

Legislative Council Subcommittee
to Follow Up Issues Relating to the
Three-Runway System at the Hong Kong International Airport

Cost and Financial Arrangement Plan of the
Three-Runway System

Airport Authority Hong Kong

7 February 2017



Scope and Cost of the 3RS Project



The scale of the 3RS project is comparable to constructing a new airport



**Third Runway
Passenger Building and
57 parking positions**

Floor area: 283,000 sq m

Building a new passenger building with more than 280,000 square metres of floor area, a total of 57 new parking positions (frontal: 34, remote: 23) and an apron. When completed, there will be 173 passenger aircraft parking positions (frontal: 112, remote: 61) at HKIA.



**New Automated
People Mover system**

Top speed: 80 km/h

Building a 2,600-metre-long new APM system connecting T2 with the new passenger building. This new APM system takes 2.5 minutes to travel from T2 to the new passenger building. It can transport up to 10,800 passengers per hour.



**New Baggage
Handling System**

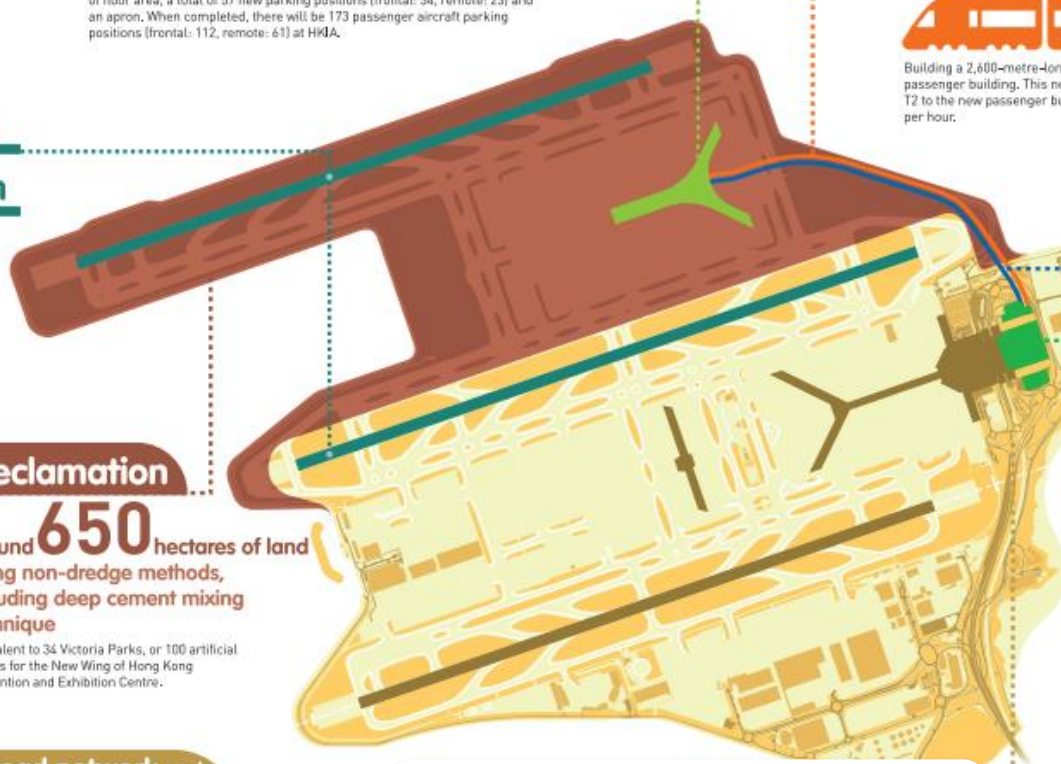
**Baggage transport
speed: 7-10 m/sec**

Building a new baggage handling system linking T2 with the new passenger building.

**New runway
and taxiway**

3,800m

Building a 3,800-metre-long new runway and its supporting taxiway systems. The existing north runway will also be reconfigured.



Reclamation

Around 650 hectares of land
Using non-dredge methods,
including deep cement mixing
technique

Equivalent to 34 Victoria Parks, or 100 artificial islands for the New Wing of Hong Kong Convention and Exhibition Centre.



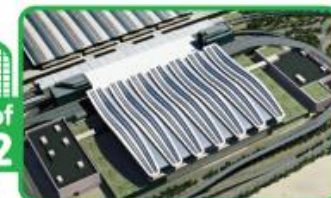
**Comprehensive road network and
transportation facilities**

