

## VIRGIN AUSTRALIA HOLDINGS LIMITED (ASX:VAH)

### VIRGIN AUSTRALIA ANNOUNCES FLIGHTS TO HONG KONG AND LANDMARK ALLIANCE AGREEMENT WITH HNA AVIATION, HONG KONG AIRLINES AND HK EXPRESS

- Virgin Australia to operate from Australia to Hong Kong in first stage of proposed alliance
- Connections from Hong Kong to mainland China
- Velocity Frequent Flyer and Fortune Wings Club to offer reciprocal benefits

17 February 2017

Virgin Australia today announced details of its alliance agreement with HNA Aviation, Hong Kong Airlines and HK Express, with the airlines submitting an application for authorisation of the proposed alliance to the Australian Competition and Consumer Commission.

Subject to authorisation, the airlines plan to:

- ➔ Introduce new direct services between Australia and the Hong Kong Special Administrative Region of the People's Republic of China (Hong Kong), as well as Australia and The People's Republic of China (mainland China) operated by Virgin Australia;
- ➔ Codeshare on each other's flights between Australia and Hong Kong, between Australia and mainland China and on each other's domestic networks; and
- ➔ Co-operate in relation to route planning, sales, distribution and marketing, frequent flyer programs, lounge access and other activities.

As part of the first stage of the alliance, Virgin Australia plans to introduce flights between Australia and Hong Kong in mid-2017. The airlines are seeking interim authorisation of the proposed alliance to enable the introduction of these services as well as the commencement of codeshare arrangements.

Virgin Australia Group CEO John Borghetti said: "This new alliance will be a game changer for travel between Australia and China, providing significantly more competition and choice for travellers.

"We are excited about introducing direct Virgin Australia flights – and our famous customer service – to Hong Kong, together with access to destinations across China.

"The alliance will accelerate and support our access to the Chinese market, which is Australia's fastest growing and most valuable inbound travel market.

"HNA Aviation fly nearly 100 million passengers each year and we look forward to working collaboratively with them to drive inbound visitation to Australia, resulting in significant benefits for the Australian tourism industry and broader economy.

"Importantly, this strategic alliance with HNA Aviation, Hong Kong Airlines and HK Express is a key plank in Virgin Australia's International strategy and will help our business deliver long-term growth and success."

#### Direct services

Virgin Australia services to Hong Kong will be operated using Airbus A330 aircraft, which feature the airline's award-winning Business Class, 'The Business'. The alliance will offer guests on these services onward connections to destinations in mainland China on services operated by Hong Kong Airlines. Further details, including departure port/s in Australia, schedule and pricing, will be released in coming months, and the flights are subject to regulatory approvals. Virgin Australia also plans to introduce direct flights between Australia and mainland China in further stages of the agreement.

### **Codeshare services**

Subject to regulatory approval, Virgin Australia will implement codeshare (VA\*) on services operated by Hong Kong Airlines, Hainan Airlines and other HNA Aviation airlines on journeys between Australia and mainland China and between Australia and Hong Kong.

Customers of Beijing Capital Airlines, Hainan Airlines, Hong Kong Airlines and Tianjin Airlines will be able to book travel on Virgin Australia's domestic and trans-Tasman network.

### **Loyalty program benefits**

Velocity Frequent Flyer's 7 million members will enjoy a frequent flyer partnership with Fortune Wings Club, including:

- The opportunity to earn Points and Status Credits on alliance routes; and
- Reciprocal access to tier status benefits including lounge access, priority check-in, priority boarding and additional baggage allowances.

Further details of the frequent flyer partnership will be released in coming months.

**ENDS**

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