

CATHAY PACIFIC AIRWAYS LIMITED

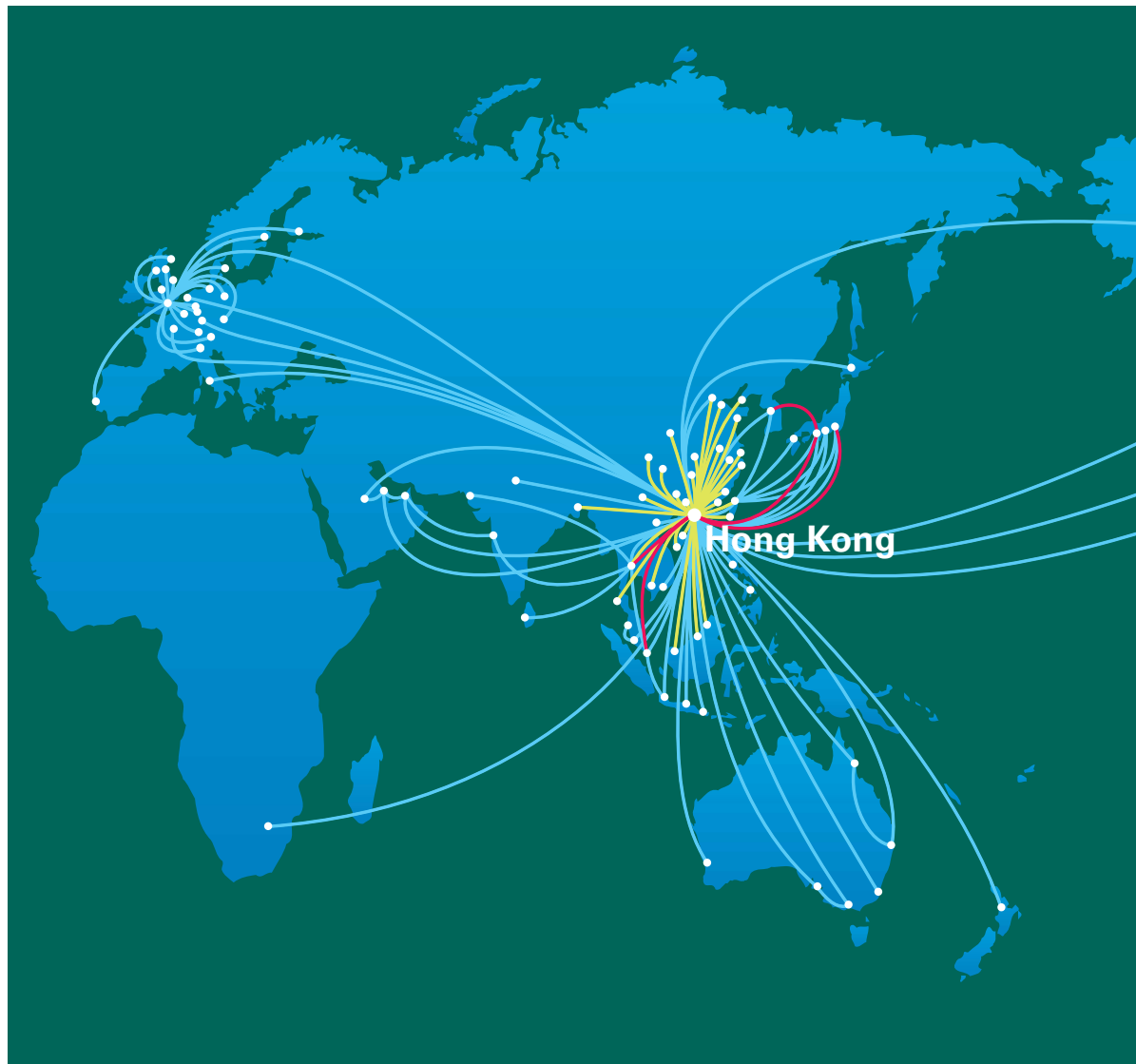


ANNUAL REPORT 2003

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Cathay Pacific Airways is an international airline registered and based in Hong Kong, offering scheduled cargo and passenger services to over 80 destinations around the world.

We are deeply committed to Hong Kong, where the Company was founded in 1946. We continue to make substantial investments to develop Hong Kong's aviation industry and enhance Hong Kong's position as a regional transportation hub. In addition to our fleet of aircraft, these investments include catering, aircraft maintenance and ground handling companies, as well as our corporate headquarters at Hong Kong International Airport. Cathay Pacific and its subsidiaries and associates employ 21,000 staff in Hong Kong. The airline's two major shareholders are both Hong Kong companies listed on the Hong Kong Stock Exchange, as is Cathay Pacific itself.

Cathay Pacific is the major shareholder in AHK Air Hong Kong Limited, an all cargo carrier that offers scheduled services in the Asia region, and is a shareholder in Hong Kong Dragon Airlines Limited.

We are also a founding member of the oneworld global alliance whose combined network serves over 570 destinations worldwide.

A Chinese translation of this Annual Report is available upon request from the Company's Registrars.

本年報中文譯本，於本公司之股份登記處備索。



Financial and Operating Highlights

Group Financial Statistics		2003	2002	Change
Results				
Turnover	<i>HK\$ million</i>	29,578	33,090	-10.6%
Profit attributable to shareholders	<i>HK\$ million</i>	1,303	3,983	-67.3%
Earnings per share	<i>HK cents</i>	39.0	119.5	-67.4%
Dividend per share	<i>HK cents</i>	48.0	44.0	+9.1%
Profit margin	<i>%</i>	4.4	12.0	-7.6%pt
Balance Sheet				
Shareholders' funds	<i>HK\$ million</i>	31,052	32,115	-3.3%
Net borrowings	<i>HK\$ million</i>	11,111	9,646	+15.2%
Shareholders' funds per share	<i>HK\$</i>	9.3	9.6	-3.1%
Net debt/equity ratio	<i>Times</i>	0.36	0.30	+0.06 times
Operating Statistics – Cathay Pacific				
		2003	2002	Change
Available tonne kilometres ("ATK")	<i>Million</i>	13,355	12,820	+4.2%
Passengers carried	<i>'000</i>	10,059	12,321	-18.4%
Passenger load factor	<i>%</i>	72.2	77.8	-5.6 %pt
Passenger yield	<i>HK cents</i>	43.3	45.4	-4.6%
Cargo carried	<i>'000 tonnes</i>	875	851	+2.8%
Cargo and mail load factor	<i>%</i>	68.7	71.2	-2.5%pt
Cargo and mail yield	<i>HK\$</i>	1.78	1.80	-1.1%
Cost per ATK	<i>HK\$</i>	2.00	2.13	-6.1%
Cost per ATK without fuel	<i>HK\$</i>	1.61	1.76	-8.5%
Aircraft utilisation	<i>Hours per day</i>	11.4	12.1	-5.8%
On-time performance	<i>%</i>	91.0	90.7	+0.3%pt

Chairman's Letter

In 2003 Cathay Pacific's operations were severely disrupted by the SARS outbreak, which resulted in a steep decline in passenger demand and several months of heavy losses. However, demand for both business and leisure travel picked up quickly in the third quarter and, with the help of continuing strong performance from our cargo business, we were able to return to profitability and recover much of the ground lost. For the full year the Group recorded an attributable profit of HK\$1,303 million, compared to a profit of HK\$3,983 million in 2002. Turnover at HK\$29,578 million was down 10.6% compared to the previous year.

The recovery of the second half came quicker than initially expected and was attributable to both pent-up demand and special offers created to stimulate passenger traffic. All suspended services were restored by late September and, furthermore, we mounted additional flights to London (now three times daily), Auckland, Johannesburg, Melbourne and Rome. Overall, passenger revenue fell 16.6% from 2002 and passenger yield fell 4.6% to HK43.3 cents.

On 2nd December we opened another important chapter in the airline's history by resuming services to Beijing. The airline has also been granted licences by Hong Kong's Air Transport Licensing Authority to operate services to Shanghai and Xiamen and we intend to mount services to these cities once the necessary approvals have been obtained from the relevant authorities.

Demand for cargo services remained strong throughout the year, in particular to key markets in Europe, Japan and the United States. In October we carried a new monthly record of 87,275 tonnes of freight. Osaka and Singapore were added to the freighter network together with additional frequencies to Brussels, Manchester, Milan and cities in the United States. The Group's 2003 cargo revenue increased 5.6% over the previous year. However, cargo yield fell 1.1% to HK\$1.78.

Our other aviation related service businesses were also affected to varying degrees by the SARS crisis, but similarly benefited from the subsequent pickup in demand.

