

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.

CATHAY PACIFIC AIRWAYS LIMITED

國泰航空有限公司

(Incorporated in Hong Kong with limited liability)
(Stock Code: 293)

Continuing Connected Transactions with Air China Cargo

On 31st December 2024, Cathay Pacific and Air China Cargo have entered into the Framework Agreement which confirms and governs the service arrangements, which include agency service arrangements on cargo space sales, ground handling services, software services, code sharing arrangements and services, rental services and other support services (collectively, “**Service Arrangements**”), for a term of three years from 1st January 2024 to 31st December 2026. These Service Arrangements may from time to time be provided by and received by members of Cathay Group in its ordinary and usual course of business with members of Air China Cargo Group.

As Air China Cargo is a connected person of Cathay Pacific, the Transactions constitute continuing connected transactions for Cathay Pacific under Rule 14A.31 of the Listing Rules. As the highest applicable percentage ratio as defined under Rule 14.07 of the Listing Rules in respect of the annual caps of the Transactions for the years ending 31st December 2025 and 2026 will, on an annual basis, be more than 0.1% but less than 5%, the Transactions are subject to the reporting, annual review and announcement requirements but are exempt from the circular (including independent financial advice) and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

Framework Agreement

On 31st December 2024, Cathay Pacific and Air China Cargo have entered into the Framework Agreement which confirms and governs the Service Arrangements for a term of three years from 1st January 2024 to 31st December 2026. The Service Arrangements may from time to time be provided by and received by members of Cathay Group in its ordinary and usual course of business with members of Air China Cargo Group. The Framework Agreement covers existing Relevant Agreements between members of Cathay Group and members of Air China Cargo Group and provides a framework under which Relevant Agreements are entered into, renewed, and extended for a term or successive terms expiring on or before 31st December 2026.

The terms of the Framework Agreement are consistent with normal business practices.

Service Arrangements

The Service Arrangements are or will be carried out under the following Relevant Agreements:

- 1) cargo sales agent appointment agreement between Cathay Pacific and CAE for the appointment of CAE as Cathay Pacific's cargo sales agent;
- 2) block space agreement between Cathay Pacific, as cargo space provider, and CAE, as agent of Cathay Pacific for the sale of cargo spaces to end customers for the Hong Kong—India cargo route;
- 3) hard block agreement between, among others, Cathay Pacific as cargo space provider, and CAE, as agent of Cathay Pacific for the sale of cargo spaces to end customers for the Hong Kong—continental Europe / United Kingdom cargo route;
- 4) IATA standard ground handling agreement between Cathay Pacific and Chengdu CNAC Cargo Terminal for the provision of cargo-related ground services at Chengdu Shuangliu International Airport by Chengdu CNAC Cargo Terminal;
- 5) IATA standard ground handling service agreement between AHK and Chengdu CNAC Cargo Terminal for cargo-related ground services at Chengdu Shuangliu International Airport by Chengdu CNAC Cargo Terminal;
- 6) IATA standard ground handling agreement between Cathay Pacific and Air China Cargo for cargo-related ground services at Beijing Capital International Airport by Air China Cargo;
- 7) IATA standard ground handling agreement between AHK and Air China Cargo for cargo-related ground services at Beijing Capital International Airport by Air China Cargo;
- 8) software services agreement between Global Logistics System (HK) Company Limited, a wholly-owned subsidiary of Cathay Pacific, and CAE for the provision of the Ezycargo software services to CAE for booking, tracking and tracing air cargo transport;
- 9) code sharing agreement between Cathay Pacific and Air China Cargo for the sharing of freight capacity between Cathay Pacific and Air China Cargo;
- 10) cargo prorate agreement between Cathay Pacific and Air China Cargo for the sharing of freight costs between the Cathay Pacific and Air China Cargo through the payment of fixed prorate amounts per kilogram of carriage;

- 11) framework agreement between DHL Global Forwarding (China) Co., Ltd, Air China Cargo and Cathay Pacific for the sharing of freight costs between DHL Global Forwarding (China) Co., Ltd, Air China Cargo and Cathay Pacific through the payment of fixed prorate amounts per kilogram of carriage;
- 12) cargo terminal lease agreement between Cathay Pacific and Chengdu CNAC Cargo Terminal for the lease of a cargo terminal space at Chengdu Shuangliu International Airport;
- 13) office lease agreement between Cathay Group and Air China Cargo for the lease of an office premise in Beijing; and
- 14) any further agreements on the Service Arrangements between Cathay Group and Air China Cargo Group.

