

# 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. Apart from repeatedly requesting HKA to expeditiously and pragmatically resolve its financial problems, the Bureau has taken resolute actions by gradually scaling down HKA's operation in the hope that HKA's situation would be under better control.

THB noted that the Air Transport Licensing Authority (ATLA) announced its decision today (December 7) not to take further action against HKA for the time being after careful consideration of the latest financial information and representation submitted by HKA.

THB concurs with ATLA's decision and believes that ATLA has carefully taken into account various considerations, including public and travellers' interests. The Bureau expects HKA to fully and proactively work with ATLA in meeting all the Authority's demands. The Bureau also expects HKA to cherish and make good use of traffic rights to provide stable and quality air services, so as to sustain and enhance Hong Kong's status and reputation as an international aviation hub.

A spokesman for THB said today (December 7), "Our aviation policy is to encourage healthy competition. HKA should address the fundamental issues and make the best endeavours to resolve its structural financial problems and improve its financial situation as soon as possible. The Government will continue to closely scrutinise HKA's operations."

THB has reminded HKA again that whilst providing services to passengers in accordance with the terms and conditions of air tickets, it should remain alert and advise the public in a timely manner any situation which may affect the interests of the public and passengers, and make appropriate arrangements. HKA should also take care of its employees' interests in accordance with applicable laws.

At the same time, the THB will continue to closely monitor the financial situation of HKA, including whether HKA will respond to ATLA's requirement in a timely manner, and whether its cash and cash equivalent level is maintained at no less than that stipulated by ATLA. THB will also closely scrutinise the implementation of HKA's financial improvement plan and its effectiveness. Where necessary, the THB would not rule out the possibility of further scaling down HKA's operation.