During the year, we increased the fleet by six new aircraft (one Airbus 340-600, three Airbus 330-300s and two Boeing 777-300s), bringing total fleet size to

85 aircraft at year end. We are currently studying options for the further expansion of our fleet to meet anticipated growth in demand.

Cooperation within the **oneworld** alliance, now five years old, was extended with the acceptance of Swiss International Air Lines as the ninth alliance member. Our codeshare agreement with American Airlines was also expanded, adding four more destinations in the United States.

As Hong Kong's leading airline, we were pleased to be able to play a key role in various SARS recovery initiatives, including the very successful "We Love Hong Kong" campaign, to rebuild public confidence and boost tourism into Hong Kong. Our thanks go to our partners in Hong Kong's travel industry.

We will continue to invest in our fleet, our product and our people in order to grow our business and enhance Hong Kong's position as a premier global aviation hub. We shall maintain our own role as a pioneer of aviation management innovation via further roll-out of our inflight email product and the launch of a freight internet service portal.

I would like to express sincere thanks to our staff for their hard work which has seen the airline come through an extremely, indeed uniquely, testing year in remarkably good shape and well positioned to benefit from the growth opportunities of the coming years.

James Hughes-Hallett

Chairman

10th March 2004



2003 in Review

2003 was a testing year for Cathay Pacific. After a strong first quarter, the onset of SARS caused a sharp decline in passenger demand and several months of losses. Passenger demand rebounded strongly in the third quarter, helped by pent-up demand from both business and leisure travellers. Our cargo business posted a record tonnage figure. We added six aircraft to our fleet and increased the frequency of a number of services. After a 13-year absence we also resumed services to Beijing.

Award winning products and services

- The installation of our new Business Class will be completed by March 2004 on all long haul aircraft. A new regional Business Class product was installed on five newly delivered aircraft.
- We were voted the “World’s Best Airline” in a global Skytrax Research poll of more than 4.4 million travellers. In the same poll we were named both “Best Airline – Asia” and “Best Airline – Transpacific” for the second straight year.
- We won the “Asia’s Leading Airline”, “World’s Leading First Class” and “World’s Leading Use of Inflight Technology” titles in the World Travel Awards poll of 80,000 travel industry professionals.
- Cathay Pacific won the International Award for its work to develop Hong Kong as a tourism and aviation hub and was recognised for acting as a responsible employer in the annual DHL/South China Morning Post Business Awards. Deputy Chairman & Chief Executive David Turnbull was honoured with the Executive Award in recognition of his leadership in difficult times.
- We were cited for our initiatives in helping Hong Kong and the region to recover from the effects of SARS in the TTG Honours 2003, organised by leading travel industry publication TTG Asia.
- Italy’s annual Air Cargo Market Conference named us “Best Overall Cargo Airline” and “Best Cargo Airline to Oceania”. Canadian

Transportation & Logistics magazine also named Cathay Pacific Cargo in Canada the best for airfreight transportation in its Shippers’ Choice Awards for 2003.

Hub development

- We were licensed by Hong Kong’s Air Transport Licensing Authority to operate 21 weekly services to both Beijing and Shanghai and seven weekly services to Xiamen.
- We resumed services to Beijing on 2nd December 2003 and are planning to operate more services after further approvals have been granted.
- Cathay Pacific added a third daily service to London in August.
- We increased the frequency of passenger services to Auckland, Johannesburg, Melbourne and Rome.
- Osaka and Singapore were added to the freighter network, together with additional frequencies to Brussels, Manchester, Milan and cities in the United States.
- Our passenger codeshare arrangement with **oneworld** partner American Airlines was extended to incorporate more than 20 cities in the United States.
- Copenhagen, Lisbon and Seoul were added to our codeshare agreement with British Airways, also a **oneworld** partner.

The growing fleet

- At the end of the year we had 85 aircraft in our operating fleet, including 74 passenger aircraft and 11 freighters.
- During the year we introduced six new aircraft into our fleet: one A340-600, three A330-300s, and two B777-300s.

- We ordered one new B747-400 freighter for delivery in 2005.
- Our all-cargo carrier subsidiary AHK Air Hong Kong Limited ("AHK") ordered six new A300-600F regional freighter aircraft to expand its operation within Asia. Scheduled delivery is during the second half of 2004 and the first quarter of 2005.

Fleet profile

Aircraft type	Number as at 31st December 2003			Total	Firm orders		Total	Expiry of operating leases			Options
	Owned	Leased			'04	'05		'06	'07	'08	
Aircraft operated by Cathay Pacific:											
B747-400	11	6	2	19					1	1	
B747-200F	4	2		6							
B747-400F	1	4		5		1	1				
B777-200	1	4		5							
B777-300		9		9	1		1				3 ^(a)
A330-300		23		23							
A340-300		11	4	15				4			
A340-600			3	3					2	1	
Total	17	59	9	85	1	1	2	4	3	2	3
Aircraft operated by AHK:											
B747-200F		1		1							
A300-600F					4	2	6				4 ^(b)
A300F/B727F^(c)			3	3							
Total		1	3	4	4	2	6				4

^(a) Operating lease options expire in 2007 and are for any B777 model.

^(b) Purchase options expire in 2004 and 2005.

^(c) Aircraft on wet lease.

Pioneer in technology

- We were one of the first airlines to provide inflight email. Inflight email will be available to all First and Business Class passengers and in certain sections of Economy Class cabins by mid-2004.
- Our Ultramain maintenance logging and inventory management system now controls

work on our A340-600 and B747-200 Classic freighter fleets and will be rolled out across our other fleets.

- Cathay Pacific Cargo along with Japan Airlines Cargo, Qantas Freight and Singapore Airlines Cargo launched Ezycargo, an Internet service portal for freight forwarders and airlines.
- COINS, our new revenue management system, started operation in February.

Dedicated staff

- By the end of the year, we employed more than 14,600 people in 30 countries, of which 10,700 were based in Hong Kong.
- In order to help the Company during the difficult period following the SARS outbreak, staff were asked to join a special leave scheme. As business improved in the second half of the year, staff who joined the scheme received an ex-gratia payment as an appreciation of their support.
- The 17th class of cadet pilots graduated from our training centre in Adelaide. More than 200 pilots have passed through the Cadet Pilot Programme since its launch in 1988 and so far ten of them have been promoted to Captain.
- Cathay Pacific regularly reviews its human resource and remuneration policy in the light of local legislation, industry practice, market conditions and the performance of both individuals and the Company.

Contribution to the Hong Kong community

- We took a leading role in initiatives, such as the “We Love Hong Kong” campaign, to rebuild confidence and tourism in Hong Kong in the wake of the SARS crisis.
- We donated more than 10,000 tickets to support the Hong Kong Tourism Board’s effort to boost local tourism following Hong Kong’s removal from the World Health Organisation’s list of SARS-affected areas.
- The winner of the Hong Kong Super Draw took home Cathay Pacific tickets worth HK\$2 million.

- We launched “I Can Fly”, a new community initiative which nurtures a spirit of social service and an enthusiasm for aviation among 1,000 local young people.
- Our passengers donated HK\$5.54 million in aid of UNICEF through our Change for Good inflight fundraising programme.
- We made a three-year commitment, with Credit Suisse First Boston, to jointly sponsor the Hong Kong Rugby Sevens tournament, starting in 2004.
- For the first time we sponsored horse racing in Hong Kong, acting as the official carrier for the Hong Kong International Race Week.

Environment

- We have revised our Environmental Policy in order to strengthen our commitment to environmental protection.
- An Environmental Report for 2003 will provide detailed information on our environmental performance.
- We have established a comprehensive environmental management system for our property related activities which is certified to ISO 14001.
- Cathay Pacific has installed High Efficiency Particulate Air filters on all its aircraft which remove more than 99.9% of bacteria and large virus particles. We have an on-going monitoring programme to measure air quality in aircraft cabins.

