
THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this prospectus or as to the action you should take, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

Hong Kong Exchanges and Clearing Limited, the Stock Exchange and HKSCC take no responsibility for the contents of this prospectus, the PAL and the EAF, 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 these documents.

A copy of this prospectus, together with copies of the PAL and the EAF, and the documents specified in the paragraph headed “Documents Delivered to the Registrar of Companies” in Appendix IV to this prospectus have been registered by the Registrar of Companies in Hong Kong as required under Section 38D of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Registrar of Companies in Hong Kong, the Stock Exchange and the SFC take no responsibility as to the contents of any of these documents.

Subject to the granting of the listing of and permission to deal in the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in both their nil-paid and fully-paid forms or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Distribution of this prospectus into jurisdictions other than Hong Kong may be restricted by law. Persons who come into possession of this prospectus (including, without limitation, agents, custodians, nominees and trustees) 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 Cathay Pacific will not accept any liability. In particular, subject to certain exceptions as determined by Cathay Pacific, this prospectus, the PAL and the EAF should not be distributed, forwarded to or transmitted in, into or from any of the Specified Territories or any other jurisdiction where such release or distribution might be unlawful.

Subject to certain limited exceptions, this prospectus does not constitute or form a part of any offer or solicitation to purchase or subscribe for securities in the United States, the other Specified Territories or in any other jurisdiction in which such an offer or solicitation is unlawful. The securities mentioned herein have not been, and will not be, registered under the US Securities Act, and may not be offered or sold in the United States unless registered under the US Securities Act or pursuant to an exemption from, or in a transaction not subject to, registration under the US Securities Act. Cathay Pacific has no intention to register under the US Securities Act any portion of the Rights Issue or any of the securities referred to herein or to conduct a public offering of securities in the United States.

The securities described herein will be sold in accordance with all applicable laws and regulations.



CATHAY PACIFIC

CATHAY PACIFIC AIRWAYS LIMITED

國泰航空有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 293)

**RIGHTS ISSUE OF RIGHTS SHARES ON THE BASIS OF SEVEN RIGHTS SHARES FOR EVERY
ELEVEN EXISTING SHARES HELD ON THE RIGHTS ISSUE RECORD DATE**

Sole Financial Adviser to Cathay Pacific

Morgan Stanley

Underwriters to the Rights Issue

Morgan Stanley



BOC INTERNATIONAL



HSBC



BNP PARIBAS

Unless the context otherwise requires, capitalised terms used on this cover page shall have the same meanings as those defined in the section headed “Definitions” in this prospectus.

The Rights Issue is conditional upon the fulfilment of the conditions (or, in respect of certain conditions, waiver thereof) as set out in the section headed “Letter from the Board – Rights Issue – (l) Rights Issue Underwriting Agreement — Conditions of the Rights Issue Underwriting Agreement”. It should be noted that the Rights Issue Underwriting Agreement contains provisions entitling the Underwriters to terminate the Rights Issue Underwriting Agreement at any time before the Latest Termination Time on the occurrence of certain events including force majeure. These events are set out in the section headed “Underwriters’ Right to Terminate the Rights Issue Underwriting Agreement” on pages x to xii of this prospectus. If the Rights Issue Underwriting Agreement is terminated by the Underwriters or does not become unconditional, the Rights Issue will not proceed.

Pursuant to the Articles and the Companies (Winding Up and Miscellaneous Provisions) Ordinance, there are no requirements for minimum levels of subscription. Subject to fulfilment of the conditions of the Rights Issue and the Rights Issue Underwriting Agreement not being terminated, the Rights Issue will proceed regardless of the ultimate subscription level.

The Shares have been dealt in on an ex-rights basis since Wednesday, 15 July 2020. Dealings in the Nil Paid Rights will take place from Friday, 24 July 2020 to Friday, 31 July 2020 (both dates inclusive). If the conditions of the Rights Issue are not fulfilled and/or waived on or before 4:00 p.m. on Thursday, 6 August 2020 (or such later date as Cathay Pacific and the Underwriters may agree in writing), the Rights Issue will not proceed. Any persons contemplating buying or selling Shares from the date of this prospectus up to the date on which all the conditions of the Rights Issue are fulfilled, and any dealings in the Nil Paid Rights between Friday, 24 July 2020 and Friday, 31 July 2020 (both dates inclusive), bear the risk that the Rights Issue may not become unconditional or may not proceed. Any Shareholders or other persons contemplating dealing in the Shares or Nil Paid Rights are recommended to consult their own professional advisers.

The Latest Time for Acceptance is 4:00 p.m. on Wednesday, 5 August 2020. Further details on the expected timetable for the Rights Issue are set out in the section headed “Expected timetable of the Rights Issue” in this prospectus. The procedures for acceptance and payment and/or transfer of the Nil Paid Rights are set out in the section headed “Letter from the Board – Rights Issue – (m) Procedures for Acceptance or Transfer” in this prospectus.

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The Rights Issue is conditional upon the conditions of the Rights Issue as set out under the section headed “Letter from the Board – Rights Issue – (k) Conditions of the Rights Issue” in this prospectus. If the conditions are not fulfilled, the Rights Issue will not proceed, in which case a further announcement will be made by Cathay Pacific at the relevant time.

The Shares have been dealt in on an ex-rights basis from Wednesday, 15 July 2020. Dealings in the Nil Paid Rights are expected to take place from Friday, 24 July 2020 to Friday, 31 July 2020 (both dates inclusive). Such dealings will take place when the conditions of the Rights Issue remain unfulfilled, and the Rights Issue Underwriting Agreement has not become unconditional or is subject to termination in accordance with its terms. Any person dealing in the securities of Cathay Pacific up to the date on which such conditions are fulfilled or waived and up to the Latest Termination Time and any person dealing in the Nil Paid Rights from Friday, 24 July 2020 to Friday, 31 July 2020 (being the first and last day of dealings in the Nil Paid Rights, respectively) will accordingly bear the risk that the Rights Issue may not become unconditional and may not proceed.

