

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement is for information purposes only and does not constitute an invitation or offer to sell, dispose of, acquire, purchase or subscribe for any security of the Company and neither this announcement nor anything herein forms the basis for any contract or commitment whatsoever.

Distribution of this announcement into jurisdictions other than Hong Kong may be restricted by law. Persons who come into possession of this announcement should acquaint themselves with and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction for which the Company will not accept any liability.

CATHAY PACIFIC AIRWAYS LIMITED

國泰航空有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 293)

CATHAY PACIFIC FINANCE III LIMITED

(Incorporated in the Cayman Islands with limited liability)

HK\$6,740,000,000 2.75% Guaranteed Convertible Bonds due 2026

Unconditionally and Irrevocably Guaranteed by the Company

(Stock Code: 40580)

Proposed Repurchase of Bonds

Joint Dealer Managers



BNP PARIBAS



**中銀國際
BOCI**



HSBC

Morgan Stanley

(in alphabetical order)

On 14th November 2024, the Issuer and the Company entered into the Dealer Manager Agreement with the Joint Dealer Managers pursuant to which the Joint Dealer Managers have been appointed in connection with the Repurchase, amongst others, to assist the Issuer in collecting indications of interest from Bondholder(s) who are willing to sell some or all of their Existing Bonds to the Issuer.

The Repurchase Price will be determined after trading of the Shares on the Hong Kong Stock Exchange closes on 19th December 2024. The Company and the Issuer will make a further announcement as soon as practicable after determination of the Repurchase Price.

Completion of the Repurchase is subject to, among other things, the satisfaction and/or waiver of the conditions precedent in the Dealer Manager Agreement,

market conditions and investors' demand. In addition, the Dealer Manager Agreement may be terminated under certain circumstances. Please refer to the section headed "DEALER MANAGER AGREEMENT" below for further information. Shareholders of the Company, Bondholders and potential investors are advised to exercise caution in dealing in the Shares and in the Existing Bonds.

INTRODUCTION

Reference is made to the announcement of the Company dated 28th January 2021 and the circular of the Company dated 8th February 2021 in relation to the Bonds issued by the Issuer on 5th February 2021. Reference is also made to the announcement of the Company dated 14th November 2024 in relation to the Repurchase.

As disclosed in the announcements of the Company dated 13th March 2024 and 7th August 2024, the Conversion Price has, pursuant to the Conditions, been adjusted as a result of the Company's declarations of the interim dividend for the year ended 31st December 2023 and the first interim dividend for the financial year ending 31st December 2024, and the Conversion Price is currently HK\$7.92 per Share. As at the date of this announcement, the total outstanding principal amount of the Bonds (being the Existing Bonds) is HK\$6,732,000,000, which, upon full conversion, is convertible into 850,000,000 Shares.

Pursuant to Condition 8(e) (*Purchase*) of the Conditions, the Issuer, the Company or any subsidiary of the Issuer or the Company may at any time purchase the Bonds at any price in the open market or otherwise.

DEALER MANAGER AGREEMENT

On 14th November 2024, the Issuer and the Company entered into the Dealer Manager Agreement with the Joint Dealer Managers, pursuant to which the Joint Dealer Managers have been appointed in connection with the Repurchase, amongst others, to assist the Issuer in collecting indications of interest from Bondholder(s) who are willing to sell some or all of their Existing Bonds to the Issuer.

A summary of the principal terms of the Dealer Manager Agreement is set out below.

Date:	14th November 2024
Parties:	(i) The Issuer (ii) The Company (iii) The Joint Dealer Managers
Conditions to the obligations of the Joint Dealer Managers:	The obligations of the Joint Dealer Managers under the Dealer Manager Agreement are subject, amongst others, to the following condition: all relevant consents, approvals or authorisations of, or registrations, filings or declarations with, any court, regulatory authority, governmental agency or stock exchange or any other

person required under any applicable laws and regulations to be obtained by the Issuer or the Company on or before the date of the Dealer Manager Agreement in connection with the execution or delivery by the Issuer and the Company of or performance by the Issuer and the Company of their respective obligations under the Dealer Manager Agreement or in connection with the conduct and consummation of the Repurchase having been obtained by the Issuer and the Company prior to the execution of the Dealer Manager Agreement and remaining in full force and effect on the Settlement Date.