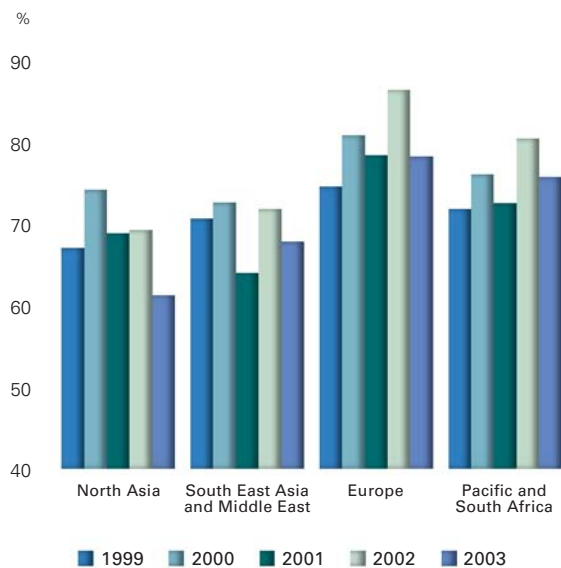
Review of Operations

Passenger services

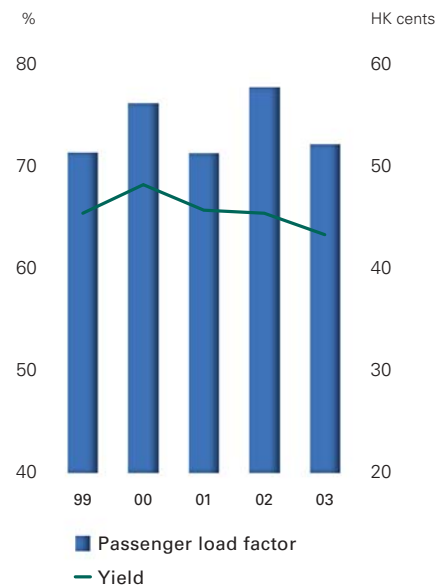
Due to the impact of SARS the year saw an 18.4% decrease to 10.1 million in the number of passengers carried. During the SARS crisis we reduced our passenger schedule by 45% and parked 22 aircraft. All suspended services were restored by the end of September and additional services were added to the winter schedule.

Passenger numbers and yield improved in the fourth quarter of the year. Passenger yield for 2003 declined 4.6% to HK43.3 cents.

Load factor by region



Passenger load factor and yield



Available seat kilometres ("ASK"), load factor and yield by region:

	ASK (million)			Load factor (%)			Yield
	2003	2002	Change	2003	2002	Change	Change
North Asia	9,436	11,022	-14.4%	61.3	69.2	-7.9%pt	-9.2%
South East Asia and Middle East	12,775	14,063	-9.2%	67.7	71.8	-4.1%pt	-3.8%
Europe	12,712	13,291	-4.4%	78.2	86.4	-8.2%pt	+4.4%
Pacific and South Africa	24,357	24,674	-1.3%	75.6	80.4	-4.8%pt	-0.1%
Overall	59,280	63,050	-6.0%	72.2	77.8	-5.6%pt	-4.6%

Comments by region are as follows:

North Asia

- Passenger yields and volumes from Japan were depressed by a general reluctance to travel in the wake of SARS.
- Following SARS, Korea's leisure travel market recovered faster than the business market.
- Taipei remained strong despite sustained pressure on yields in a highly competitive market.

South East Asia and Middle East

- After SARS, markets in the Middle East were well supported by high volumes of contract workers while business travel recovered at a slower rate.
- South East Asian routes experienced a healthy recovery in the second half, helped by pricing initiatives.
- Strong growth in the Indian market continued to support passenger yields.
- A large proportion of long haul passengers connect through our hub at Hong Kong International Airport to destinations in South East Asia and the Middle East.

Europe

- The resumption of trade shows in Hong Kong and Mainland China and the lifting of corporate travel restrictions increased business travel in the second half of the year.
- Following SARS, business traffic on the European routes rebounded strongly.
- With strong demand on the London route, services were increased in August to three times daily. All three daily services performed well.
- A fifth weekly service was added to Rome following our first codeshare with **oneworld** partner Qantas.
- Strong European currencies helped to increase our dollar revenues.

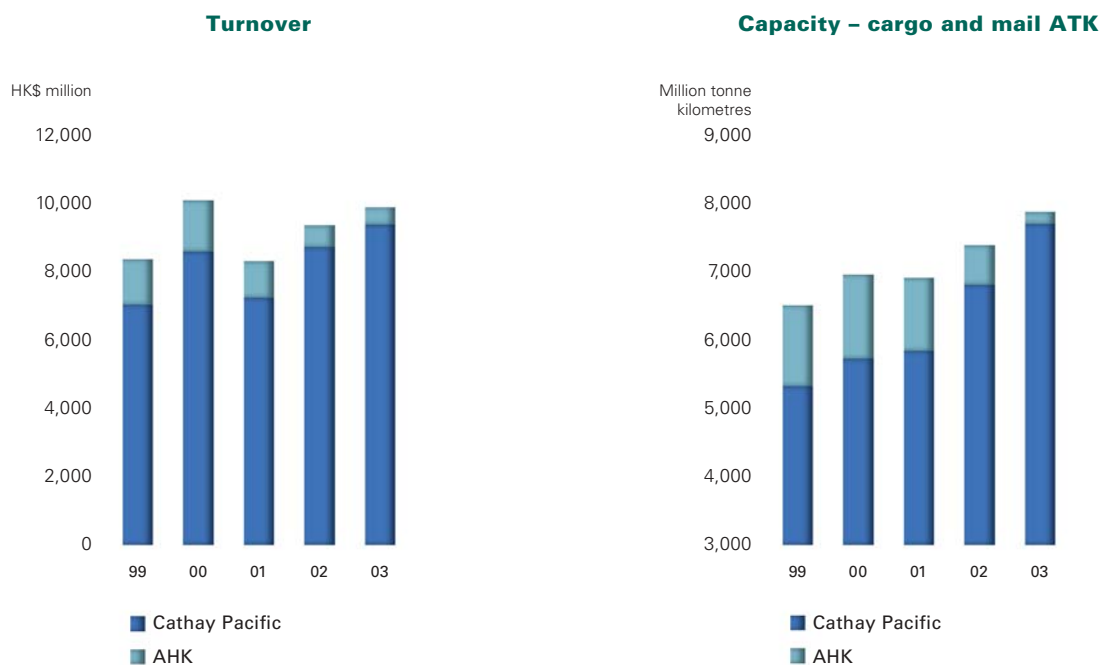
Pacific and South Africa

- Australia and New Zealand performed well and additional services were launched to Auckland and Melbourne.
- A sixth weekly service was launched to Johannesburg. The route continued to perform well.
- The transpacific market recovered swiftly after SARS and Los Angeles was returned to a double-daily service at the end of September.

Cargo services

2003 was a good year for cargo, both in terms of revenue and freight tonnage.

Growth was driven by demand for goods exported through Hong Kong, in particular to markets in Europe, Japan and the United States. Cargo revenue contributed 33.5% to the Group turnover.



	ATK (million)			Load factor (%)			Yield
	2003	2002	Change	2003	2002	Change	Change
Cathay Pacific	7,715	6,822	+13.1%	68.7	71.2	-2.5%pt	-1.1%
AHK	176	585	-69.9%	56.9	69.1	-12.2%pt	+218.1%

Cathay Pacific Airways Limited

- Cathay Pacific operates a fleet of five B747-400 and six B747-200 freighters to 25 destinations worldwide. Freight is also carried in the belly holds of our passenger aircraft.
- During 2003, 874,724 tonnes of freight was carried, setting a new annual record. Cargo ATKs grew by 13.1%, due mainly to the integration of AHK's European operations. Load factor for the year dropped to 68.7%.
- Revenue in 2003 grew by 7.5% due to a strong growth in exports from Hong Kong to Europe, the United States and Asian destinations.
- The war in the Middle East had no effect on cargo operations. However, SARS caused a significant reduction in the Company's passenger schedule, resulting in a reduction in cargo capacity of 15% during the affected period. A previously parked B747-200 freighter was reactivated in May.

- Osaka and Singapore were added to Cathay Pacific's freighter network during the year.
- During the year, frequencies to Brussels, Manchester, Milan and cities in the United States increased as demand in these markets grew.
- Cargo yield was maintained at HK\$1.78 with the dilutionary impact of additional lower yield long haul services being offset by favourable currencies.
- Cathay Pacific is to be the launch customer for Boeing's freighter conversion program for the B747-400 passenger aircraft. The conversion will be undertaken by Taikoo (Xiamen) Aircraft Engineering Company Limited ("TAECO") with the first aircraft expected to be delivered in December 2005 and another five by 2007.

AHK Air Hong Kong Limited

- In March, DHL International Limited ("DHL") acquired an additional 10% shareholding in AHK from Cathay Pacific. DHL now has a 40% interest in AHK.
- AHK continues to operate scheduled services to Osaka and Seoul and charter flights for Cathay Pacific using a B747-200 freighter.
- AHK commenced a four times weekly express cargo service to Bangkok in March while a five times weekly service to Singapore was started in October.
- Capacity, due to the full year effect of the return of two B747-200 freighters to Cathay Pacific, fell by 69.9% over 2002 whilst the load factor decreased by 12.2 percentage points.
- Yield increased due to the transfer of the lower yielding European services to Cathay Pacific in 2002.
- AHK recorded a satisfactory profit in 2003.

