, we supported the "Taking Off • Inspiring @ Tung Chung" Community Caring Partnership Project organised by Tung Chung Safe and Healthy City to promote love and happiness in the community. The project showcased the work of young Hong Kong artists and musicians and gave them opportunities to perform in public.

In March 2018, we published our first children's book, *Little Adventure at the Big Airport*, a bilingual educational tour of HKIA for readers aged 3–6. Featuring animated drawings, inspiring content and interactive pages, the book takes children behind the scenes and helps them discover interesting facts about the airport at various stages of their journey.

Meanwhile, we engage with elderly residents in nearby communities through an ongoing programme of spring dinners and festive activities. In September 2017, 35 AAHK staff visited elderly people in Tai O, a district where homes were damaged by a typhoon during the year.

GROOMING OUR TALENT

Recognising the importance of people in supporting the long-term development of HKIA, we strive to develop talent within both AAHK and the airport community.

In 2017/18, reinforcing AAHK's corporate culture and developing talent at all levels remained our key focus. We continued to promote AAHK's "5Cs" core values—Caring, Commitment, Creativity, Collaboration and Continuous Improvement—through a range of culture promotion initiatives.

To cultivate stronger bonds among staff, we initiated a corporate-wide team-building programme starting with senior management in September 2017. The programme was cascaded to middle management in early 2018, covering all together 170 staff. We also hosted mingling sessions where senior management met junior and mid-level staff.

Riding on the success of the Work Improvement Team (WIT) programme launched in 2016/17, which provides front-line staff with a platform to practise AAHK's core values and generate new ideas for value creation, the WIT programme was extended across all divisions of AAHK this year and a total of 55 teams comprising 270 staff were formed. In November 2017, we organised the first AAHK WIT Convention where outstanding WITs showcased their achievements and received awards for their contributions. We plan to further promote the WIT programme to our business partners in the broader airport community.

During the year, we strengthened our human capital by expanding the annual talent review and succession planning process to include middle managers. We also linked our summer internship programme to management trainee recruitment to expand the sourcing of high-calibre talent. In addition, a development centre was established to identify the development needs of our high potential staff. New leadership and supervisory training programmes were launched to equip middle managers and junior supervisors, especially those who have been newly promoted, with the necessary skills, knowledge and mindset to excel in their leadership roles.

In 2017/18, our employees received a total of around 53,600 hours of training covering both technical and soft skills aspects, representing an increase of 8% over 2016/17. Recognising our endeavours for employee training and development, we have been awarded the "Manpower Developer" status by the Employees Retraining Board's Manpower Developer Award Scheme since 2015/16.

Established to nurture aviation talent, the Hong Kong International Aviation Academy (HKIAA) opened in April 2017. In 2017/18, it delivered over 100 courses to over 5,500 students and provided more than 60 training courses to some 23,000 airport staff.

HKIAA also facilitates the development of aviation talent outside Hong Kong. During the year, HKIAA partnered with the world-renowned École Nationale

de l'Aviation Civile to organise an advanced master's degree programme in air transport management. In addition to local students, the programme targeted regional participants. As a part of the International Civil Aviation Organisation's (ICAO) "No Country Left Behind" initiative, which intends to provide aviation training to countries looking for capacity building in aviation, sponsorship from civil aviation authorities and aviation-related companies in Hong Kong and France was arranged for civil aviation staff from six South East Asian countries to encourage their participation in the programme.

In October 2017, HKIAA became an associate member in the ICAO's TRAINAIR PLUS programme. In 2018/19, HKIAA will gain full TRAINAIR PLUS membership and commence the development of ICAO courses.



LOOKING FORWARD



With global air traffic consistently rising, we continually increase our capacity to meet growing needs and strengthen the status of Hong Kong International Airport (HKIA) as an international aviation hub. Several expansion programmes are now under way, including the three-runway system (3RS).

THE THREE-RUNWAY SYSTEM

The 3RS project involves the reclamation of approximately 650 hectares of land north of the airport island and the construction of a third runway, a supporting taxiway system, a third runway passenger building and associated infrastructure. Terminal 2 (T2) will also be expanded to provide full-fledged passenger services.

Reclamation works for the 3RS are progressing as planned. Deep cement mixing (DCM), a non-dredge technique that helps minimise environmental impact, is being used. In 2017/18, DCM works for critical reclamation and sea wall areas were substantially completed. Construction of the sea wall began with mass filling started in May 2018. Having diverted the undersea power cables connected to HKIA, construction works associated with the diversion of the airport's aviation fuel pipelines were substantially completed in the first quarter of 2018. The pipelines will be commissioned after a series of tests to be conducted in the second quarter of 2018.

Other elements of the 3RS project also made good progress. Advance works for the expansion of T2 commenced and detailed design for the terminal have been substantially completed. Construction of the North Runway crossover taxiway is ongoing, as are detailed designs for the airfield infrastructure and third runway passenger building.

The design and build contracts for the Automated People Mover and high-speed Baggage Handling System for the 3RS have started, as well as the construction of the associated tunnels on the existing airport island.