Termination:

The Dealer Manager Agreement shall terminate:

1. upon completion of settlement on the Settlement Date;
2. upon written notice by the Issuer and the Company to the Joint Dealer Managers to terminate the Dealer Manager Agreement at any time in the event that they decide not to proceed with the Repurchase;
3. upon the Issuer's publicly announcing the termination of the Repurchase;
4. upon withdrawal by the Joint Dealer Managers as a result of the failure of any of the conditions to the obligations of the Joint Dealer Managers set out in the Dealer Manager Agreement;
5. (subject to the right of the Joint Dealer Managers in their sole discretion to waive any such breach) upon material breach of any of the representations, warranties, agreements or covenants of the Issuer and/or the Company in the Dealer Manager Agreement; or
6. if (a) since the execution of the Dealer Manager Agreement, there has been, in the opinion of the Joint Dealer Managers (acting reasonably) which is supported by the opinion of an independent financial adviser, an adverse change in national, international, financial, political or economic conditions as would in their view (acting together) be likely to prejudice materially the success of the Repurchase where such change was not reasonably foreseeable at the time of the execution of the Dealer Manager Agreement, (b) the Joint Dealer Managers give the Issuer and the Company notice of such adverse change setting out the relevant independent financial adviser's opinion and (c) the Issuer, the Company and the Joint Dealer Managers (each acting reasonably) fail to agree, within five (5) Hong Kong business days after the Issuer



and the Company's receipt of such notice, any way to mitigate the impact of such adverse change on the success of the Repurchase.

REPURCHASE OF THE BONDS

The Repurchase Price will be determined after trading of the Shares on the Hong Kong Stock Exchange closes on 19th December 2024 in accordance with the following formula:

$$CB \text{ Ask Price} + [(Reference \text{ Share Price} - HK\$8.04) \times Conversion \text{ Ratio} \times 70\%] + Repurchase \text{ Premium}.$$

The Company and the Issuer will make a further announcement as soon as practicable after determination of the Repurchase Price.

As at the time of the publication of this announcement, the Issuer has, through the Joint Dealer Managers, received commitments from Bondholders to sell to the Issuer HK\$6,078,000,000 in aggregate principal amount of the Existing Bonds, which, together with the Bonds which have already been converted and cancelled, represent approximately 90.30% in principal amount of the Bonds originally issued. The Issuer may, at its sole discretion, continue to accept, at any time after the time of the publication of this announcement and before the end of the VWAP period, further offers of Existing Bonds for purchase at the Repurchase Price ("**Further Repurchases**").

The Issuer will, on the Settlement Date, pay the Bondholders the aggregate of the Accrued Interest and the Repurchase Price in respect of their Accepted Bonds.

If the volume-weighted average price per Share on the Hong Kong Stock Exchange on any Designated Trading Day exceeds HK\$9.65, the Pre-Scaling Accepted Bonds shall be adjusted as follows:

- (i) The Pre-Scaling Accepted Bonds will be reduced in accordance with the following formula:

$$Pre\text{-Scaling Accepted Bonds} \times (25 - number \text{ of Excluded Trading Day}(s)) \div 25.$$

- (ii) The Pre-Scaling Accepted Bonds for each relevant Bondholder shall then be reduced on a pro-rata basis (or as close as practicable to a pro rata basis) (such adjustment being "**Scaling**").

Bondholders are entitled to re-offer all (but not some) of their Pre-Scaling Accepted Bonds which would be excluded from acceptance as a result of Scaling (if Scaling were to apply) (the "**Re-offered Bonds**") to the Issuer for repurchase at any time up to and including the last day of the VWAP Period at the Repurchase Price. The Issuer will accept such re-offer of Re-offered Bonds unless the Re-offered Bonds form part of the Pre-Scaling Accepted Bonds under any Further Repurchases, in which case, the Issuer may, at its sole discretion, accept or not accept such re-offer. For the avoidance



of doubt, the Re-offered Bonds will not be subject to Scaling. The purchases of any Re-offered Bonds shall be settled as part of the Repurchase on the Settlement Date.