Review of affiliated businesses and associated companies

Cathay Pacific Catering Services (H.K.) Limited ("CPCS")

- CPCS, a wholly owned subsidiary of Cathay Pacific, is the principal flight kitchen in Hong Kong.
- The company produced 13 million meals and accounts for 72% of the airline catering market in Hong Kong.
- The performance of the company was seriously affected by the SARS outbreak in March and stringent cost controls were implemented. Recovery was seen in the second half as passenger traffic picked up, though pressure on meal prices continued.

Hong Kong Airport Services Limited ("HAS")

- HAS, in which Cathay Pacific holds a 70% interest, is the largest franchised ramp handling company at Hong Kong International Airport.
- Services include aircraft loading, passenger steps and air-bridge operation, baggage handling, passenger and staff buses, aircraft load control and cargo and mail delivery.
- The total number of flights handled in 2003 was lower than in the previous year due to flight cancellations resulting from the SARS outbreak.
- In the circumstances HAS reported a satisfactory profit for the year.

Hong Kong Aircraft Engineering Company Limited (“HAECO”)

- HAECO, in which Cathay Pacific holds a 27% interest, provides aircraft maintenance, modification and overhaul services at Hong Kong International Airport.
- The company achieved a consolidated profit after tax of HK\$345 million, 25.8% below last

year, reflecting the effect of the SARS outbreak on business volumes.

- TAECO, 49% owned by HAECO and 9% owned by Cathay Pacific, had a profitable year. A third hangar was opened in 2003.
- Hong Kong Aero Engine Services Limited, HAECO’s joint venture with Rolls-Royce plc and SIA Engineering Pte Limited, continued to achieve good results with high workloads.

Hong Kong Dragon Airlines Limited (“Dragonair”)

	ASK/ATK* (million)			Load factor (%)			Yield
	2003	2002	Change	2003	2002	Change	Change
Passenger services	6,483	6,657	-2.6%	59.4	65.3	-5.9%pt	-8.6%
Cargo services	1,069	814	+31.3%	80.4	79.5	+0.9%pt	+8.6%

* Capacities of passenger and cargo services are measured in available seat kilometres (“ASK”) and available tonne kilometres (“ATK”) respectively.

- Dragonair, in which Cathay Pacific holds a 19% interest, offers passenger services to 28 destinations in Asia, including 20 in Mainland China. Dragonair also provides freighter services to seven destinations in Europe, Middle East, Japan, Taiwan and Mainland China.
- Dragonair’s result was seriously affected by the SARS outbreak. However, the company returned to profit as the demand for passenger travel recovered in the second half of the year.
- Dragonair recorded an 11.1% decrease in passenger numbers in 2003. Passenger yield decreased by 8.6% as a result of special offers to stimulate passenger traffic. Passenger load factor, despite flight cancellations, was down by 5.9 percentage points to 59.4% in 2003.
- Cargo services were less affected by the SARS outbreak. The company carried 269,980 tonnes of cargo in 2003, 39.5% higher than last year. Cargo load factor increased by 0.9 percentage point to 80.4% while capacity increased by 31.3% as a result of the third freighter joining the fleet in late 2002. Cargo yield increased by 8.6% due to a higher proportion of regional freighter services.
- From the winter season, Dragonair increased weekly frequencies of passenger services to Beijing and Shanghai to 56 and 74 respectively. To cope with growing traffic demand, frequencies on most Mainland China routes were also increased. The company commenced its twice daily passenger service to Bangkok in November. Services to Sendai and Hiroshima have been suspended since the SARS outbreak in April. The joint venture service with Malaysian Airlines to Kuching was also terminated in April.

- Fleet profile as at 31st December 2003:

Aircraft type	Number as at 31st December 2003			Total	Firm orders		Total	Expiry of operating leases	
	Owned	Leased			'04	'05		'05	'06 & beyond
A320		2	6	8	2	1	3		6
A321	2		4	6					4
A330	2	3	4	9	1	3	4*	1	3
B747-200F					1		1		
B747-300F	3			3					
Total	7	5	14	26	4	4	8	1	13

* Aircraft will be on operating lease.

- Dragonair took delivery of two A321s and as a result the fleet size increased to 26 at the end of 2003.
- A cabin and inflight entertainment upgrade across the A330 fleet is to be completed by the end of 2004.
- With the relaxation on individual travel from Mainland China to Hong Kong and the signing of the Closer Economic Partnership Arrangement, Dragonair is optimistic about the demand for air travel between Hong Kong and Mainland China.



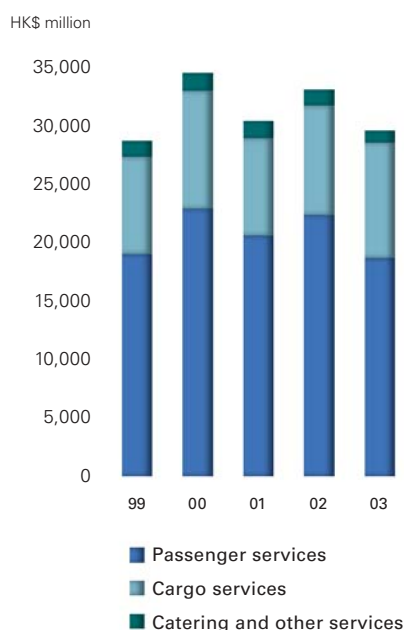
Financial Review

The Cathay Pacific Group reported an attributable profit of HK\$1,303 million against a profit of HK\$3,983 million in 2002. The significant decrease in profit was due to the sharp fall in passenger numbers during the SARS outbreak.

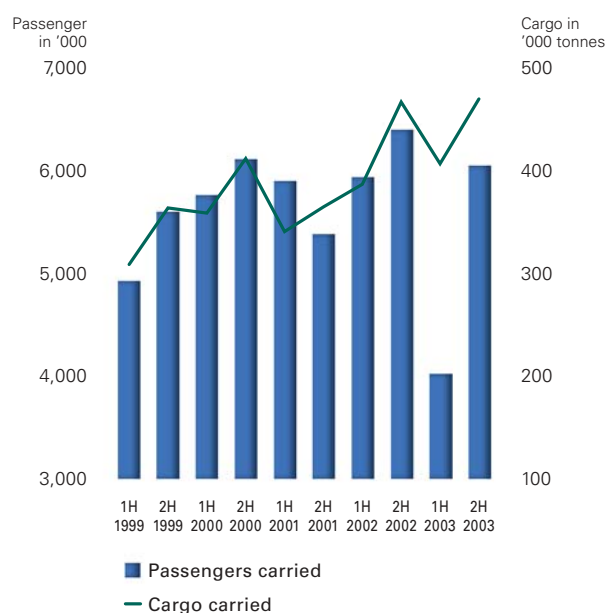
Turnover

	Group		Cathay Pacific	
	2003 HK\$M	2002 HK\$M	2003 HK\$M	2002 HK\$M
Passenger services	18,663	22,376	18,663	22,376
Cargo services	9,913	9,387	9,417	8,758
Catering and other services	1,002	1,327	-	-
Turnover	29,578	33,090	28,080	31,134

Group turnover



Cathay Pacific: passengers and cargo carried

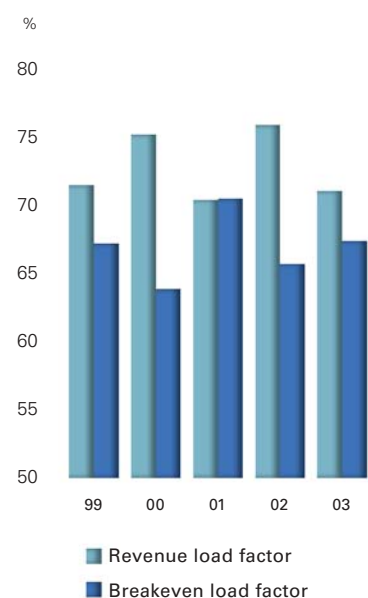


- Group turnover reduced by 10.6% on 2002.
- Passenger services turnover decreased significantly by 16.6% to HK\$18,663 million mainly due to a reduction in passenger numbers after the SARS outbreak. The number of passengers carried decreased by 18.4% to 10.1 million while the passenger traffic in revenue passenger kilometres decreased by 12.8%.
- Despite the 6.0% reduction in capacity in terms of available seat kilometres, the passenger load factor still decreased by 5.6 percentage points to 72.2%.
- Passenger yield decreased by 4.6% to HK\$43.3 as a result of special offers.