**Construction Cost:
HK\$141.5 Billion***

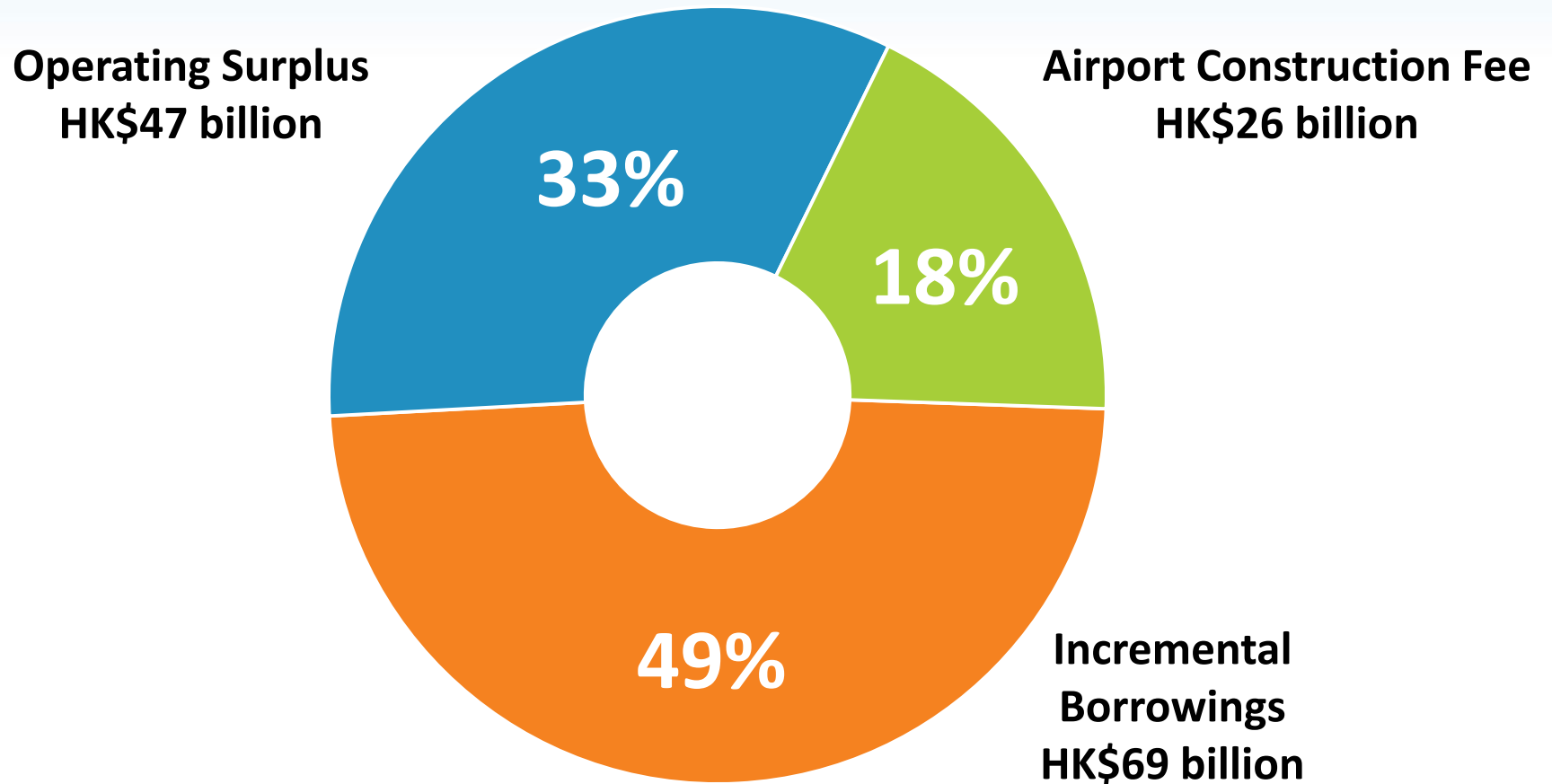
**Expansion of
Terminal 2**

**Providing arrivals,
departures and full-fledged passenger services**

The expanded T2 and new passenger building will be able to serve 30 million additional passengers annually as stated in the HKIA Master Plan 2030.



“Joint Contribution and User-pay” Principle



The financial arrangement plan is considered to be practicable and viable by AAHK's Financial Advisor

Notes :

- (1) The numbers above are estimated figures and subject to rounding; and Airport Construction Fee was assumed to be net of tax
- (2) The profits to be generated from the North Commercial District will not contribute to the financing arrangements of the 3RS

Source : AAHK, 3RS Consultancy Study: Financial Arrangement for Three-runway System (3RS) at HKIA – Financial Advisor Report, HSBC (2015)

1. Sources of Funds: Retaining Operating Surplus (HK\$47 Billion)

- AAHK to:
 1. Retain all distribute profits from FY2014/15 onwards until the commissioning of the 3RS which is expected to be in 2024.
 2. Optimize revenue sources including restoring Landing & Parking Charges to the level of charges roughly back to the pre-2000 level* over a three-year period, effective from September 2016, with subsequent adjustments in line with inflation.



3. Sources of Funds: Borrowings (HK\$69 Billion)

- Leverage on AAHK's superb credit rating (Standard & Poor's : AAA)
- Borrow / raise funds from the market in phases, when necessary
- In December 2016, AAHK appointed HSBC as financial advisor to study the detailed funding plan
- Study to be completed by mid-2017
- Explore all sources of financing including tenor, investor base, currency, interest rate, etc.
- Encourage public participation



3. Sources of Funds: Borrowings (HK\$69 Billion)

Possible Financial instruments to be considered:

- **Issuing bonds:**
 - Bonds to institutional investors
 - Retail bonds
 - Green bonds
 - Islamic bonds
- **Borrowings from banks:**
 - Commercial bank loans and revolving credit facilities
 - Syndicated or bilateral



THANK YOU

