

For Immediate Release

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HAECO breaks ground for second maintenance hangar

Hong Kong Aircraft Engineering Company (HAECO) held a ground-breaking ceremony today to mark the commencement of construction of its second aircraft maintenance hangar at Hong Kong International Airport (HKIA).

Scheduled for completion by the end of 2006, the new 13,000 square-metre facility will be able to accommodate two+one wide-bodied aircraft at one time and will have the capability to undertake all maintenance and modification work currently handled at HKIA. In conjunction with construction of its new hangar, HAECO is also building a new line maintenance office adjacent to the cargo apron, and this facility is expected to be up and running early next year, significantly improving services to the company's freighter customers. Budgeted at an investment of some HK\$320 million, these new facilities will lead to the creation of more than 450 new jobs at HKIA over the next three to five years, and HAECO has already begun a programme to recruit and train new staff.

HAECO's Chairman and Chairman of the Swire Pacific group, David Turnbull, and VIP guest, Chief Executive of the Hong Kong Special Administrative Region, Mr. Donald Tsang, officiated at today's ceremony by symbolically breaking the ground at the site prepared for the new hangar.

"I congratulate HAECO for expanding its operation at Hong Kong International Airport," said Mr. Tsang. "Since starting operation at Kai Tak in 1950, HAECO has flourished on its excellent standards of service and on Hong Kong's position as a major transport hub in Asia. The current project is a vote of confidence by one of our world-class companies in our aviation industry as well as in the future of Hong Kong, Asia's world city."

"The construction of this new hangar is testament to our faith in the continued robust growth of air traffic into Hong Kong, building on the last 12 months, which have seen aircraft movements at HKIA increase by some 17.7%," said Mr Turnbull. "This reflects both a strong increase in cargo traffic, driven mainly by Mainland and European markets, as well as continued healthy growth in long-haul passenger travel from US, Europe and Australian markets. By almost doubling HAECO's capacity, we will be well placed to meet the likely increase in workload, and we believe this significant investment in HKIA will enhance Hong Kong's status as a major aviation hub, capable of providing world-class maintenance services to aircraft operators serving the region".

HAECO is one of the world's leading aeronautical engineering groups, and is the only full service provider to commercial aircraft transiting HKIA, offering a comprehensive package that includes full technical certification line maintenance,

airframe heavy checks, major structural modifications, repair, overhaul, and painting, as well as capability on a wide range of avionics and mechanical components, and Special Freighter conversion on B747-200 Combi aircraft. HAECO's line maintenance division services around 70 airlines – some 80,000 aircraft movements a year. Earlier this year, the Airport Authority granted an extension to the Master Franchise under which HAECO provides comprehensive aircraft maintenance services at HKIA from July 2018 to July 2031. HAECO is publicly listed on the Hong Kong Stock Exchange.

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