- First and business class revenues reduced by 13.4% and the front end load factor decreased from 58.9% to 57.6%. Economy class revenue also decreased by 18.2% and the economy class load factor dropped from 81.8% to 75.0%.
- Cathay Pacific's cargo turnover increased by 7.5% to HK\$9,417 million. The improvement represents the continued growth in exports from Hong Kong and additional traffic following the integration of AHK's European operations.
- Cathay Pacific's cargo load factor decreased by 2.5 percentage points to 68.7% whilst capacity increased by 13.1%. Cargo yield also declined by 1.1% to HK\$1.78.
- The reduction in Cathay Pacific's turnover can be analysed as follows:

		HK\$M
-6.0%	Passenger capacity	(1,330)
+13.1%	Cargo and mail capacity	1,147
-5.6%pt	Passenger load factor	(1,522)
-2.5%pt	Cargo and mail load factor	(345)
-4.6%	Passenger yield	(861)
-1.1%	Cargo and mail yield	(143)
		(3,054)

Revenue and breakeven load factor



- Revenue load factor decreased by 4.8 percentage points to 71.1% while the breakeven load factor rose by 1.7 percentage points to 67.4%.
- The annualised revenue effect on changes in yield and load factor is set out below:

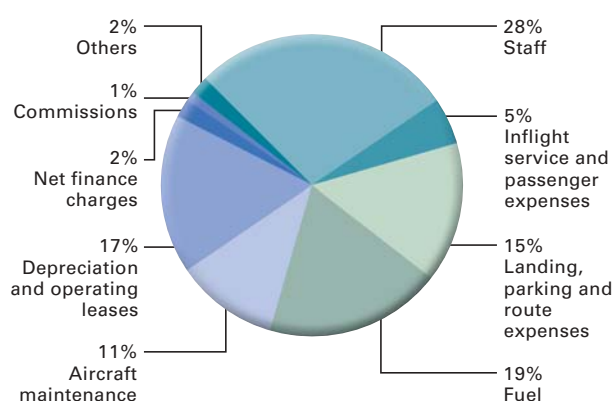
	HK\$M
+ 1 percentage point in passenger load factor	257
+ 1 percentage point in cargo and mail load factor	137
+ HK¢1 in passenger yield	428
+ HK¢1 in cargo and mail yield	53

Operating expenses

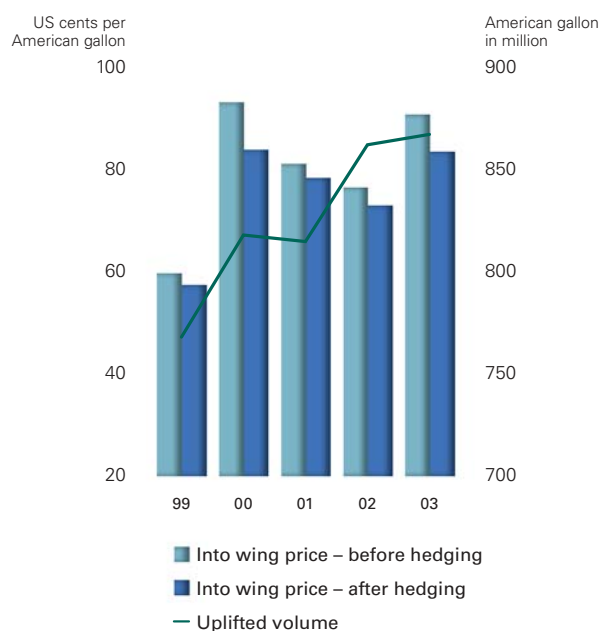
	Group			Cathay Pacific		
	2003 HK\$M	2002 HK\$M	Change	2003 HK\$M	2002 HK\$M	Change
Staff	8,035	7,918	+1.5%	7,318	7,130	+2.6%
Inflight service and passenger expenses	1,223	1,464	-16.5%	1,223	1,464	-16.5%
Landing, parking and route expenses	4,193	4,649	-9.8%	4,106	4,468	-8.1%
Fuel	5,236	4,895	+7.0%	5,164	4,735	+9.1%
Aircraft maintenance	2,856	3,312	-13.8%	2,853	3,194	-10.7%
Aircraft depreciation and operating leases	3,988	3,711	+7.5%	3,931	3,624	+8.5%
Other depreciation and operating leases	872	1,009	-13.6%	649	765	-15.2%
Commissions	400	501	-20.2%	398	498	-20.1%
Exchange gain	(244)	(179)	+36.3%	(247)	(169)	+46.2%
Others	794	1,060	-25.1%	721	913	-21.0%
Operating expenses	27,353	28,340	-3.5%	26,116	26,622	-1.9%
Net finance charges	620	743	-16.6%	606	723	-16.2%
Total operating expenses	27,973	29,083	-3.8%	26,722	27,345	-2.3%

- Staff costs increased due to an increase in average staff numbers.
- Inflight service and passenger expenses decreased due to a reduction in passenger numbers and cost control initiatives.
- Landing, parking and route expenses fell as a result of flight cancellations.
- Fuel costs increased mainly due to the 18.5% increase in the average fuel price.
- Aircraft maintenance decreased as a result of flight cancellations and the temporary parking of aircraft.
- Aircraft depreciation and operating leases increased due to the new aircraft deliveries.

**Cathay Pacific:
total operating expenses**



**Cathay Pacific:
fuel price and consumption**



- Net finance charges decreased due to the lower average net borrowings.
- Cathay Pacific's cost per ATK reduced from HK\$2.13 to HK\$2.00 due to more cargo flights and cost saving initiatives.

Associated companies

- The share of profits from associated companies reduced by 53.2% to HK\$126 million.
- Dragonair's result was adversely affected by the SARS outbreak in Hong Kong, Mainland China and Taiwan.
- HAECO reported a lower profit than 2002 largely due to flight cancellations.

Taxation

- Despite reduced profits the tax charge at HK\$409 million was HK\$81 million higher than in the previous year as a result of both increased overseas charges and prior year under provisions.

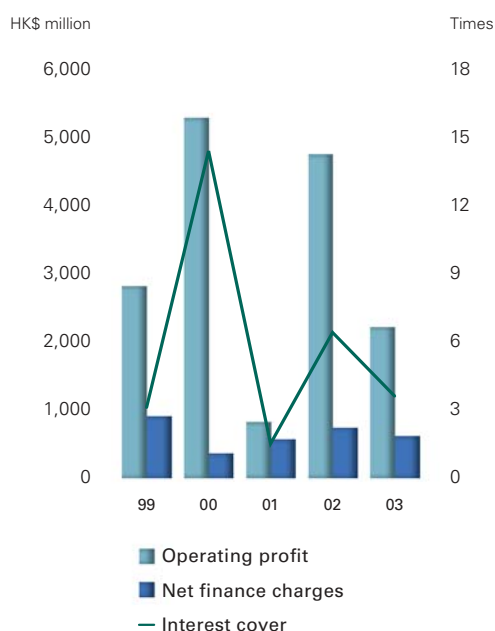
Dividends

- Dividends paid and proposed for the year are HK\$1,604 million representing a dividend cover of 0.8 times.
- Dividends per share increased from HK¢44 to HK¢48.

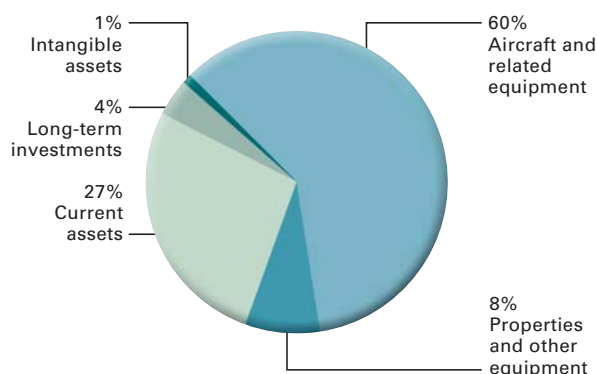
Assets

- Total assets as at 31st December 2003 amounted to HK\$75,037 million.
- During the year, additions to fixed assets were HK\$5,121 million, comprising HK\$5,027 million for aircraft and related equipment and HK\$94 million for properties and other equipment.

