

Hong Kong Dragon Airlines alias: DRAGONAIR



By Jasper Spruit

Hong Kong Dragon Airlines (Dragonair) was founded in 1985 and began operations with a sole Boeing 737-200A aircraft on the route Hong Kong - Kota Kinabalu (Malaysia). Nowadays, with its headquarters located in the Dragonair House at Hong Kong International Airport, Dragonair serves 30 passenger destinations in Asia, including 21 in the mainland China, with flights to the mainland exceeding 200 per week. Its fleet is one of the youngest in the region and comprises the most modern aircraft. Its catchment area spans half of the world's population, and includes some of the most exciting and culturally varied lands on earth.



Services

Dragonair offers a wide variety of flexible, quality holiday packages which cater to both business and leisure travellers. Reservations can be made through any Dragonair office, the world-wide network of Dragonair's associate airline Cathay Pacific Airways, or through any major computer reservation system.

Dragonair has a simple mission: "To treat every passenger as a friend. To make every journey a special occasion. And to ensure that every moment you spend with us is a pleasure." That is why Dragonair is constantly striving to improve all aspects of its products and services to enhance the passengers' travel experience.

Dragonair's fleet of modern, passenger-pleasing Airbus Industrial aircraft comprises of single-aisle A320, A321 and A330 wide-body jets. In January 2003 Dragonair unveiled HK\$195M redesign of aircraft cabins and service enhancements, which can be considered the most comprehensive redesign of its aircraft cabins ever, featuring a state-of-the-art First Class lie-flat seat, new seat configuration, exciting in-flight video entertainment, new colour schemes, exclusively designed service ware, and in-seat power supply.

With its international flight crew, and traditional Asian hospitality on the ground and in the air, Dragonair is aiming higher to provide a pleasurable and comfortable flying experience. The airline recently announced plans to expand its passenger fleet, adding six new aircraft by the end of 2006 to take the passenger fleet to 33 aircraft.

Frequent Travellers

The Elite is the loyalty club established to recognise and reward Dragonair's most frequent travellers



Fast Facts

Registered Name	Hong Kong Dragon Airlines Limited
Airline Abbreviation	KA
Planes	A320 (8) A321 (6) A330 (10) Boeing 747-300 freighters (3)
Destinations	29 (passenger)
Ownership	China National Aviation Company Ltd. 43.29% CITIC Pacific Ltd. 28.50% Swire Pacific Ltd. 7.71% Cathay Pacific Airways Ltd. 17.79% Others 2.71%
Headquarters	Hong Kong International Airport
Major Subsidiaries	Dragonair Holidays 100.00% Hong Kong International Airport Services Ltd. (HIAS) 100% LSG Lufthansa Service Skychefs 31.94% Hong Kong Airport Services Ltd. (HAS) 30.00% Dah-Chong Hong-Dragonair Airport GSE Service Ltd. (DAS) 30.00% Das Aviation Support Ltd. (DSL) 30.00% Wise Counsel Ltd. (WCL) 30.00%
Number Of Staff as of 31 January 2004	2,361

and valued customers. A range of privileges and exclusive travel benefits have been combined to ensure Members enjoy maximum convenience and comfort before, during and after their flight. In addition, Members have priority access to special offers that reflect their status in one of the Asia's prestige clubs. There are four levels of membership in The Elite: Platinum; Gold; Blue; and Red. Entry is at the Red-tier level. The criteria for joining The Elite, maintaining Red-tier membership and upgrading to the next level is based on how often one flies with Dragonair. Advance seat reservation, extra baggage allowance and access to Dragonair lounges are just a few of the privileges available to Members of The Elite. The Elite is a club created by Dragonair specifically for its most loyal



customers, and is designed to recognise this group of travellers. Members of The Elite can still earn and redeem points through the Asia Miles or JAL Mileage Bank programmes.

Dragonair Cargo

Dragonair's cargo operation developed by leaps and bounds since the establishment of a dedicated cargo department in 1997. Underpinned by consecutive years of double-digit growth in the volume of freight carried in the belly space of the passenger fleet, the airline announced in 2000 that it would launch a freighter service. The decision saw Dragonair spread its wings to intercontinental destinations, with cities in Europe and Middle East appearing on Dragonair's network map for the first time. A wet-leased B747-200 began flying to Amsterdam, Manchester and Dubai three times a week in July 2000. Since then, both the fleet and the network have grown, with the airline looking to add a fourth purchased freighter in mid-2004 as well as two new destinations.