If at least 90% in principal amount of the Bonds originally issued is converted, redeemed or purchased and cancelled after the completion of the Repurchase (the “**Redemption Event**”), the Issuer intends to exercise its right under Condition 8(c) (*Redemption at the Option of the Issuer*) of the Conditions to redeem in whole the Bonds for the time being outstanding (the “**Redemption Right**”). If the Redemption Event does not happen, the Issuer and/or the Company may continue to purchase the Existing Bonds from time to time in the open market or otherwise pursuant to the Conditions and in accordance with applicable laws and regulations. The Issuer intends to exercise the Redemption Right when the Redemption Event happens.

The Company intends to fund the Repurchase using debt financing and cash generated from the Company's business operations.

REASON FOR THE REPURCHASE

The Repurchase and the subsequent cancellation of the Bonds so repurchased reflects the Company's confidence in its long-term business prospects and could also enhance the return to the shareholders of the Company.

The Directors consider that the terms of the Repurchase and the terms of the Dealer Manager Agreement are fair and reasonable for the Company and its shareholders as a whole.

GENERAL

This announcement is made by the Company and the Issuer pursuant to Rule 13.09(2) and Rule 37.47B of the Listing Rules and Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Completion of the Repurchase is subject to, among other things, the satisfaction and/or waiver of the conditions precedent in the Dealer Manager Agreement, market conditions and investors’ demand. In addition, the Dealer Manager Agreement may be terminated under certain circumstances. Please refer to the section headed “DEALER MANAGER AGREEMENT” above for further information. Shareholders of the Company, Bondholders and potential investors are advised to exercise caution in dealing in the Shares and in the Existing Bonds.

The Company and the Issuer would make further announcement(s) in respect of the Repurchase as and when appropriate, in compliance with their respective obligations under applicable laws and regulations.

NOTICE TO U.S. HOLDERS OF BONDS

The Repurchase is being made for the securities of a company incorporated in the Cayman Islands with limited liability, which are convertible into securities of and guaranteed by a company incorporated in Hong Kong with limited liability. The Repurchase is subject to Hong Kong disclosure requirements, which are different



from those of the United States. The financial information made available by the Company has been prepared in accordance with Hong Kong Accounting Standards and thus may not be comparable to financial information of U.S. companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the United States.

The Repurchase will be made in the United States pursuant to the applicable U.S. tender offer rules or certain available exemptions or exceptions therefrom and otherwise in accordance with the requirements of the laws of Hong Kong. Accordingly, the Repurchase will be subject to Hong Kong disclosure and other procedural requirements, including with respect to withdrawal rights, offer timetable, settlement procedures and timing of payments that are different from those applicable under U.S. domestic tender offer procedures and law.

The receipt of cash pursuant to the Repurchase by a U.S. Bondholder may be a taxable transaction for U.S. federal income tax purposes and under applicable state and local, as well as foreign and other tax laws. Each U.S. Bondholder is urged to consult his/her/its independent professional advisor immediately regarding the tax consequences of acceptance of the Repurchase.

U.S. Bondholders may encounter difficulty enforcing their rights and any claims arising out of the U.S. federal securities laws, as the Company is located in a country outside the United States and some or all of its officers and directors may be residents of a country other than the United States. U.S. Bondholders may not be able to sue a non-U.S. company or its officers or directors in a non-U.S. court for violations of the U.S. securities laws. Further, U.S. Bondholders may encounter difficulty compelling a non-U.S. company and its affiliates to subject themselves to a U.S. court's judgment.

In accordance with normal Hong Kong practice and pursuant to Rule 14e-5(b) of the U.S. Exchange Act, the Company hereby discloses that it or its affiliates, or its nominees, or their respective brokers (acting as agents) may from time to time make certain purchases of, or arrangements to purchase, the Existing Bonds outside of the United States, other than pursuant to the Repurchase, before or during the period in which the Repurchase remains open for acceptance. These purchases may occur either in the open market at prevailing prices or in private transactions at negotiated prices, provided that any such purchase or arrangement complies with applicable law. Any information about such purchases will be reported to the Hong Kong Stock Exchange and, to the extent made public by the Hong Kong Stock Exchange, will be available on the website of the Hong Kong Stock Exchange at www.hkexnews.hk, in each case, in accordance with applicable laws and regulations.

DEFINITIONS

Unless the context otherwise requires, terms used in this announcement shall have the following respective meanings.

