



## *A New Challenge Or An Impossible Dream*

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HK Aviation Industry Association



5<sup>th</sup> Sept 2007  
Asian Aerospace Expo



## Points of Discussion

1. World Aviation Forecast
2. Strength of Hong Kong Industrialists
3. Manufacturing Technology and Support by the Hong Kong Productivity Council
4. New Choice for OEM/MRO in Aircraft Industry
5. Introduction of the Hong Kong Aviation Industry Association (HKAIA)
6. Q & A

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## World Aviation Forecast

In 2006, 18,230 aircrafts in operation

In 2026, will increase to 36,420

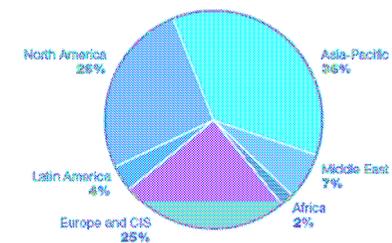
There will be 28,600 new aircraft deliveries worth USD 2.8T in next 20 years

Source: Boeing Market Outlook 2007 <sup>3</sup>

## World Aviation Forecast (2026)

### Market Value

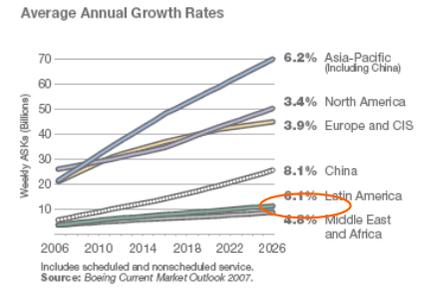
#### By Region



Source: Boeing Market Outlook 2007 <sup>4</sup>

# World Aviation Forecast

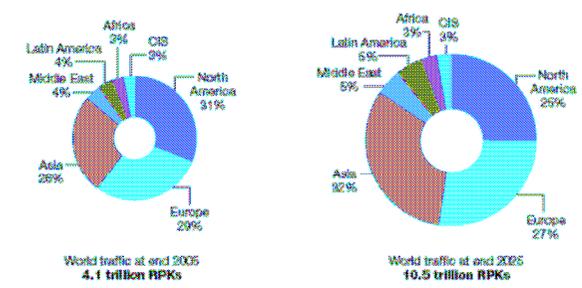
## Capacity Growth Within Regions



Source: Boeing Market Outlook 2007

# World Aviation Forecast

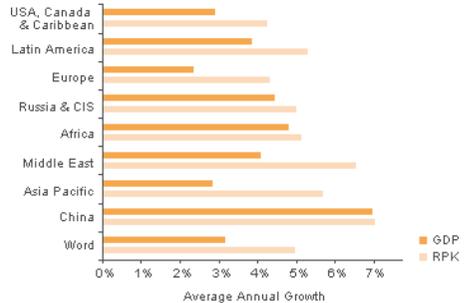
Asia will lead the world traffic by 2025