Group interest cover



Group total assets



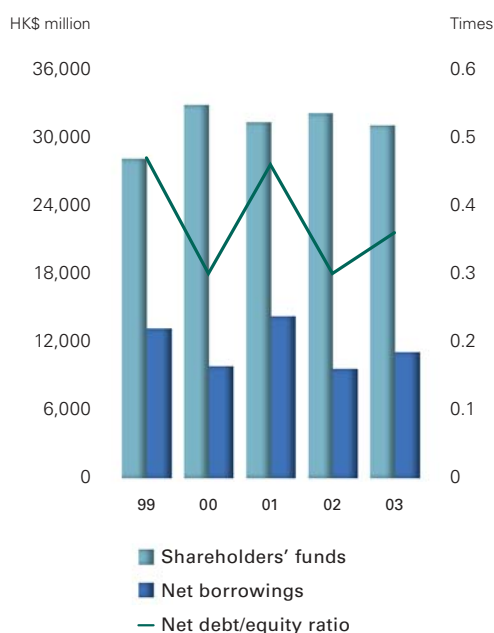
Borrowings and capital

- Borrowings increased by 15.3% to HK\$26,297 million compared with HK\$22,810 million in 2002.
- Borrowings are mainly denominated in US dollar, Japanese yen, Sterling and Euro, and are fully repayable by 2017 with 56% at fixed rates of interest.
- Liquid funds, 66% of which are denominated in US dollar, increased by 15.3% to HK\$15,200 million.
- Net borrowings increased by 15.2% to HK\$11,111 million.
- The Group's shareholders' funds decreased by 3.3% to HK\$31,052 million.
- Net debt/equity ratio increased from 0.30 times to 0.36 times.

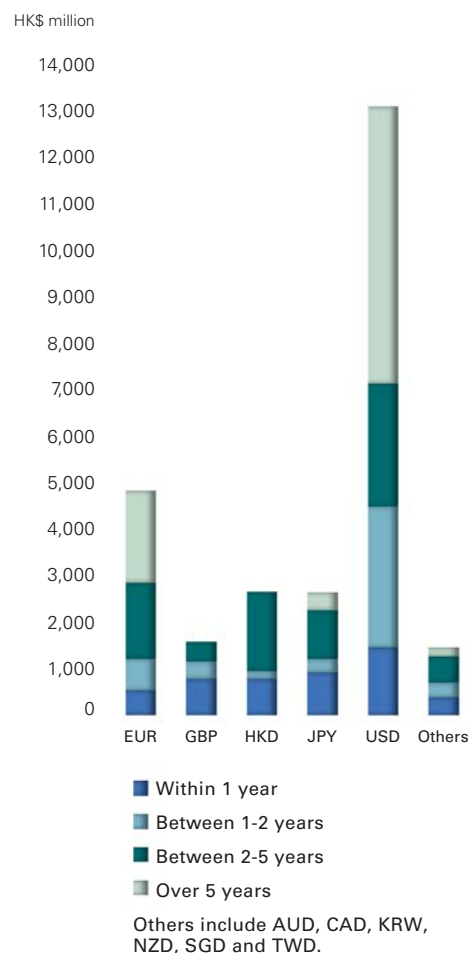
Financial risk management policy

- In the normal course of business the Company is exposed to movements in foreign exchange rates, interest rates and jet fuel prices.
- These exposures are managed, sometimes with the use of derivative financial instruments, in accordance with policies approved by the Finance Committee.
- Derivative financial instruments are used solely for financial risk management purposes and the Company does not hold or issue derivative financial instruments for trading purposes.
- Derivative financial instruments which constitute a hedge do not expose the Company to market risk since any change in their market value will be offset by a compensating change in the market value of the asset, liability or transaction being hedged.

Group net debt and equity



Group maturity profile by currency: borrowings

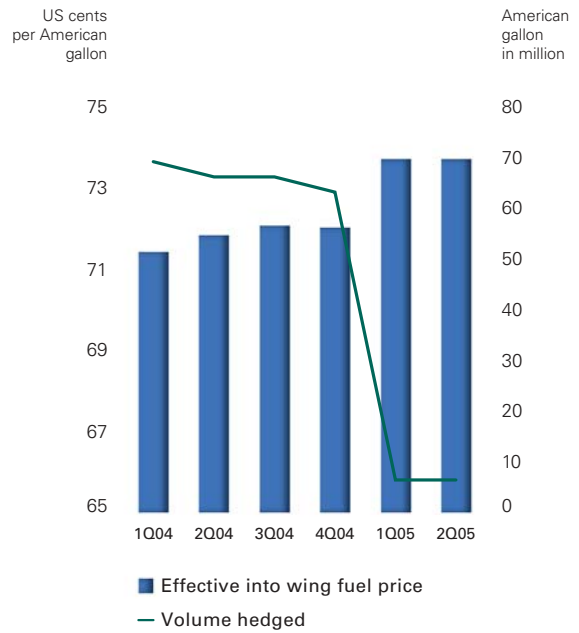


- Exposures to movements in foreign exchange rates, interest rates and jet fuel prices are regularly reviewed and positions are amended in compliance with policy guidelines.
- To manage credit risk, transactions are only carried out with financial institutions of high repute and all counterparties are subject to prescribed trading limits which are regularly reviewed. Risk exposures are monitored regularly by reference to market values.

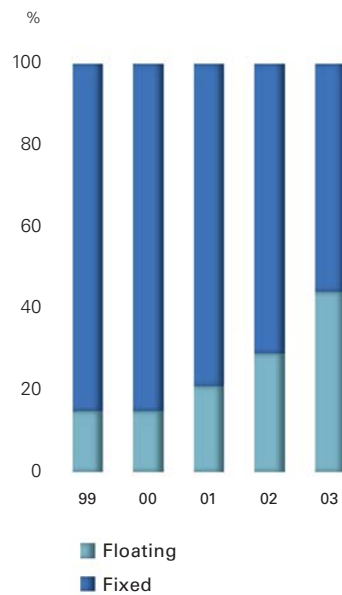
Management of currency exposures

- As an international airline, the Company’s revenue streams are denominated in a number of foreign currencies resulting in exposure to fluctuations in foreign exchange rates.
- To manage this exposure assets are, where possible, financed in those foreign currencies in which net operating surpluses are anticipated, thereby establishing a natural hedge. In addition, the Company uses currency derivatives to reduce anticipated foreign currency surpluses.
- The use of foreign currency borrowings and currency derivatives to hedge future operating revenues is a key component of the financial risk management process. Exchange differences realised on the repayment of financial commitments are effectively matched by the change in value of the foreign currency earnings used to make those repayments.

Cathay Pacific: fuel hedging



Group interest rate profile: borrowings



Value added

The following table summarises the distribution of the Group's value added in 2002 and 2003.

	2003 HK\$M	2002 HK\$M
Total revenue	29,578	33,090
Less: Purchases of goods and services	(15,846)	(16,688)
Value added by the Group	13,732	16,402
Add: Income from investments	273	95
Share of profits of associated companies	151	324
Total value added available for distribution	14,156	16,821
<i>Applied as follows:</i>		
To employees		
– Salaries and other staff costs	8,035	7,918
To government		
– Corporation taxes	409	328
To providers of capital		
– Dividends – paid	100	534
– proposed	1,504	935
– Minority interests	44	20
– Net finance charges	620	743
Retained for re-investment and future growth		
– Depreciation	3,745	3,829
– (Loss)/profit after dividends	(301)	2,514
Total value added	14,156	16,821

- The Group value added decreased by HK\$2,665 million mainly due to a reduction in revenue partly offset by cost savings.
- Dividends paid and proposed increased by HK\$135 million while the amount retained for re-investment and future growth decreased by HK\$2,899 million.

Directors and Officers

NON-EXECUTIVE DIRECTORS

James Hughes-Hallett^{*,#}, aged 54, has been a Director of the Company since July 1998. He was appointed Chairman of the Board in June 1999. He is also Chairman of Swire Pacific Limited, Swire Properties Limited and John Swire & Sons (H.K.) Limited. He joined the Swire group in April 1976 and in addition to Hong Kong has worked for the group in Japan, Taiwan and Australia.

Martin Cubbon[#], aged 46, has been a Director of the Company since September 1998. He is also Finance Director of Swire Pacific Limited, a Director of John Swire & Sons (H.K.) Limited and Swire Properties Limited. He joined the Swire group in 1986.

Henry Fan, aged 55, has been a Director of the Company since October 1992 except for the period from March to June 1996. He was appointed Deputy Chairman in January 1997. He is Managing Director of CITIC Pacific Limited.

Vernon Moore^{*}, aged 57, has been a Director of the Company since October 1992 except for the period from March to June 1996. He is Deputy Managing Director of CITIC Pacific Limited.

Sir Adrian Swire[#], aged 72, is Chairman of John Swire & Sons Limited. He has been a Director of the Company since June 1965 and is also a Director of Swire Pacific Limited.

Raymond Yuen[#], aged 58, has been a Director of the Company since September 1998. He is General Manager China Affairs of the Company and is also a Director of John Swire & Sons (H.K.) Limited and Hong Kong Dragon Airlines Limited. He joined the Swire group in 1982.

Carl Yung, aged 35, has been a Director of the Company since March 1997. He is an Executive Director of CITIC Pacific Limited and is also a Director of other companies concerned with infrastructure and industrial projects in the PRC. He joined CITIC Pacific Limited in 1993.