The contents of this prospectus are not to be construed as legal, business, financial or tax advice. None of Cathay Pacific or the Underwriters, or any of their respective representatives, is making any representation to any person regarding the legality of an investment in the Rights Shares by such person under the laws applicable to such person. Each prospective investor should consult his, her or its own legal adviser, business adviser, financial adviser or tax adviser for legal, financial, business or tax advice in connection with the Rights Issue or the purchase of the Rights Shares. In making an investment decision, each investor must rely on their own examination, analysis and enquiry of Cathay Pacific and the terms of the Rights Issue, including the merits and risks involved.

Investors also acknowledge that: (i) they have not relied on any of the Underwriters (or any of their respective affiliates) in connection with any investigation of the accuracy of any information contained in this document or their investment decision; (ii) they have relied only on the information contained in this prospectus in making their relevant decision; and (iii) no person has been authorised to give any information or to make any representation concerning Cathay Pacific or its subsidiaries or the Rights Issue (other than as contained in this prospectus) and, if given or made, any such other information or representation should not be relied upon as having been authorised by Cathay Pacific or any of the Underwriters (or any of their respective affiliates).

Any person dealing or contemplating any dealing in the securities of Cathay Pacific or the Nil Paid Rights during this period who is in any doubt about his/her/its position is recommended to consult his/her/its own professional adviser.

EXCEPT AS OTHERWISE SET OUT HEREIN, THE RIGHTS ISSUE DESCRIBED IN THIS PROSPECTUS IS NOT BEING MADE TO SHAREHOLDERS, BENEFICIAL OWNERS OR INVESTORS IN THE SPECIFIED TERRITORIES. This prospectus does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, the Nil Paid Rights or the Rights Shares or to take up any entitlements to the Nil Paid Rights or the Rights Shares in any jurisdiction in which such an offer or solicitation is unlawful. None of the Nil Paid Rights, the Rights Shares, this prospectus, the PAL or the EAF will be registered or filed under the applicable securities or equivalent legislation of any jurisdiction other than Hong Kong and the PRC (in accordance with the CSRC Notice) and none of the Nil Paid Rights, the Rights Shares, this prospectus, the PAL and the EAF qualify for distribution under any of the relevant securities laws of any jurisdiction other than

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Hong Kong (other than pursuant to any applicable exceptions as agreed by Cathay Pacific). Accordingly, the Nil Paid Rights and the Rights Shares may not be offered, sold, pledged, taken up, resold, renounced, transferred or delivered, directly or indirectly, into or within any of the Specified Territories absent registration or qualification under the respective securities laws of such Specified Territories, or exemption from the registration or qualification requirements under applicable rules of such Specified Territories as agreed by Cathay Pacific.

No action has been taken to permit a public offering of the Nil Paid Rights or the Rights Shares, other than in Hong Kong, or the distribution of this prospectus in any jurisdiction other than Hong Kong, except for the distribution to the PRC Southbound Trading Investors. Accordingly, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and the offering of the Nil Paid Rights or the Rights Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorisation by the relevant securities regulatory authorities or an exemption therefrom.

Each person acquiring the Nil Paid Rights or the Rights Shares under the Rights Issue will be required to confirm, or be deemed by his/her/its acquisition of the Nil Paid Rights or the Rights Shares to confirm, that he/she/it is aware of the restrictions on offers and sales of the Nil Paid Rights or the Rights Shares described in this prospectus.

Shareholders with registered addresses in any of the Specified Territories and Shareholders and Beneficial Owners who are residents of the Specified Territories are referred to the sections headed “Letter from the Board – Rights Issue – (h) Non-Qualifying Shareholders” and “Letter from the Board – Rights Issue – (i) Limited categories of persons in the Specified Territories who may be able to take up their Nil Paid Rights and subscribe for the Rights Shares under the Rights Issue” in this prospectus.

NOTICE TO THE PRC SOUTHBOUND TRADING INVESTORS

The PRC Southbound Trading Investors can participate in the Rights Issue through ChinaClear. ChinaClear will provide nominee services for the PRC Southbound Trading Investors to (i) sell (in full or in part) their Nil Paid Rights on the Stock Exchange; and/ or (ii) subscribe (in full or in part) for their pro-rata entitlement in respect of Shares held on the Rights Issue Record Date at the Rights Subscription Price under the Rights Issue in accordance with the relevant laws and regulations.

However, ChinaClear will not support applications by such PRC Southbound Trading Investors for excess Rights Shares under the Rights Issue through China Connect. The PRC Southbound Trading Investors (or the relevant ChinaClear participants as the case may be) whose stock accounts are credited with Nil Paid Rights could only sell those Nil Paid Rights on the Stock Exchange under China Connect but could not purchase any other Nil Paid Rights nor transfer any Nil Paid Rights to other PRC Southbound Trading Investors. The PRC Southbound Trading Investors cannot sell or subscribe for Rights Shares until after Cathay Pacific completes its filing with the CSRC in accordance with the CSRC Notice. For the purpose of this prospectus, PRC Southbound Trading Investors are not the Shareholders or the Beneficial Owners in the Specified Territories.

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NOTICE TO OVERSEAS INVESTORS

Based on the legal advice of Cathay Pacific's legal advisers in relation to the laws of the relevant overseas jurisdictions, the following notices are set out for the attention of the overseas investors in the relevant jurisdictions.

Notice to investors in Australia

The offer of the Nil Paid Rights and the Rights Shares is being made in Australia to persons to whom a disclosure document is not required to be given under Chapter 6D of the Corporations Act 2001 (Cth) ("**Corporations Act**"), including to shareholders in reliance on ASIC Corporations (Foreign Rights Issues) Instrument 2015/356.