Source: Global Market Forecast by Airbus 2006

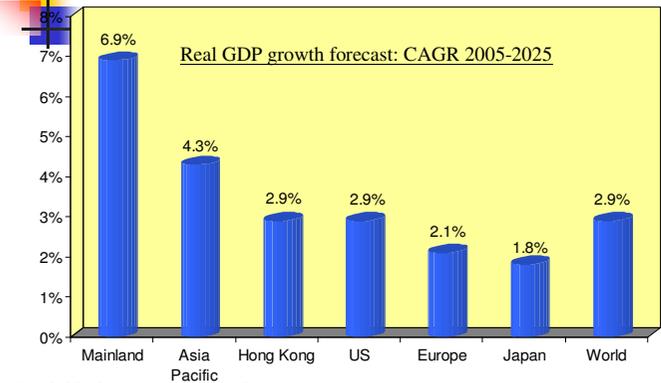
# World Aviation Forecast

## Projected Economic and Traffic Growth by Region (2007-2026)



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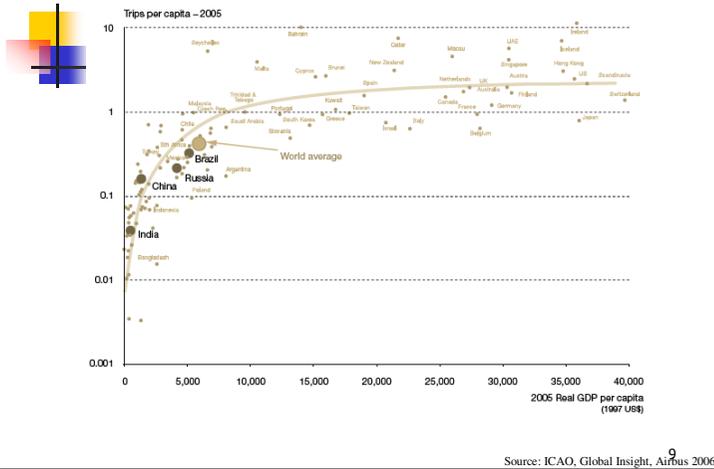
# Asia Pacific region, especially Mainland will drive global economic growth



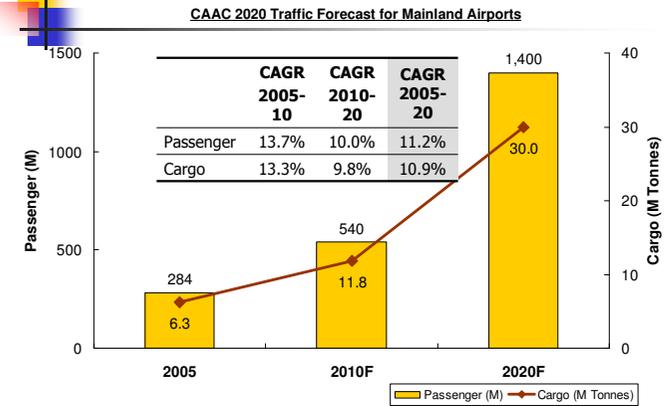
Note: CAGR = Compound Annual Growth Rate  
Sources: MVA forecast based on: IMF - World Economic Outlook April 2004, Economist Intelligence Unit - Country Forecasts, International Energy Outlook (US Dept. of Energy, Energy Information Administration)

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## Mainland has enormous travel potential



CAAC has forecasted Mainland airports traffic to reach 1.4 billion passengers and 30 million cargo tons in 2020



## Civil Aviation Market in CHINA

According to Vice Minister of CAAC, Mr Gao Hongfeng, in HKIA 2025 Summit held on 28<sup>th</sup> Feb 2006

Estimate Growth of China Aviation Industry			
Year	2005	2010	2020
Number of aircrafts	863	1580	4000
Number of airports	142	186	220

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## Civil Aviation Market in CHINA

### National Policy in CHINA

The Eleventh 5-year Plan of Mainland China indicates that aviation development is one of the major national development projects.

Airbus in Tianjin  
ARJ in Shanghai

The national policy of self-made Product will provide incentives in both lower land price, taxation and government technology development funding, etc.

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## Hong Kong – Gateway to PRC market

Located in centre of Asia

Competent people with international business exposure and language advantage

Highly reputable MRO

High Technology, advanced Quality Management system, proficient Safety Management and Environmental Improvement system

Favourable business environment

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## Hong Kong Opportunities – Aviation Parts Manufacturing

Limited aircraft parts manufacturers qualified to meet the international standards in Mainland, and meanwhile, none in Hong Kong

On 1<sup>st</sup> Feb 2007, HKCAD release HKAR-21 namely – Certification of Aircraft & Related Products, Parts and Appliances, and of Design and Production Organisations

HKCAD aims to achieve mutual recognition between Mainland China & Hong Kong

Established HKAR-21 companies will have opportunity to sell products to the expanding Chinese market

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## Strength of Hong Kong Manufacturers

Possess know-how and techniques in making high quality and precision metal, plastic and electronics parts & products of which can be extended to the production of non-critical aircraft parts



## Strength of Hong Kong Manufacturers

- **Mould and die makers** with precision CNC machining capability can diversify into Aluminum aircraft parts machining.
- **Plastic manufacturers** can diversify into making in-cabin plastic parts such as interior trims, meal table, armrest cover, sun shield, etc.
- **Metal manufacturers** can diversify into manufacture of fastener, bolt and nut, metal seat frame, etc.
- **Electrical and Electronic appliances manufacturers** can diversify into making galley insert, cabin lighting, LCD display etc.
- **Other parts** include life jacket, oxygen mask, meal cart, etc.