Dragonair Cargo has seen substantial growth in both capacity and tonnage uplifted in recent years. The available cargo capacity has been boosted significantly with the addition of a dedicated cargo fleet, comprising three Boeing 747-300 freighters. This saw Dragonair carry a total of 194,000 tonnes in 2002, which is a 60% increase over 2001. Dragonair Cargo is now one of the major revenue sources for the airline, accounting for a significant portion of total turnover.

Dragonair's all-cargo operations have grown rapidly since being inaugurated in the summer of 2000. The airline now operates scheduled freighter services between Europe, the Middle East, Japan, Mainland China and Taiwan and its Hong Kong hub. Seven weekly intercontinental flights serve Dubai, Amsterdam and Manchester. Meanwhile, Osaka is served by two flights and Taipei is served by three flights a week. Shanghai also has four weekly flights, three of which offer co-terminal services to Xiamen. Dragonair's freighter operations capitalise on the opportunities presented by the global airfreight market and China's entry into the World Trade Organisation: it also builds on Dragonair's position as a leader in the regional cargo market.

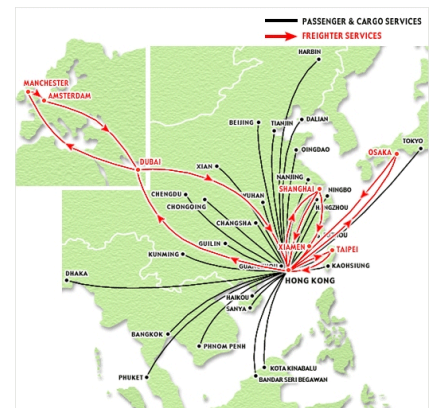
Dragonair Cargo also developed trucking services to augment its market reach, providing extensive coverage for destinations in China (via Shanghai), Taiwan (Taipei and Kaohsiung), continental Europe, the United Kingdom, the Middle East and Japan.

Dragonair's cargo network currently covers seven destinations, with two more to be added – Frankfurt in Germany and Stansted in the UK – in July 2004.

By the end of 2008, Dragonair is expected to more than double the size of its all-cargo fleet, after announcing the purchase of five Boeing 747-400 special freighters. Two of these will enter service in 2006, followed by two more in 2007 and one in 2008. In addition, one Boeing 747-200 freighter is due to enter service in mid-July. The purchase of the special freighters means that by the end of 2008 the airline will be operating nine all-cargo aircraft. Underpinning this growth is the continuing development of the China Mainland economy and continuing demand for air cargo services there.

Latest figures

The Easter and Ching Ming holidays in April, combined with the launch of services to Tokyo, helped push passenger numbers 10% higher month-on-month. Some 381,586 passengers flew with Dragonair in the month, a rise of 34,617 compared with March. Cargo volume, meanwhile, eased slightly in April. The airline carried 27,059 tonnes, 1.5% less than in March, but a rise of 24.6% compared with one year earlier. Meanwhile, year-on-year comparisons reflected the impact of the SARS outbreak on our business last year. On that basis, passenger numbers grew 435.3%. Such large disparities are expected several more months.



For more information we refer to Dragonair's website at <http://www.dragonair.com>
All photos courtesy of Dragonair

Growth Facts

	March 2000	March 2004	Change (%)
No. of staff in cargo department	13	38	192
Capacity available (tonnes)	93.1*	611.8#	557
No. of freighter destinations	Nil	7	700
No. of freighters	Nil	4	400

* Belly space in passenger fleet
Belly space in passenger fleet and freighter capacity

Cargo Destination

Cargo Destination	From
Amsterdam, The Netherlands	July, 2000
Manchester, United Kingdom	July, 2000
Dubai, UAE	July, 2000
Shanghai, Mainland China	August, 2000
Osaka, Japan	May, 2001
Xiamen, Mainland China	May, 2002
Taipei, Taiwan	July, 2002
Frankfurt, Germany	July, 2004
Stansted, United Kingdom	July, 2004