

**Response to question raised by Hon. Charles Mok
on 14 November 2018 by
Cathay Pacific Airways Limited**

The Hon. Charles Mok has requested Cathay Pacific Airways Limited ("**Cathay**") to provide a written response to a question raised during the joint panel meeting on 14 November 2018. Our written response to the question is set out below.

1) Cathay Pacific said it had spent over \$1 billion on IT security in the past three years, would Cathay Pacific provide the three-year breakdown?

We would like to reiterate that Cathay recognises the critical importance of IT security, particularly as the cybersecurity threat landscape continues to evolve at pace as the sophistication of attackers increase.

In the last three years, we have spent more than HKD1 billion on IT infrastructure and security. We divide our spend into two categories: operational and major projects, and we set out our spend in each category for the past 3 years below.

IT security and infrastructure related spend (HKD million)	2016	2017	2018
Operating costs	23.9	36.7	44.2
Major projects	384.0	473.3	325.5

Based on the table above, we make the following observations:

- Our operational spend has continued to grow year on year. This cost includes staff, scheduled maintenance and enhancements costs.
- There has been significant investment in major projects from an overall IT infrastructure and security perspective. We have combined these costs as infrastructure and security are closely connected.
- As you will appreciate, the spend on major projects is not as evenly spread compared to operational spend. As part of Cathay's increasing investment on IT security and infrastructure, there was a peak in 2017 with the commissioning of two new data centres and the migration of the majority of critical applications to these data centres. However, we are continuing to invest significantly in major projects both this year and in future years.

In addition to the above, we will continue to grow our team of IT specialists in response to the challenging cybersecurity environment.

**Cathay Pacific Airways Limited
November 2018**