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## Strength of Hong Kong Manufacturers

Understand the culture, hidden cost in operation and enjoy the Chinese Government's preferential treatment on land and taxation policy through CEPA

Have solid experience in running cost-effective manufacturing operations and trading business both in Mainland and Hong Kong

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## Weakness of Hong Kong Manufacturers

**However, majority of Hong Kong industrialists are not familiar with aviation manufacturing regulation and requirement hence the market is yet to open**

**Need to pass through a high entry barrier**

**Lack of Connection in the Aviation Market**

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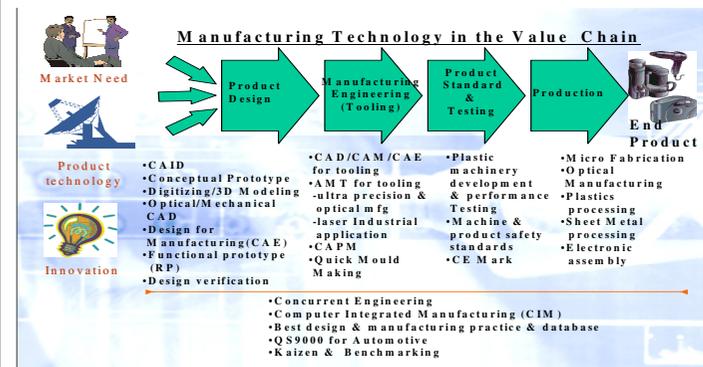
## Support from HKPC

Hong Kong Productivity Council (HKPC) is a multi-disciplinary organization established by statute in 1967 to promote increased productivity and the use of more efficient methods throughout HK's business

With 28 Centers of Excellence, 10 testing laboratories, etc. HKPC provides a diversified range of services in manufacturing, information, environment technologies and management system

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## Manufacturing Technologies in HKPC







## Expected Support from current OEM / MRO

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New and alternate source to work as 2<sup>nd</sup> or 3<sup>rd</sup> tier contractors under the quality management system of current OEM / MRO.

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## Establishment of HKAIA

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At the request of local industrialists and with the active involvement from the Hong Kong Productivity Council (HKPC), The Hong Kong Aviation Industry Association (HKAIA) was established on **29<sup>th</sup> August 2006** with a **vision** to better promote the development and enhance the competitiveness of Hong Kong's aviation industry.

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## Establishment of HKAIA

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HKAIA is a non-profit making organization established to:

Develop a close network and collaboration relationship with Mainland China, overseas aviation industries as well as related organizations

Develop a communication channel between the HKSAR Government and commercial aviation organisations in establishing a funding for R&D and aviation specific trainings

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## Establishment of HKAIA

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We have focused and prioritized our work initially at Aircraft Parts Manufacturing and Aircraft Maintenance Technician Training.

We will work together with Vocational Training Council (VTC) and other qualified organizations in training of Aircraft Technicians.