Pricing policies

Charges for the Transactions are determined by reference to the respective types of aircraft (where applicable) and the required technical standards. These Transactions for services provided and received by Cathay Group are competitively sourced and negotiated with reference to prevailing market conditions, industry standards, competitive peer analysis, and industry practices.

In addition to the factors stated above:

- 1) Purchase of services: For services received by Cathay Group, Transactions are negotiated on an arm's length basis, and are sourced through a procurement basis. Proposals are requested from Air China Cargo Group and other service providers. The preferred supplier is selected based on various factors, including price, reliability, expertise, and experience.
- 2) Sale of services: For services provided by Cathay Group, Transaction terms are established through arm's length negotiations. These terms are determined with reference to (i) the fees charged by independent third-party service providers to Cathay Group for the same type of services, and (ii) the service fees charged by Cathay Group to independent third-party customers for comparable services.

This comprehensive approach to pricing ensures that the terms of the Transactions are fair, competitive, reflective of current market standards, and always on normal commercial terms or better.

Payment term

Payments under the Relevant Agreements shall be negotiated and agreed upon by the parties of the Relevant Agreement, based on the specific needs and circumstances of the underlying Service Arrangements under the Relevant Agreement. Unless otherwise agreed in the Relevant Agreement, any amount payable by one party to the other party under a Relevant Agreement shall be paid in cash within 45 days upon the first mentioned party's receipt of an applicable invoice issued by the other party.

Termination

A party to any Relevant Agreement may terminate that agreement with immediate effect by notice in the event of material default by the other party. If a Relevant Agreement is terminated, all the rights and obligations of the parties under it, except those subsisting at the time of termination, will cease.

Annual caps

The annual caps for the Transactions have been determined by reference to the actual historical transaction amounts for the Service Arrangements provided in the three years ended 31st December 2023 (as set out below) and a forecast of the transaction amounts for the various Service Arrangements in the three years ending 31st December 2026, based on the Group's projections of its operating parameters such as fleet size and plan.

The Directors estimate that the amounts payable for the Service Arrangements for the three years ending 31st December 2026 will not exceed the annual caps set out below. For the avoidance of doubt, the amounts paid and received by Cathay Group are not netted for the purposes of calculating the historical amounts and the annual caps set out below.

| | | | |
|----------------|---------------------------|--------------------|--------------------|
| | <u>2021</u> | <u>2022</u> | <u>2023</u> |
| (HK\$ million) | Actual 34.8 | Actual 41.2 | Actual 51.5 |
| | <u>2024</u> | <u>2025</u> | <u>2026</u> |
| (HK\$ million) | <u>Cap (Note)</u> 61.0 | <u>Cap</u> 83.0 | <u>Cap</u> 92.0 |

Note: *The actual transaction amount for the year ending 31st December 2024 is being finalised and not expected to exceed the ascribed 2024 annual cap which is below the de minimis threshold of 0.1% under Rule 14A.76 of the Listing Rules.*

Reasons for, and benefits of, the Transactions

Air China Cargo Group possesses the necessary expertise and efficiency to partner with Cathay Group in executing the relevant Service Arrangements. The Transactions will enable Cathay

Group to facilitate its cargo space sales and business arrangements, and maintain its aircraft fleet in a cost-effective manner, ultimately, benefiting Cathay Group's business.

Connections between the parties

Air China, by virtue of its 29.99% shareholding in the Company, is a substantial shareholder (as defined in the Listing Rules) of the Company. CNAHC is a holding company of Air China and is therefore a connected person (as defined in the Listing Rules) of the Company. Air China Cargo is an indirect subsidiary of CNAHC and an associate (as defined in the Listing Rules) of Air China. Air China Cargo is therefore a connected person of the Company.