This prospectus does not constitute a prospectus, a disclosure document or a product disclosure statement for the purposes of the Corporations Act and does not purport to include all the information required for a prospectus, a disclosure document or a product disclosure statement under the Corporations Act. No prospectus, product disclosure statement or other disclosure document under Australian law has been lodged with the Australian Securities and Investments Commission in relation to the offer of the Nil Paid Rights and the Rights Shares.

This prospectus contains general information only and does not take into account the investment objectives, financial situation or particular needs of any particular person. It does not contain any securities recommendations or financial product advice. Before acting on the information contained in this prospectus, investors should consider its appropriateness having regard to their investment objectives, financial situations and needs, and, if necessary, seek expert advice.

This prospectus has been prepared for the purposes of compliance with foreign regulatory requirements and has not been prepared specifically for Australian investors. Cathay Pacific is not subject to the continuous disclosure requirements of the Corporations Act that apply in Australia. An investor in the Nil Paid Rights and/or the Rights Shares will not have cooling off rights.

Notice to investors in Canada

Neither the Nil Paid Rights nor the Rights Shares have been qualified for distribution by prospectus under the securities laws of any province or territory of Canada. Subject to certain limited exceptions, persons located or resident in any province or territory of Canada who are either registered or Beneficial Owners of Cathay Pacific's shares be excluded from the Rights Issue, shall constitute Non-Qualifying Shareholders as defined herein, and shall not be entitled to take up any Nil Paid Rights or subscribe for any Rights Shares under the Rights Issue. Notwithstanding the foregoing, Cathay Pacific reserves the right to permit certain registered or Beneficial Owners of Cathay Pacific's shares that are located or resident in Canada to take up their rights under the Rights Issue and to subscribe for Rights Shares by demonstrating compliance with certain eligibility requirements, delivering a prescribed form of certification of eligibility and providing certain additional information necessary to permit compliance with applicable Canadian securities laws, all as may be determined by Cathay Pacific in its absolute discretion. The foregoing restrictions on participation in the Rights Issue do not apply to account managers outside Canada or any other Specified Territory who are acting on a fully discretionary basis on behalf of Beneficial Owner(s) located or resident in Canada, provided that those Beneficial Owner(s) is/are not involved in the decision to participate in the Rights Issue or any other acts in furtherance of the Rights Issue. See "Limited categories of persons in the Specified Territories

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who may be able to take up their Nil Paid Rights and subscribe for the Rights Shares under the Rights Issue”.

Notice to investors in the European Economic Area and the United Kingdom

No offer to the public of the Nil Paid Rights or Rights Shares which are the subject of the Rights Issue has been and will be made in any member state of the European Economic Area (the “EEA”) or the United Kingdom, except that offers to the public of Nil Paid Rights or Rights Shares in any member state of the EEA or the United Kingdom are permitted in accordance with the following exceptions under Regulation (EU) 2017/1129:

- (a) to legal entities which are qualified investors as defined in Article 2 lit. e) of Regulation (EU) 2017/1129;
- (b) to fewer than 150 natural or legal persons per member state of the EEA or the United Kingdom (other than qualified investors as defined in Article 2 lit. e) of Regulation (EU) 2017/1129), subject to obtaining the prior consent of the Underwriters for any such offer; or
- (c) in any other circumstances falling within Article 3 para. 2 of Regulation (EU) 2017/1129.

For the purposes of this prospectus, the expression “offer to the public” in relation to the Nil Paid Rights or the Rights Shares in any member state of the EEA or the United Kingdom means a communication to persons in any form and by any means, presenting sufficient information on the terms of the Rights Issue and the Nil Paid Rights or Rights Shares, so as to enable an investor to decide to purchase or subscribe to the Nil Paid Rights or the Rights Shares, including any placing of Nil Paid Rights or Rights Shares through financial intermediaries.

In addition, offers in the United Kingdom are subject to the following restrictions:

In the United Kingdom, this prospectus is only addressed to and directed to qualified investors (i) who have professional experience in matters relating to investments falling within article 19 para. 5 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended, and/or (ii) who are high net worth entities falling within article 49 para. 2(a) through (d) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, and other persons to whom it may otherwise lawfully be communicated (all such persons together being referred to as “**Relevant Persons**”). The Nil Paid Rights and the Rights Shares are only available in the United Kingdom to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire Nil Paid Rights or Rights Shares in the United Kingdom will be engaged in only with, Relevant Persons. Any person in the United Kingdom who is not a Relevant Person should not act or rely on this prospectus or any of its contents.

Notice to investors in Indonesia

The offering of the Nil Paid Rights and the Rights Shares does not constitute a public offering in Indonesia under the Law No. 8 of 1995 on Capital Markets and the implementing regulations. This prospectus may not be distributed in Indonesia and the Nil Paid Rights and the Rights Shares may not be offered or sold in Indonesia or to Indonesian citizens wherever they are domiciled, or to Indonesian residents in a manner which constitutes a public offering under the laws and regulations of Indonesia.

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Notice to investors in Malaysia

This prospectus has not been and will not be registered as a prospectus with the Malaysian Securities Commission (“SC”) under the Capital Markets and Services Act 2007 (“CMSA”). However, this prospectus will be deposited as an information memorandum with the SC within 7 days after the issue of this prospectus. Accordingly, this prospectus and any other document or material in connection with the issue or offer for sale, or invitation for acquisition of the Nil Paid Rights and Rights Shares shall not be circulated nor distributed, nor may the Nil Paid Rights or the Rights Shares be issued, offered or sold, or be made the subject of an invitation for acquisition, whether directly or indirectly, to any person in Malaysia, unless such issue, offer or invitation is exempted from the requirement for a prospectus by virtue of schedule 6 and 7 to the CMSA.