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## Hong Kong Aviation Industry Association Objectives

- to formulate short and long term strategies and action plans to expand Hong Kong's business into aircraft parts manufacturing;
- to promote business and technical co-operation with potential partners in Mainland China and overseas;
- to develop close network and relationship with the aviation industries in Mainland China and overseas;
- to conduct market research and establish information database related to aviation business

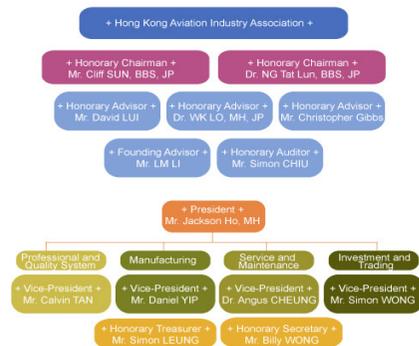
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## Hong Kong Aviation Industry Association Objectives (con't)

- to foster the communication, interaction and co-operation among Members and to establish liaison with and convey the collective opinions to government bodies, industrial or trade organizations;
- to serve the interest, enhance the reputation and promote the image and capabilities of Hong Kong's aviation industry; and
- to assist in upgrading the technology, engineering and management skills of the industry so as to improve its performance and enhance its competitiveness in the international market.

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## Structure of Hong Kong Aviation Industry Association



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## HKAIA – Are we supported by the Industry?

Our objective & mission are fully supported by

- HKCAD
- FAA
- CAAC
- - Airworthiness Certification Division
- - Airworthiness Maintenance Division
- Local Airlines
- Local MRO
- HK Productivity Council
- Vocational Training Council
- Trade Development Council
- The Innovation & Technology Commission (HKSAR)
- Local Industrialists

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## HKAIA – What we are doing now

- ❑ **Website Established**  
[www.hkaia.org.hk](http://www.hkaia.org.hk)
- ❑ **Membership campaign**  
Currently 60 member companies
- ❑ **Organization of Aviation Training Courses**  
AS9100  
FAA PMA  
HKCAD HKAR21
- ❑ **Seeking affiliation with counterparts overseas, Mainland and local**
- ❑ **Seeking active support and involvement from local airlines and MRO**
- ❑ **Visit and Business Matching**

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## Hong Kong Aviation Industry Association Study Missions

**Study Mission on Aviation Devices and Components Industry in Guizhou, PRC (貴州) (17-21 May 2006)**



## Hong Kong Aviation Industry Association Study Missions

**Study Mission on Aviation Devices and Components Industry in Germany and Britain (18-23 July 2006)**



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## Hong Kong Aviation Industry Association Study Missions

**Study Mission on Aviation Devices and Components Industry in Nanchang, PRC (南昌) (16-18 Aug 2006)**



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## Hong Kong Aviation Industry Association Study Missions

Visit to Xi'an (西安) and Shenyang (瀋陽) Aviation Enterprise, (19-26 Aug 2006)



## Hong Kong Aviation Industry Association Study Missions

Study Mission on Aviation Devices and Components Industry in Singapore (1-3 October 2006)



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## Hong Kong Aviation Industry Association Study Missions

Training Course on AS9100 Quality Management System and FAA Part Approval Process for Aviation Industry to USA (19-23 April 2007)



## Hong Kong Aviation Industry Association Networking

Tianjin Free Trade Zone, Airport Industrial Park, Airport Logistic Area Investment Introduction Session (16 May 2007)



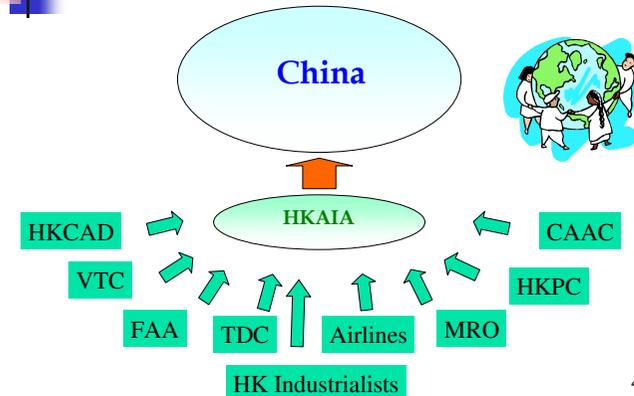
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## Hong Kong Aviation Industry Association Training

Debriefing Session and Dinner – HK Aviation Industry to USA (28 May 2007)



## Aviation Market



## Hong Kong Aviation Industry Association



*The road ahead  
is tough,  
but it is not an  
impossible  
dream!*

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THANK YOU!

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