Compliance with the Listing Rules

As Air China Cargo is a connected person of Cathay Pacific, the Transactions constitute continuing connected transactions for Cathay Pacific under Rule 14A.31 of the Listing Rules. As the highest of the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules in respect of the annual caps for the years ending 31st December 2025 and 2026 applicable to the Transactions will, on an annual basis, be more than 0.1% but less than 5%, the Transactions are subject to the announcement, annual review and annual reporting requirements but are exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

For the avoidance of doubt, the highest applicable percentage ratio in respect of (i) the historical Transactions in each of the years ended 31st December 2021, 2022 and 2023, and (ii) the annual cap for the year ending 31st December 2024, was less than 0.1% and therefore were fully exempt from independent shareholders' approval, annual review and all disclosure requirements under Chapter 14A of the Listing Rules.

The Company will comply with its continuing obligations under Rules 14A.55 to 14A.59 of the Listing Rules and will re-comply with the relevant requirements under the Listing Rules before the annual caps are exceeded or before there is a material change to the terms of the Framework Agreement.

Opinion of the Directors

The Directors, including the independent non-executive Directors, consider that the terms of the Framework Agreement are fair and reasonable and that the Framework Agreement is on normal commercial terms or better and in the ordinary and usual course of business of Cathay Group and is in the interests of Cathay Pacific and its shareholders as a whole.

Ma Chongxian, Wang Mingyuan and Sun Yuquan holding positions in CNAHC, and Ronald Lam and Augustus Tang holding positions in Air China Cargo, are materially interested in the Transactions and have abstained from voting on the relevant board resolutions of Cathay Pacific in respect of the Transactions.

DIRECTORS

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.

DEFINITIONS

| | |
|--|--|
| “AHK” | AHK Air Hong Kong Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of Cathay Pacific, the principal activity of which is the operation of cargo airline services. |
| “Air China” | Air China Limited, a company incorporated in the PRC, the H shares of which are listed on the Hong Kong Stock Exchange as its primary listing venue and have been admitted to the Official List of the UK Listing Authority as its secondary listing venue, and the A shares of which are listed on the Shanghai Stock Exchange. |
| “Air China Cargo” | Air China Cargo Co., Ltd., a company incorporated in the PRC, the shares of which are listed on the Shenzhen Stock Exchange. |
| “Air China Cargo Group” | Air China Cargo and its subsidiaries from time to time. |
| “CAE” | China Aviation Express (Hong Kong) Limited, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of Air China Cargo. |
| “Cathay Pacific” or the “Company” | Cathay Pacific Airways Limited, a company incorporated in Hong Kong and whose shares are listed on the Hong Kong Stock Exchange, one of whose principal business activities is the operation of scheduled airline services. |
| “Cathay Group” | Cathay Pacific and its subsidiaries from time to time. |
| “Chengdu CNAC Cargo Terminal” | Chengdu CNAC Cargo Terminal Ltd., a company incorporated in the PRC and a wholly-owned subsidiary of Air China Cargo. |

| | |
|-----------------------------------|--|
| “CNAHC” | China National Aviation Holding Corporation Limited, a PRC state-owned enterprise and the controlling shareholder of Air China. CNAHC mainly operates all the state-owned assets and state-owned equity interests in CNAHC and its invested enterprises formed by state investment, aircraft leasing and maintenance of aviation equipment and facilities. |
| “Directors” | The directors of the Company. |
| “Framework Agreement” | The universal services framework agreement entered into between Cathay Pacific and Air China Cargo on the date of this announcement for the Service Arrangements between Cathay Group and Air China Cargo Group. |
| “Hong Kong Stock Exchange” | The Stock Exchange of Hong Kong Limited. |
| “Hong Kong” | The Hong Kong Special Administrative Region of the PRC. |
| “IATA” | The International Air Transport Association. |
| “Listing Rules” | The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. |
| “PRC” | The People’s Republic of China. |
| “Relevant Agreements” | The agreements described under the heading “Service Arrangements” in this announcement (as amended or supplemented from time to time). |
| “Service Arrangements” | Has the meaning ascribed to it in the summary box of this announcement. |
| “Transactions” | The Service Arrangements carried out in accordance with the terms of the Framework Agreement and the Relevant Agreements. |

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

Hong Kong, 31st December 2024