The approval or recognition of the SC has not been sought and, consequently, the Nil Paid Rights and the Rights Shares may not be made available, or offered for acquisition, nor may any invitation to acquire the Nil Paid Rights or the Rights Shares, whether directly or indirectly, be issued to any person in Malaysia unless such issue, offer or invitation is exempted from the requirement for the approval of the SC by virtue of schedule 5 to the CMSA.

Each recipient of this prospectus acknowledges that the SC shall not be liable for any non-disclosure on the part of Cathay Pacific and assumes no responsibility for the correctness of any statements made or opinions or reports expressed in this prospectus.

Notice to investors in New Zealand

The offer of the Nil Paid Rights and the Rights Share to New Zealand investors is not a regulated offer for the purposes of the Financial Markets Conduct Act 2013, as it is made in reliance upon the exclusion for “small offers” in clause 12 of Schedule 1 of that Act, as the offer made into New Zealand is a personal offer of equity securities to no more than 20 New Zealand investors to raise an amount not exceeding NZ\$2 million in any 12-month period.

WARNING: You are being offered ordinary shares in Cathay Pacific. New Zealand law normally requires people who offer financial products to give information to investors before they invest. This requires those offering financial products to have disclosed information that is important for investors to make an informed decision. The usual rules do not apply to this offer because it is a small offer. As a result, you may not be given all the information usually required. You will also have fewer other legal protections for this investment. Investors should ask questions, read this prospectus carefully, and seek independent financial advice before committing yourself.

Notice to investors in the Philippines

To the extent that the Nil Paid Rights and the Rights Shares are being offered in the Philippines, the same are being offered to not more than nineteen (19) non-qualified buyers. The offer and sale of the Nil Paid Rights and the Rights Shares qualify as an exempt transaction pursuant to section 10.1 (k) of the Philippine Securities Regulation Code (the “Code”). A confirmation of exemption from the Philippines Securities and Exchange Commission that the offer and sale of the Nil Paid Rights and/or the Rights Shares in the Philippines qualify as an exempt transaction under the Code will not be obtained.

**THE NIL PAID RIGHTS AND THE RIGHTS SHARES BEING OFFERED OR SOLD
HEREIN HAVE NOT BEEN REGISTERED WITH THE PHILIPPINES SECURITIES AND**

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EXCHANGE COMMISSION UNDER THE SECURITIES REGULATION CODE OF THE PHILIPPINES. ANY FUTURE OFFER OR SALE THEREOF IS SUBJECT TO REGISTRATION REQUIREMENTS UNDER THE CODE UNLESS SUCH OFFER OR SALE QUALIFIES AS AN EXEMPT TRANSACTION.

Notice to investors in the PRC (other than the PRC Southbound Trading Investors)

None of the Rights Issue Documents constitutes a public offer of the Nil Paid Rights or the Rights Shares, whether by way of sale or subscription, in the PRC. According to relevant PRC laws and regulations, the Nil Paid Rights and the Rights Shares shall not be offered and may not be offered or sold directly or indirectly in the PRC to any person or entity, unless such person or entity is a PRC Southbound Trading Investor (subject to certain limitations in relation to its rights to participate in the Rights Issue as explained in this prospectus), or it has otherwise been exempted by or has obtained the necessary and appropriate approvals from the relevant PRC authorities in accordance with the applicable PRC laws and regulations. In each case (other than the PRC Southbound Trading Investors), Cathay Pacific reserves the absolute discretion in determining whether to allow such participation as well as the identities of the persons who may be allowed to do so.

If a Shareholder resident in the PRC and/or any other PRC resident (including both individuals and companies) wishes to invest in the Nil Paid Rights or the Rights Shares, he/she/it shall be responsible for complying with the relevant laws of the PRC. Cathay Pacific will not be responsible for verifying the PRC legal qualification of such Shareholder and/or resident and thus, should Cathay Pacific suffer any losses or damages due to non-compliance with the relevant laws of the PRC by any such Shareholder and/or resident, the Shareholder and/or resident shall be responsible to compensate Cathay Pacific for the same. Cathay Pacific shall not be obliged to issue the Nil Paid Rights or the Rights Shares to any such Shareholder and/or resident, if issuing the Nil Paid Rights or the Rights Shares to them does not comply with the relevant laws of the PRC.

Notice to investors in Singapore

This prospectus has not been and will not be registered as a prospectus with the Monetary Authority of Singapore, and the Nil Paid Rights and the Rights Shares will be offered pursuant to exemptions under the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the “SFA”). Accordingly, the Nil Paid Rights and the Rights Shares may not be offered or sold or made the subject of an invitation for subscription or purchase nor may this prospectus or any other document or material in connection with the offer or sale or invitation for subscription or purchase of any Nil Paid Rights or Rights Shares be circulated or distributed, whether directly or indirectly, to any person in Singapore other than (a) to an existing member of Cathay Pacific pursuant to Section 273(1)(cd) of the SFA, or (b) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

In connection with Section 309B of the SFA and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “**CMP Regulations 2018**”), Cathay Pacific has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Nil Paid Rights and the Rights Shares are “prescribed capital markets products” (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

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Notice to investors in Taiwan

The offer of the Nil Paid Rights and the Rights Shares as described in this prospectus has not been and will not be registered with the Financial Supervisory Commission of Taiwan pursuant to relevant securities laws and regulations and the Nil Paid Rights and the Rights Shares may not be offered or sold in Taiwan through a public offering or in circumstances which constitute a public offering under the Securities and Exchange Act of Taiwan that requires a registration or approval of the Financial Supervisory Commission of Taiwan. No person or entity in Taiwan has been authorised to offer or sell the Nil Paid Rights or the Rights Shares in Taiwan.