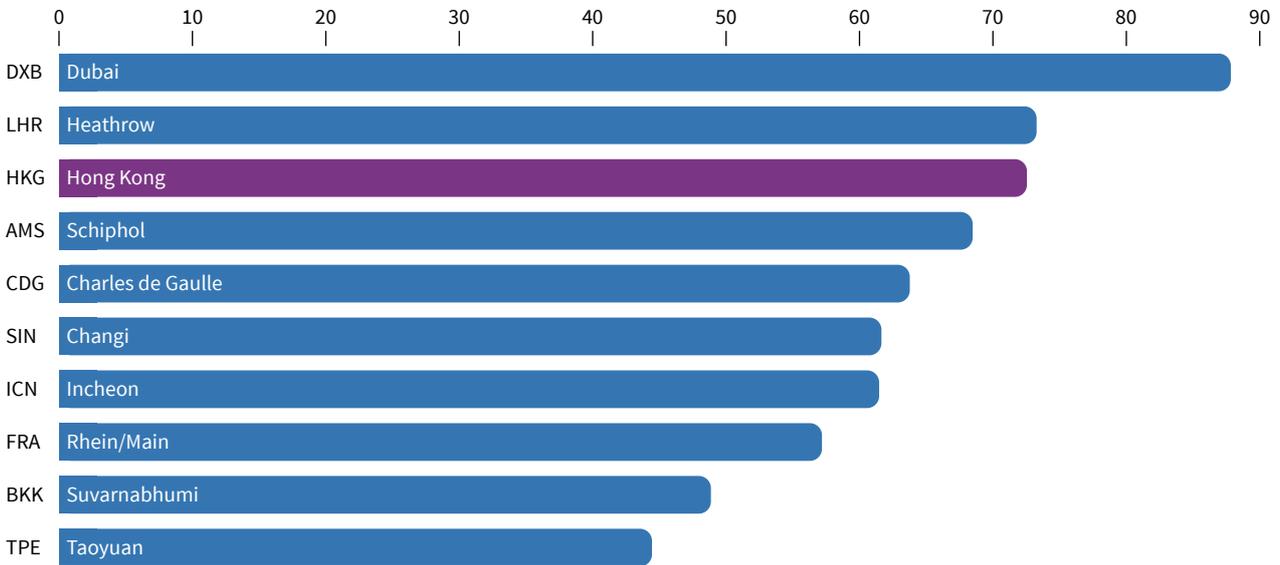
Overall, the 3RS project is on track to meet the target commissioning by the end of 2024 and the budget of HK\$141.5 billion.

Prior to the commencement of construction of the 3RS project in August 2016, Airport Authority Hong Kong (AAHK) has already implemented a comprehensive environmental monitoring and audit programme. We also established a Marine Ecology Enhancement Fund and a Fisheries Enhancement Fund. In 2017/18, the funds approved more than HK\$8 million in support for 10 projects proposed by tertiary educational institutions, research groups and fisheries industry associations. Applications for financing 2018/19 projects are now under review and results will be announced in the third quarter of 2018.



LOOKING FORWARD

10 Busiest Airports In 2017 – International Passenger Throughput* (millions of passengers)



* 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 in April 2018



In addition to regular meetings with our Community Liaison Groups and Professional Liaison Group, we have communicated 3RS project news and environmental information to a wide spectrum of stakeholders and listened closely to their opinions and concerns throughout the design and construction process. In 2017/18, we organised and participated in more than 280 events, including briefings, seminars, exhibitions and airport tours.

TERMINAL 1 CAPACITY ENHANCEMENT

We have started expanding Terminal 1 (T1) to increase capacity before the commissioning of the

3RS. During the year, advance works for construction of the T1 Annex Building and Car Park 4 extension were completed.

When this project is finished, T1 will have 48 new check-in counters with self-bag drop facilities and two additional baggage reclaim carousels. New shops and food and beverage outlets will be added to the landside Arrivals Hall.

T1's East Hall restricted area will be enlarged to provide more recreational facilities, including a two-storey children's play area and a dedicated recreational zone featuring new technologies for travellers. Passengers will also be able to relax in a new outdoor garden.

The Car Park 4 building will be expanded to provide about 1,400 public parking spaces and premises for the Hong Kong International Aviation Academy and Airport Preschool. This building will also house other staff-related facilities, including a community centre, a multipurpose sports hall and fitness centre, and staff canteens.

Meanwhile, a 200-metre-long, air-conditioned walkway between T1 and the North Satellite Concourse (NSC), known as the "Sky Bridge", will be built. Including travelators, an observation deck, and food and beverage outlets, the 28-metre-tall Sky Bridge is slated to open in 2020 and will reduce passengers' travel time to gates in the NSC. The design and construction contract for the Sky Bridge commenced in 2017/18.



The expanded T1 (*left*) and Sky Bridge (*right*) will create a more comfortable, pleasant environment for passengers at HKIA.

SKYCITY

Comprising hotels, offices, and retail, dining and entertainment (RDE) facilities, the 25-hectare SKYCITY will be the largest commercial development in Hong Kong and will make the airport a destination in itself.

An agreement to develop and manage the SKYCITY hotel was awarded to Regal Hotels Group and construction began in September 2017. With a gross floor area of about 33,700 square metres, the hotel will have over 1,000 guest rooms.

A tender to develop and manage a 350,000-square-metre RDE complex in SKYCITY was awarded to Roxy Limited, a subsidiary wholly-owned by New World Development Company Limited, in May 2018.

INTERMODAL TRANSFER TERMINAL

The enhanced connectivity brought by the up and coming Hong Kong-Zhuhai-Macao Bridge (HZMB) will further strengthen HKIA's role as a regional aviation hub. To capture these opportunities and offer passengers a seamless travel experience between HKIA and the western Pearl River Delta and Macao, we are building a five-storey, 22,000-square-metre Intermodal Transfer Terminal (ITT) adjacent to SkyPier.

Scheduled for completion in 2022, the ITT will be linked to the Hong Kong Boundary Crossing Facilities by a 360-metre bonded vehicular bridge that will eliminate the need for air passengers arriving or departing via the HZMB to clear immigration in Hong Kong.

The statutory Environmental Impact Assessment for the vehicular bridge is now in progress and a detailed design of the ITT is now under development.

The RDE facilities at SKYCITY will cater for visitors and local residents of different ages.

