

Transport and Housing Bureau's follow-up on financial situation of Hong Kong Airlines Limited

The Transport and Housing Bureau (THB) has been closely following up on the financial problems of Hong Kong Airlines Limited (HKA) over a long period of time. The THB, together with the Civil Aviation Department (CAD), summoned the management team of HKA again to a meeting on November 27, 2019, at which HKA reported on the latest financial position of the airline for assessment by the THB and the CAD. At the meeting, the THB expressed grave dissatisfaction and deep concern that HKA's financial situation had not significantly improved and urged the management team to resolve the financial problems pragmatically as a matter of urgency.

In fact, over a period of time the THB has been gradually scaling down HKA's operation in the hope that HKA's situation would be under better control. The THB has also reminded HKA to make timely notification to affected passengers of the flight consolidations and to make appropriate arrangements for them in accordance with the terms and conditions of air tickets concerned.

The THB noted that the Air Transport Licensing Authority (ATLA) decided on December 2, 2019, to attach two new conditions to HKA's licence with effect from today (December 2). According to the new licence conditions attached by ATLA, HKA must, by a deadline, ensure cash injection at a level determined by ATLA (or provide an alternative to the satisfaction of ATLA), and raise and maintain its cash and cash equivalent level as stipulated by ATLA. If HKA fails to improve its financial situation as required by ATLA by the deadline, ATLA will take further actions under Regulation 15E of the Air Transport (Licensing of Air Services) Regulations (Cap. 448 Subsidiary Legislation A), which provides for revocation or suspension of licence.

The THB concurs with ATLA's decision and considers that HKA must face up to its problems seriously and use its best endeavours to meet ATLA's requirements by the deadline in order to prevent its situation from further deteriorating and to protect public interests. The THB has also reminded HKA that before any further decision of ATLA is made, it must continue to provide services to its passengers in accordance with the terms and conditions of air tickets concerned.

HKA is responsible for getting prepared for different operational circumstances, including unanticipated ones. The THB has reminded HKA of its obligations to provide services to passengers in accordance with the terms and conditions of air tickets and/or make other appropriate arrangements for them where necessary. As an employer, HKA should also take care of its employees' interests in accordance with the applicable laws.