Notice to investors in Thailand

The Nil Paid Rights and the Rights Shares have not been offered or sold and will not be offered or sold in Thailand, except by way of rights offering in accordance with Section 33 of the Securities and Exchange Act B.E. 2535 (as amended) or by way of private placement offer in accordance with the conditions as prescribed in the Thai Capital Market Supervisory Board's Notification No. TorJor. 5/2558 re: rules regarding private placement offer of shares issued by foreign entities dated 23 March 2015, as amended from time to time, (the "**Private Placement Notification**") and other applicable regulations of the Thai Securities and Exchange Commission (the "**Thai SEC**") and Capital Market Supervisory Board.

According to the Private Placement Notification, the following statement needs to be inserted in this prospectus for the purpose of the private placement offer being made to investors in Thailand:

"Within two years from the date when Cathay Pacific has registered the change to its paid-up share capital and there has been no shares or underlying shares which could be offered pursuant to the deemed approval received from the Office of the Thai SEC, Cathay Pacific will not sign to certify the accuracy of information in the registration statement and draft prospectus submitted to the office at the Thai SEC either by its shareholders or itself, except for the following cases:

- (a) the Office of the Thai SEC has granted to it an approval to publicly offer for sale of its newly issued shares;
- (b) such registration statement has been made for the purpose of listing the shares of Cathay Pacific on the Stock Exchange of Thailand; or
- (c) Cathay Pacific has listed its shares on the Stock Exchange of Thailand."

Notice to investors in the UAE

No Nil Paid Rights or Rights Shares have been or are being publicly offered, sold, promoted or advertised in the United Arab Emirates ("UAE"). The information contained in this prospectus does not constitute a public offer of securities in the UAE and is not intended to lead to the conclusion of any contract of whatsoever nature within the territory of the UAE. The Nil Paid Rights and the Rights Shares will be sold outside the UAE and are not part of a public offering. This prospectus and the relevant documents have not been reviewed or approved by, deposited or registered with the UAE Central Bank, Securities and Commodities Authority or any other relevant licensing authorities or governmental agencies in the UAE.

This prospectus must not be shown, made available or provided to any person other than the original recipient and may not be reproduced or used for any other purpose. The Nil Paid Rights and

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the Rights Shares may not be offered or sold directly or indirectly to the public in the UAE. If you do not understand the contents of this prospectus you should consult an authorised financial adviser.

Notice to investors in the United States

The PALs, the EAFs, the Nil Paid Rights and the Rights Shares have not been and will not be registered under the US Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered, sold, allotted, taken up, exercised, resold, pledged, transferred or delivered, directly or indirectly, in or into the United States, except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States. There will be no public offer of the PALs, the Nil Paid Rights or the Rights Shares in the United States.

None of this prospectus or the PALs or the EAFs offered hereunder constitutes or will constitute, or forms or will form, part of any offer or invitation to issue, purchase or acquire the Nil Paid Rights or the Rights Shares to any person with a registered address, or who is located, in the United States. The Nil Paid Rights and the Rights Shares offered pursuant to this prospectus are only being offered outside the United States in reliance on Regulation S under the US Securities Act.

In addition, until 40 days after the commencement of the offering of the Nil Paid Rights and the Rights Shares, or the procurement of purchasers by the Underwriters of the Rights Shares not initially taken up, any offer, sale or transfer of the Nil Paid Rights or the Rights Shares in or into the United States by a dealer (whether or not participating in the Rights Issue) may violate the registration requirements of the US Securities Act.

The Underwriters may arrange for the offer of the Rights Shares not taken up in the Rights Issue only outside the United States in reliance on Regulation S under the US Securities Act. Each purchaser or subscriber of the Rights Shares being offered and sold outside the United States will be deemed to have represented and agreed, among other things, that the purchaser or subscriber is acquiring the Rights Shares in an offshore transaction meeting the requirements of Regulation S under the US Securities Act.

FORWARD-LOOKING STATEMENTS

All statements in this prospectus other than statements of historical fact are forward looking statements. In some cases, forward-looking statements may be identified by the use of words such as “might”, “may”, “could”, “would”, “will”, “expect”, “intend”, “estimate”, “anticipate”, “believe”, “plan”, “seek”, “continue”, “illustration”, “projection” or similar expressions and the negative thereof. Forward-looking statements in this prospectus include, without limitation, statements in respect of the Cathay Pacific Group’s business strategies, product offerings, market position, competition, financial prospects, performance, liquidity and capital resources, as well as statements regarding trends in the relevant industries and markets in which the Cathay Pacific Group operates, financial and economic developments, legal and regulatory changes and their interpretation and enforcement.

The forward-looking statements in this prospectus are based on management’s present expectations about future events. Management’s present expectations reflect numerous assumptions regarding the Cathay Pacific Group’s strategy, operations, industry, developments in the credit and

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other financial markets and trading environment. By their nature, they are subject to known and unknown risks and uncertainties, which could cause actual results and future events to differ materially from those implied or expressed by forward-looking statements. Should one or more of these risks or uncertainties materialise, or should any assumptions underlying forward-looking statements prove to be incorrect, the Cathay Pacific Group's actual results could differ materially from those expressed or implied by forward-looking statements. Additional risks not known to the Cathay Pacific Group or that the Cathay Pacific Group does not currently consider material could also cause the events and trends discussed in this prospectus not to occur, and the estimates, illustrations and projections of financial performance not to be realised.

Prospective investors are cautioned that forward-looking statements speak only as at the Latest Practicable Date. Except as required by applicable law, the Cathay Pacific Group does not undertake, and expressly disclaims, any duty to revise any forward-looking statement in this prospectus, be it as a result of new information, future events or otherwise.