“Accepted Bonds”	Existing Bonds offered by the Bondholders and accepted by the Issuer for purchase under the Repurchase.
“Accrued	A cash amount representing interest accrued but unpaid on the Accepted Bonds from and including 5th August 2024, being the

Interest	immediately preceding interest payment date to (but excluding) the Settlement Date.
“Board”	The Board of Directors.
“Bonds”	The HK\$6,740,000,000 2.75% Guaranteed Convertible Bonds due 2026 (bond stock Code: 40580, ISIN: XS2287867563) issued by the Issuer on 5th February 2021 and unconditionally and irrevocably guaranteed by the Company.
“Bondholders”	The holders of the Existing Bonds from time to time.
“CB Ask Price”	The ask price of the Bonds of 106.75% when the Hong Kong market closed as of 14th November 2024.
“Company”	Cathay Pacific Airways Limited, a company incorporated in Hong Kong and whose shares are listed on the Main Board of the Hong Kong Stock Exchange.
“Conditions”	The terms and conditions of the Bonds.
“Conversion Price”	The conversion price of the Bonds, as may be adjusted from time to time.
“Conversion Ratio”	252525.2525 per HK\$2,000,000 notional of bonds.
“Dealer Manager Agreement”	The dealer manager agreement dated 14th November 2024 entered into among the Issuer, the Company and the Joint Dealer Managers in respect of the Repurchase.
“Designated Trading Day”	Any trading day on the Hong Kong Stock Exchange during the VWAP Period.
“Directors”	The directors of the Company.
“Excluded Trading Day”	Any Designated Trading Day on which the volume-weighted average price per Share on the Hong Kong Stock Exchange exceeds HK\$9.65.
“Existing Bonds”	The Bonds which are currently outstanding.
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong.
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China.
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited.
“Issuer”	Cathay Pacific Finance III Limited, a wholly-owned subsidiary of the Company.
“Joint Dealer Managers”	BNP Paribas Securities (Asia) Limited, BOCI Asia Limited, The Hongkong and Shanghai Banking Corporation Limited and Morgan Stanley & Co. International Plc (in alphabetical order).

“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.
“Pre-Scaling Accepted Bonds”	Accepted Bonds before any adjustment as a result of Scaling (excluding, for the avoidance of doubt, any Re-offered Bonds).
“Reference Share Price”	The greater of (i) HK\$8.04 being the closing price of the Shares on the Hong Kong Stock Exchange on 14th November 2024 and (ii) the VWAP.
“Repurchase”	The Issuer’s proposed repurchase of the Existing Bonds, which, for the avoidance of doubt, includes the Further Repurchases (if any) and the purchases of Re-offered Bonds (if any).
“Repurchase Premium”	2%.
“Repurchase Price”	The amount arrived at by using the following formula: $\text{CB Ask Price} + [(\text{Reference Share Price} - \text{HK\$8.04}) \times \text{Conversion Ratio} \times 70\%] + \text{Repurchase Premium}.$
“Settlement Date”	The date of settlement of the Repurchase, which is expected to be 23rd December 2024.
“Share(s)”	Share(s) in the capital of the Company.
“VWAP”	The arithmetic average of the volume-weighted average price per Share on the Hong Kong Stock Exchange on each of the Designated Trading Days which is not an Excluded Trading Day.
“VWAP Period”	25 consecutive trading days commencing on (and including) 15th November 2024 and ending on (and including) 19th December 2024.
“United States” or “U.S.”	The United States of America, its territories and possessions, any State of the United States and the District of Columbia.
“U.S. Exchange Act”	The U.S. Securities Exchange Act of 1934, as amended.

As at the date of this announcement, the Directors of the Company are:

Executive Directors: Patrick Healy (Chair), Ronald Lam, Lavinia Lau, Alexander McGowan, Rebecca Sharpe;

Non-Executive Directors: Ma Chongxian (Deputy Chair), Guy Bradley, Gordon McCallum, Sun Yuquan, Merlin Swire, Augustus Tang, Wang Mingyuan, Xiao Feng;
 Independent Non-Executive Directors: Bernard Chan, Lily Cheng, Christoph Mueller and Wang Xiao Bin.

As at the date of this announcement, the Directors of the Issuer are Ronald Lam, Rebecca Sharpe and Joanna Lai.



By Order of the Board
CATHAY PACIFIC AIRWAYS LIMITED
國泰航空有限公司
Joanna Lai
Company Secretary

Hong Kong, 15th November 2024