Zhang Xianlin, aged 50, has been a Director of the Company since August 1997. He is a Director of China National Aviation Corporation (Group) Limited and Hong Kong Dragon Airlines Limited.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Peter Lee^{*,+}, aged 50, has been a Director of the Company since May 2002. He is Chairman of Hysan Development Company Limited and is also a Director of Hang Seng Bank Limited and SCMP Group Limited.

Raymond Or^{*}, aged 54, has been a Director of the Company since February 2000. He is General Manager of The Hongkong and Shanghai Banking Corporation Limited.

Jack So^{*}, aged 58, has been a Director of the Company since September 2002. He is Deputy Chairman and Group Managing Director of PCCW Limited. He is also a Director of The Hongkong and Shanghai Banking Corporation Limited.

Tung Chee Chen⁺, aged 61, has been a Director of the Company since September 2002. He is Chairman and Chief Executive Officer of Orient Overseas (International) Limited.

EXECUTIVE DIRECTORS

Robert Atkinson[#], aged 50, has been Finance Director of the Company since June 1997. He joined the Swire group in 1979 and in addition to Hong Kong has worked for the group in Japan, the United Kingdom and the United States.

Philip Chen[#], aged 48, has been Director and Chief Operating Officer since July 1998 and was previously Deputy Managing Director. He is also a Director of John Swire & Sons (H.K.) Limited. He joined the Swire group in 1977.

Derek Cridland, aged 58, has been Engineering Director since April 1998. He joined the Company in 1982 and was previously employed by International Civil Aviation Organisation and British Airways. He is also a Director of Hong Kong Aircraft Engineering Company Limited, Hong Kong Aero Engine Services Limited and Associated Engineers Limited.

David Turnbull[#], aged 48, has been a Director of the Company since January 1994. He was appointed Managing Director in December 1996 and has been Deputy Chairman and Chief Executive since July 1998. He is also Chairman of Hong Kong Aircraft Engineering Company Limited, and a Director of Swire Pacific Limited and John Swire & Sons (H.K.) Limited. He joined the Swire group in 1976.

Tony Tyler[#], aged 48, has been Director Corporate Development since December 1996 and was previously Director Service Delivery. He is also a Director of John Swire & Sons (H.K.) Limited, Hong Kong Aircraft Engineering Company Limited and Hong Kong Dragon Airlines Limited and the Chairman of AHK Air Hong Kong Limited. He joined the Swire group in 1977 and has worked in Australia, the Philippines, Canada, Japan and Europe.

EXECUTIVE OFFICERS

James Barrington[#], aged 44, has been Director Sales and Marketing since March 2000. He joined the Swire group in 1982.

William Chau, aged 50, has been Director Personnel since May 2000. He joined the Swire group in 1973.

Robert Cutler[#], aged 50, has been Director Service Delivery since December 1996. He joined the Swire group in 1975.

Edward Nicol[#], aged 50, has been Director Information Management since January 2003. He joined the Swire group in 1975.

Nick Rhodes[#], aged 45, has been Director Flight Operations since January 2003. He joined the Swire group in 1980.

Augustus Tang, aged 45, has been Director Corporate Planning since May 2000. He joined the Swire group in 1982.

SECRETARY

Margaret Yu[#], aged 58, has been Company Secretary since September 2002. She joined the Swire group in 1978.

⁺ Member of the Remuneration Committee

[#] Employees of the John Swire & Sons Limited group

^{*} Member of the Audit Committee

Directors' Report

We submit our report and the audited accounts for the year ended 31st December 2003 which are on pages 31 to 65.

ACTIVITIES

The Cathay Pacific Group (the "Group") is predominantly managed and controlled in Hong Kong. As well as operating scheduled airline services, the Group is engaged in other related areas including airline catering, aircraft handling and engineering. The airline operations are principally to and from Hong Kong, which is where most of the Group's other activities are also carried out. Details are set out in note 2 to the accounts.

Details of principal subsidiary companies, their main areas of operation and particulars of their issued capital, and details of principal associated companies are listed on pages 64 and 65.

ACCOUNTS

The profit of the Group for the year ended 31st December 2003 and the state of affairs of the Group and the Company at that date are set out in the accounts on pages 35 to 65.

DIVIDENDS

We recommend the payment of a special dividend of HK¢28 per share and a final dividend of HK¢17 per share for the year ended 31st December 2003. The special dividend represents the reduction, agreed on 5th May 2003, to the 2002 final dividend. Together with the interim dividend of HK¢3 per share paid on 2nd October 2003, this makes a total dividend for the year of HK¢48 per share. This represents a total distribution for the year of HK\$1,604 million. Subject to shareholders' approval of the special dividend and the final dividend at the Annual General Meeting on 12th May 2004, payment of the dividends will be made on 2nd June 2004 to shareholders registered on 12th May 2004. The shareholders' register will be closed from 7th May 2004 to 12th May 2004, both dates inclusive.

RESERVES

Movements in the reserves of the Group and the Company during the year are set out in the statement of changes in equity on pages 39 to 40.

ACCOUNTING POLICIES

The principal accounting policies are set out on pages 31 to 34. A statement of the reasons for a departure from the standard financial reporting practices laid down by the Hong Kong Society of Accountants is set out in principal accounting policy 4.

DONATIONS

During the year, the Company and its subsidiary companies made charitable donations amounting to HK\$4 million in direct payments and a further HK\$6 million in the form of discounts on airline travel.

FIXED ASSETS

Movements of fixed assets are shown in note 9 to the accounts. Details of aircraft acquisitions are set out on page 6.

BANK AND OTHER BORROWINGS

The net bank loans, overdrafts and other borrowings, including obligations under finance leases, of the Group and the Company are shown in notes 14 and 19 to the accounts.

SHARE CAPITAL

During the year under review, the Group did not purchase or redeem any shares in the Company. At 31st December 2003, 3,343,515,048 shares were in issue (31st December 2002: 3,336,007,848 shares).

The Company adopted a share option scheme on 10th March 1999. During the year, 7,507,200 shares were issued under the scheme. Details of the scheme can be found in note 20 to the accounts.

COMMITMENTS AND CONTINGENCIES

The details of capital commitments and contingent liabilities of the Group and the Company as at 31st December 2003 are set out in note 28 to the accounts.

AGREEMENT FOR SERVICES

There is an agreement for services in respect of which John Swire & Sons (H.K.) Limited, a wholly owned subsidiary of John Swire & Sons Limited, provides services to the Company and under which costs are reimbursed and fees payable. The agreement can be terminated by either party giving not less than 12 months' notice of termination expiring on 31st December 2005 or any subsequent 31st December. As Directors and/or employees of the John Swire & Sons Limited group, Robert Atkinson, Philip Chen, Martin Cubbon, James Hughes-Hallett, David Turnbull, Tony Tyler and Raymond Yuen are interested in this agreement. Sir Adrian Swire is also interested in this agreement as shareholder, director and employee of John Swire & Sons Limited.

Particulars of the fees paid and the expenses reimbursed for the year ended 31st December 2003 are given in note 26 to the accounts.

SIGNIFICANT CONTRACTS

Contracts between the Company and Hong Kong Aircraft Engineering Company Limited ("HAECO") for the maintenance and overhaul of aircraft and related equipment accounted for approximately 3% of the airline's operating costs in 2003. Like the Company, HAECO is an associated company of Swire Pacific Limited; all contracts have been concluded on normal commercial terms in the ordinary course of the business of both parties.

CONNECTED TRANSACTIONS

The Company has entered into the following transactions with DHL International Limited ("DHL"), which is a connected person of the Company for the purpose of the Listing Rules (Main Board) (the "Listing Rules") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") by virtue of its 40% interest in the Company's subsidiary AHK Air Hong Kong Limited ("AHK").

AHK is owned 60% by the Company and 40% by DHL via their respectively wholly owned subsidiaries Maplebeck Limited and DHL Worldwide Express BV. For funding the advance payment of AHK's aircraft acquisition, interest-free and unsecured loan facilities totalling US\$150 million were granted to AHK on 6th February 2003, comprising US\$90 million from the Company and US\$60 million from DHL Investments Limited, a wholly owned subsidiary of DHL, on the same terms and in a 60%/40% proportion. The loan facilities are available until 30th June 2004 and will remain in force until full repayment. The amounts due to the Company and DHL as at 31st December 2003 were HK\$494 million and HK\$329 million respectively.

During the year, pursuant to an agreement dated 17th October 2002 (the "Services Agreement") with DHL, AHK has provided to DHL services in respect of the sale of space on certain cargo services operated by AHK in the Asian region for the carriage of DHL's door to door air express materials. Pursuant to another agreement of the same date (the "Agency Agreement") with AHK and DHL, the Company has acted as AHK's worldwide exclusive sales agent for general cargo sales and for arranging and marketing AHK's commercial activities for the space not taken up by DHL. These transactions (the "Transactions") are continuing connected transactions.