UNDERWRITERS' RIGHT TO TERMINATE THE RIGHTS ISSUE UNDERWRITING AGREEMENT

The Rights Issue Underwriting Agreement contains provisions granting the Underwriters, acting jointly, by notice to Cathay Pacific at any time before the Latest Termination Time, the right to rescind or terminate the Rights Issue Underwriting Agreement on the occurrence of any of the following events:

- (i) any matter or circumstance arises as a result of which any of the conditions set out in the section headed “Letter from the Board – Rights Issue – (1) Rights Issue Underwriting Agreement – Conditions of the Rights Issue Underwriting Agreement” of this prospectus has become incapable of satisfaction (or, as applicable, waiver) as at the required time; or
- (ii) there has been any breach by Cathay Pacific of any of the representations, warranties, or any material breach by Cathay Pacific of any of the undertakings and other provisions contained in the Rights Issue Underwriting Agreement, or any matter has arisen which would reasonably be expected to give rise to such a breach by Cathay Pacific or a claim in respect of any of the representations and warranties by Cathay Pacific, or a material breach by Cathay Pacific of any of the undertakings and other provisions contained in the Rights Issue Underwriting Agreement; or
- (iii) there has been any breach by any of Swire Pacific, Air China and Qatar Airways of its undertakings contained in the Irrevocable Undertakings or any matter has arisen which would reasonably be expected to give rise to such a breach by any of Swire Pacific, Air China and Qatar Airways or a claim in respect of a breach by any of Swire Pacific, Air China and Qatar Airways of any of the undertakings contained in the Irrevocable Undertakings; or
- (iv) any event occurs or matter arises, which, if it had occurred before the date of the Rights Issue Underwriting Agreement or before any of the times on which the warranties given by Cathay Pacific under the Rights Issue Underwriting Agreement are deemed to be given, would have rendered any of such warranties untrue, incorrect or misleading; or
- (v) any statement contained in any of the Rights Issue Documents or other announcement, circular or public documents issued or authorised by Cathay Pacific relating to the Rights Issue has become or been discovered to be untrue, incorrect, incomplete or misleading, or matters have arisen or have been discovered which would, if any of such documents was to be issued at the time, constitute a material omission therefrom; or
- (vi) there shall have developed, occurred or come in effect any change or development involving a prospective change, any event or circumstance likely to result in a change or development involving a prospective change, in or affecting the assets, liabilities, business, condition, results of operations, prospects, management, shareholders’ equity or in the financial or trading position of any member of the Cathay Pacific Group which, in the sole opinion of the Underwriters, is or may be materially adverse in the context of the Rights Issue or makes or may make it impracticable, inadvisable or inexpedient to proceed with the Rights Issue; or
- (vii) a petition is presented for the winding-up or liquidation of any member of the Cathay Pacific Group or any member of the Cathay Pacific Group makes any composition or arrangement with its creditors or enters into a scheme of arrangement or any resolution is passed for the winding-up of any member of the Cathay Pacific Group or a

UNDERWRITERS' RIGHT TO TERMINATE THE RIGHTS ISSUE UNDERWRITING AGREEMENT

provisional liquidator, receiver or manager is appointed over all or part of the assets or undertaking of any member of the Cathay Pacific Group or anything analogous thereto occurs in respect of any member of the Cathay Pacific Group; or

- (viii) permission to deal in and listing of all the Rights Shares (in their nil-paid and fully-paid forms) has been withdrawn by the Stock Exchange; or
- (ix) there has occurred, happened, come into effect or become public knowledge any event, series of events or circumstances concerning or relating to (whether or not foreseeable):
 - (a) any change in, or any event or series of events likely to result in any change in (whether or not permanent) in local, national or international financial, political, military, industrial, economic, legal, fiscal, regulatory or securities market matters or conditions or currency exchange rates or exchange controls in or affecting Hong Kong, the PRC, the United States, the European Union (or any member thereof), the United Kingdom, Singapore, Japan or any other jurisdictions relevant to any member of the Cathay Pacific Group or the Rights Issue (collectively, the “**Relevant Jurisdictions**”); or
 - (b) any event or circumstance in the nature of force majeure, including, without limitation, any act of government, economic sanctions, strike or lock-out (whether or not covered by insurance), riot, public disorder fire, explosion, flooding, earthquake, civil commotion, act or declaration of war, outbreak or escalation of hostilities (whether or not war is or has been declared), act of terrorism (whether or not responsibility has been claimed), act of God, declaration of a state of emergency or calamity or crisis, in or affecting any of the Relevant Jurisdictions; or
 - (c) the declaration of a banking moratorium by authorities in any of the Relevant Jurisdictions occurring due to exceptional financial circumstances or otherwise; or
 - (d) any moratorium, suspension or restriction on trading in shares or securities generally, or the establishment of minimum prices, on the Stock Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange, the New York Stock Exchange, NASDAQ, the London Stock Exchange, the Singapore Stock Exchange or the Tokyo Stock Exchange, or any major disruption of any securities settlement or clearing services in or affecting any of the Relevant Jurisdictions; or
 - (e) any trading halt or suspension of dealings in the Shares (other than pending publication of the Announcement or where such trading halt or suspension does not last for more than two trading days); or
 - (f) any government authority commencing any investigation or other action, or announcing an intention to investigate or take other action, against any member of the Cathay Pacific Group or any Director; or
 - (g) any new law or regulation or any change, or any development involving a prospective change, whether or not permanent, in or affecting any taxation, exchange controls, currency exchange rates, laws or regulations (or judicial

**UNDERWRITERS' RIGHT TO TERMINATE THE RIGHTS ISSUE
UNDERWRITING AGREEMENT**

interpretation thereof) in or affecting any of the Relevant Jurisdictions, the effect of which events or circumstances referred to in (ix) above individually or in the aggregate (in the sole opinion of the Underwriters) (1) is or would be materially adverse to, or materially prejudicially affects or would materially prejudicially affect, the Cathay Pacific Group as a whole or its prospects or the Rights Issue or (2) makes or may make it impracticable, inadvisable or inexpedient to proceed with the Rights Issue.

In the event the Underwriters exercise their right to terminate the Rights Issue Underwriting Agreement before the Latest Termination Time, the obligations of all parties thereunder shall terminate forthwith (save in respect of certain rights and obligations under the Rights Issue Underwriting Agreement) and no party will have any claim against the others for costs, damages, compensation or otherwise, provided that such termination shall be without prejudice to the rights of Cathay Pacific and the Underwriters in respect of any breach of the Rights Issue Underwriting Agreement occurring before such termination.

If the Underwriters exercise such right, the Rights Issue will not become unconditional and the Rights Issue will not proceed. A further announcement will be made if the Rights Issue Underwriting Agreement is terminated by the Underwriters.

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DEFINITIONS

In this prospectus the following expressions have the following meanings unless the context requires otherwise. Certain amounts and percentage figures in this prospectus have been subject to rounding adjustments.

“Air China”	Air China Limited 中國國際航空股份有限公司 (stock code: 00753), a joint stock limited company incorporated in the PRC, the H shares of which are listed on the Main Board as its primary listing venue and on 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
“Anglo Chinese” or “Independent Financial Adviser”	Anglo Chinese Corporate Finance, Limited, a corporation licensed to conduct type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO, being the independent financial adviser appointed by the Independent Board Committee for the purpose of advising the Independent Board Committee and the Independent Shareholders on the terms of the Rights Issue
“Announcement”	the announcement of Cathay Pacific dated 9 June 2020 in relation to, among other things, the Recapitalisation Proposal
“Articles”	the articles of association of Cathay Pacific
“associate”	has the meaning ascribed to it under the Listing Rules
“Aviation 2020 Limited”	Aviation 2020 Limited, a limited company incorporated in Hong Kong that is wholly owned by the Financial Secretary Incorporated as established under the Financial Secretary Incorporation Ordinance (Chapter 1015 of the Laws of Hong Kong)
“Beneficial Owners”	owners of Shares whose Shares are registered in the name of a registered Shareholder as shown in the register of members of Cathay Pacific
“Board”	the board of Directors
“Bridge Loan”	the bridge loan facility in the principal amount of HK\$7.8 billion granted by Aviation 2020 Limited to Cathay Pacific pursuant to a facility agreement dated 9 June 2020 entered into between Cathay Pacific and Aviation 2020 Limited
“Business Day”	any day on which banks are generally open for business in Hong Kong (excluding Saturday and Sunday)
“Cathay Pacific”	Cathay Pacific Airways Limited 國泰航空有限公司 (stock code: 293), a company incorporated under the laws of Hong Kong, the shares of which are listed on the Main Board
“Cathay Pacific Group”	Cathay Pacific and its subsidiaries
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Clearing Participant”	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant

DEFINITIONS

“CCASS Custodian Participant”	a person admitted to participate in CCASS as a custodian participant
“CCASS Investor Participant”	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
“CCASS Participant”	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
“ChinaClear”	China Securities Depository and Clearing Corporation Limited
“China Connect”	Shanghai Connect and Shenzhen Connect
“Circular”	the circular of Cathay Pacific dated 19 June 2020 in relation to, among other things, the Recapitalisation Proposal
“Committed Rights Shares”	an aggregate of 2,127,356,609 Rights Shares to be subscribed for by Swire Pacific, Air China and Qatar Airways pursuant to the Irrevocable Undertakings
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the laws of Hong Kong)
“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the laws of Hong Kong)
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“CSRC”	the China Securities Regulatory Commission
“CSRC Notice”	the notice of the CSRC “Filing Requirements for Hong Kong Listed Issuers Making Rights Issues to Mainland Shareholders through Mainland-Hong Kong Stock Connect” (Announcement [2016] No. 21)
“Director(s)”	the director(s) of Cathay Pacific
“EAF(s)”	the application forms for excess Rights Shares to be issued to Qualifying Shareholders (other than the PRC Southbound Trading Investors) in respect of any application for excess Rights Shares
“EGM”	the extraordinary general meeting of Cathay Pacific convened and held on Monday, 13 July 2020 to approve, among other things the Rights Issue
“Final Acceptance Date”	the last date for acceptance and payment in respect of provisional allotments under the Rights Issue and for application and payment for excess Rights Shares, which is currently expected to be Wednesday, 5 August 2020 or such later date as Cathay Pacific and the Underwriters may agree in writing
“HKSCC”	Hong Kong Securities Clearing Company Limited, including, where the context so requires, its agents, nominees, representatives, officers and employees
“HKSCC Nominees”	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong

DEFINITIONS

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board comprising John Harrison, Robert Milton and Andrew Tung, each being an independent non-executive Director, which has been established under the Listing Rules to advise the Independent Shareholders on the terms of the Rights Issue
“Independent Shareholder(s)”	Shareholder(s) other than Swire Pacific and its associates
“Independent Third Party”	a third party independent of Cathay Pacific and not a connected person (as defined in the Listing Rules) of Cathay Pacific
“Irrevocable Undertakings”	the irrevocable undertakings dated 9 June 2020 given by each of Swire Pacific, Air China and Qatar Airways to Cathay Pacific
“Last Trading Day”	8 June 2020, being the last trading day before the Rights Issue Underwriting Agreement was entered into
“Latest Practicable Date”	15 July 2020, being the latest practicable date before the printing of this prospectus for the purpose of ascertaining information contained herein
“Latest Termination Time”	4:00 p.m. on the first Business Day after the Final Acceptance Date or such later date as Cathay Pacific and the Underwriters may agree in writing, being the latest time at which the Underwriters may terminate the Rights Issue Underwriting Agreement
“Latest Time for Acceptance”	4:00 p.m. on the Final Acceptance Date, being the latest time for acceptance and payment in respect of provisional allotments under the Rights Issue and for application and payment for excess Rights Shares
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Main Board”	the Main Board of the Stock Exchange
“Nil Paid Rights”	rights to subscribe for Rights Shares (in the form of Rights Shares in nil-paid form) before the Rights Subscription Price is paid
“Non-Qualifying Shareholder(s)”	Overseas Shareholder(s) whom the Directors, based on advice provided by legal advisers in the relevant jurisdiction(s), consider it necessary or expedient to exclude from the Rights Issue, on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place, subject to certain limited exceptions
“Overseas Shareholder(s)”	Shareholder(s) whose name(s) appear(s) on the register of members of Cathay Pacific as at the close of business on the Rights Issue Record Date and whose address(es) as shown on such register is/are outside Hong Kong and Shareholder(s) and Beneficial Owner(s) who is/are otherwise known to Cathay Pacific to be resident outside Hong Kong (and, as applicable and to the extent of such Beneficial Owner’s interests, the Shareholder(s) in whose name(s) such Beneficial Owner’s Shares are registered)