CONNECTED TRANSACTIONS *(continued)*

The fees payable by DHL to AHK and by AHK to the Company under the above two agreements totalled HK\$322 million for the year ended 31st December 2003.

The Stock Exchange has granted the Company a waiver from strict compliance with the disclosure requirements under Chapter 14 of the Listing Rules subject to certain conditions.

In accordance with these conditions, the independent non-executive Directors have reviewed the Transactions and confirmed that they have been

- (i) entered into by the Company and AHK in the usual and ordinary course of the Company's business;
- (ii) conducted either on normal commercial terms or, where there are no sufficient comparables, on terms no more favourable to DHL than terms available to independent third parties; and
- (iii) entered into on terms that are fair and reasonable insofar as the Shareholders of the Company are concerned.

Furthermore, the Auditors of the Company have also reviewed the Transactions and confirmed to the Board that:

- (i) the Transactions have been approved by the Board of the Company;
- (ii) the Transactions have been entered into in accordance with the terms of the Services Agreement and the Agency Agreement dated 17th October 2002, as subsequently amended; and
- (iii) the limit of 3% of the net tangible assets of the Group has not been exceeded.

MAJOR CUSTOMERS AND SUPPLIERS

7.1% of sales and 29.2% of purchases during the year were attributable to the Group's five largest customers and suppliers respectively. 1.8% of sales were made to the Group's largest customer while 6.7% of purchases were made from the Group's largest supplier. HAECO is one of the Group's largest suppliers.

DIRECTORS

All the present Directors of the Company whose names are listed on pages 22 and 23 served throughout the year. In addition, Robert Adams also served until his resignation which took effect from 1st January 2004.

Article 93 of the Company's Articles of Association provides for all the Directors to retire at the third Annual General Meeting following their election by ordinary resolution. In accordance therewith, Robert Atkinson, Derek Cridland and Zhang Xianlin retire this year and, being eligible, offer themselves for re-election.

No Director has a service contract with the Company which is not determinable by the employer within one year without payment of compensation (other than statutory compensation).

The Directors have waived their fees for 2003. However, Audit Committee fees and Remuneration Committee fees totalling HK\$400,000 were paid to the independent non-executive Directors who served on the Audit Committee and the Remuneration Committee respectively, they received no other emoluments from the Company or any of its subsidiaries.

DIRECTORS' INTERESTS

At 31st December 2003, the registers maintained under Section 352 of the Securities and Futures Ordinance ("SFO") showed that Directors held the following beneficial interests (all being personal interests) in the shares of Cathay Pacific Airways Limited and Tenzing Communications, Inc., its associated corporation (within the meaning of Part XV of the SFO):

DIRECTORS' INTERESTS *(continued)*

Cathay Pacific Airways Limited	No. of shares	Percentage of issued capital
Philip Chen	9,000	0.00027
Derek Cridland	17,000	0.00051
James Hughes-Hallett	12,000	0.00036
Tony Tyler	5,000	0.00015
Raymond Yuen	9,000	0.00027
Tenzing Communications, Inc.	No. of shares	Percentage of issued capital
James Hughes-Hallett	91,762	0.06
David Turnbull	91,762	0.06

Other than as stated above, no Director or chief executive of Cathay Pacific Airways Limited had any interest or short position, whether beneficial or non-beneficial, in the shares or underlying shares and debentures of Cathay Pacific Airways Limited or any of its associated corporations (within the meaning of Part XV of the SFO).

DIRECTORS' INTERESTS IN COMPETING BUSINESS

Pursuant to Rule 8.10 of the Listing Rules, Henry Fan, Tony Tyler, Raymond Yuen and Zhang Xianlin are directors of Hong Kong Dragon Airlines Limited ("Dragonair"), which competes or is likely to compete, either directly or indirectly, with the businesses of the Company as it operates airline services to certain destinations which are also served by the Company. Robert Adams was also a director of Dragonair.

SUBSTANTIAL SHAREHOLDERS

The register of interests in shares and short positions maintained under Section 336 of the SFO shows that at 31st December 2003 the Company had been notified of the following interests in the shares of the Company held by substantial shareholders and other persons, all being beneficial interests:

	No. of shares	Percentage of issued capital	Remarks
1. Swire Pacific Limited	1,540,046,246	46.14	
2. John Swire & Sons Limited	1,540,046,246	46.14) Duplications of Swire Pacific Limited's holding (Note)
3. CITIC Pacific Limited	859,353,462	25.74	
4. Super Supreme Company Limited	787,753,462	23.60) Duplication of CITIC Pacific Limited's holding
5. Custain Limited	214,851,154	6.44)
6. Easerick Investments Inc.	191,922,273	5.75)
7. Motive Link Holdings Inc.	189,057,762	5.66)
8. Smooth Tone Investments Ltd.	191,922,273	5.75)

Note: At 31st December 2003, the John Swire & Sons Limited group owned directly or indirectly interests in shares of Swire Pacific Limited representing 29.37% of the issued share capital and 52.82% of the voting rights.

AUDITORS

KPMG retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of KPMG as Auditors to the Company is to be proposed at the forthcoming Annual General Meeting.

By order of the Board

James Hughes-Hallett

Chairman

Hong Kong, 10th March 2004

Corporate Governance

Cathay Pacific Airways is committed to maintaining a high standard of corporate governance.

THE BOARD OF DIRECTORS

The Board comprises five executive Directors and twelve non-executive Directors, four of whom are independent. The Board is responsible to the shareholders for strategic development and for the operational and financial performance of the Company. The Board meets six times a year. The average attendance rate of the Directors for the year was 86%.

BOARD SAFETY REVIEW COMMITTEE

The Board Safety Review Committee reviews and reports to the Board on safety and environmental issues. It meets three times a year and comprises three executive Directors, two non-executive Directors, one executive officer, the Deputy Director Flight Operations, and is chaired by the immediate past Director Flight Operations.

EXECUTIVE COMMITTEE

The Executive Committee comprises four executive Directors and two non-executive Directors who meet once a month. It is responsible to the Board for overseeing and setting the strategic direction of the Company.

MANAGEMENT COMMITTEE

The Management Committee comprises all five executive Directors and six executive officers who meet at least once a month. It is responsible to the Board for overseeing the day to day operation of the Company.

FINANCE COMMITTEE

The Finance Committee meets monthly to review the financial position of the Company and is responsible for establishing the financial risk management policy. It comprises four executive Directors including the Finance Director, one non-executive Director and an independent representative from the financial community. Reports on its decisions and recommendations are presented at Board meetings.

REMUNERATION COMMITTEE

The Remuneration Committee determines the remuneration policy for the Company's executive Directors and sets their remuneration packages. It comprises two independent non-executive Directors and is chaired by the Company's Chairman.

EXPENDITURE CONTROL COMMITTEE

The Expenditure Control Committee meets monthly to evaluate and approve capital expenditure. It comprises three executive Directors, including the Finance Director.

AUDIT COMMITTEE

The Audit Committee is responsible to the Board and consists of four non-executive Directors, three of whom are independent. It meets three times a year to review the completeness, accuracy and fairness of the Company's accounts. The Committee also reviews the adequacy and effectiveness of the internal control system and provides assurance to the Board on legal and regulatory compliance issues. The external auditors, the Finance Director and the Internal Audit Manager also attend these meetings.

INTERNAL AUDIT

The Internal Audit Department provides an independent review of the adequacy and effectiveness of the internal control system. The audit plan is discussed and agreed every year with the Audit Committee. The Internal Audit Manager has direct access to the Audit Committee. Audit reports are sent to the Director and Chief Operating Officer, the Finance Director, external auditors and the relevant management of the auditee department. A summary of major audit findings is reported quarterly to the Board and reviewed by the Audit Committee.

EXTERNAL AUDITORS

The external auditors are primarily responsible for auditing and reporting on the annual financial statements. In 2003 the total remuneration paid to the external auditors was HK\$8 million, being HK\$6 million for audit and HK\$2 million for tax advice.

AIRLINE SAFETY REVIEW COMMITTEE

The Airline Safety Review Committee meets monthly to review the Company's exposure to operational risk. It reviews the work of the Cabin Safety Review Committee, the Operational Ramp Safety Committee and the Engineering Mandatory Occurrence Report Meeting. It is chaired by the Head of Corporate Safety and comprises Directors and senior management of all operational departments as well as senior management from the ground handling company, Hong Kong Airport Services Limited, and the aircraft maintenance company, HAECO.

CODE OF BEST PRACTICE

The Company has complied throughout the year with the Code of Best Practice as set out in the Listing Rules of the Stock Exchange.