DEFINITIONS

“PAL(s)”	the provisional allotment letter(s) to be issued to Qualifying Shareholders in respect of their entitlements under the Rights Issue
“PRC”	the People’s Republic of China which, for the purpose of this prospectus, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“PRC Southbound Trading Investors”	the PRC investors who hold Shares through ChinaClear as nominee under China Connect
“Preference Shares”	195,000,000 new preference shares of HK\$100 each in the capital of Cathay Pacific to be issued by Cathay Pacific to Aviation 2020 Limited pursuant to the PS Subscription Agreement
“Preference Shares and Warrants Issue”	the proposed issue of the Preference Shares and the Warrants
“PS Subscription Agreement”	the subscription agreement dated 9 June 2020 and entered into between Cathay Pacific and Aviation 2020 Limited in relation to the Preference Shares and Warrants Issue
“Qatar Airways”	Qatar Airways Group Q.C.S.C., a Qatari closed shareholding company registered in the State of Qatar
“Qualifying Shareholder(s)”	Shareholder(s), other than the Non-Qualifying Shareholder(s), whose name(s) appear(s) on the register of members of Cathay Pacific as at the close of business on the Rights Issue Record Date
“Recapitalisation Proposal”	the proposed recapitalisation plan of Cathay Pacific to raise approximately HK\$39.0 billion consisting of the Preference Shares and Warrants Issue, the Rights Issue and the Bridge Loan
“Registered Nominee”	a nominee (including HKSCC Nominees) whose name appears on the register of members of Cathay Pacific
“Registered Owner”	in respect of a Beneficial Owner, means a nominee, trustee, depository or any other authorised custodian or third party which is the registered holder in the register of members of Cathay Pacific of the Shares in respect of which the Beneficial Owner is beneficially interested
“Registrar”	the share registrar of Cathay Pacific, being Computershare Hong Kong Investor Services Limited
“Rights Issue”	the rights issue of 2,503,355,631 Rights Shares at the Rights Subscription Price on the basis of seven Rights Shares for every 11 existing Shares held on the Rights Issue Record Date
“Rights Issue Documents”	this prospectus, the PALs and the EAFs
“Rights Issue Record Date”	Tuesday, 21 July 2020, being the date by reference to which entitlements under the Rights Issue were determined
“Rights Issue Underwriting Agreement”	the underwriting agreement dated 9 June 2020 entered into between Cathay Pacific and the Underwriters in relation to the Rights Issue
“Rights Share(s)”	the new Share(s) to be allotted and issued pursuant to the Rights Issue

DEFINITIONS

“Rights Subscription Price”	the subscription price of HK\$4.68 per Rights Share
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shanghai Connect”	a securities trading and clearing links programme developed by the Stock Exchange, the Shanghai Stock Exchange, HKSCC and ChinaClear for the establishment of mutual market access between Hong Kong and Shanghai
“Share(s)”	ordinary share(s) of Cathay Pacific
“Shareholder(s)”	holder(s) of Share(s)
“Shenzhen Connect”	a securities trading and clearing links programme developed by the Stock Exchange, the Shenzhen Stock Exchange, HKSCC and ChinaClear for the establishment of mutual market access between Hong Kong and Shenzhen
“Specified Territories”	Canada, Japan, the PRC, the United Arab Emirates and the United States, and any one of them a “Specified Territory”
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Swire Pacific”	Swire Pacific Limited 太古股份有限公司 (stock codes: 19 and 87), a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board, and a controlling shareholder of Cathay Pacific
“Takeovers Code”	the Hong Kong Codes on Takeovers and Mergers and Share Buy-backs
“Third Runway System”	an ongoing project involving the construction of the third runway of the Hong Kong International Airport
“Underwriter(s)”	Morgan Stanley Asia Limited, BOCI Asia Limited, The Hongkong and Shanghai Banking Corporation Limited and BNP Paribas Securities (Asia) Limited
“Underwritten Rights Shares”	the Rights Shares (other than the Committed Rights Shares)
“United States” or “US”	the United States of America (including its territories and dependencies, any state in the US and the District of Columbia)
“US Securities Act”	the US Securities Act of 1933, as amended
“US\$”	US dollar(s), the lawful currency of the United States
“Warrant Shares”	up to 416,666,666 Shares (subject to adjustment) to be allotted and issued by Cathay Pacific upon the exercise of the subscription rights attaching to the Warrants

DEFINITIONS

“Warrants”	the 416,666,666 unlisted warrants to be issued by Cathay Pacific to Aviation 2020 Limited pursuant to the PS Subscription Agreement which entitle holders to subscribe for the Warrant Shares
“%”	per cent. or percentage

EXPECTED TIMETABLE OF THE RIGHTS ISSUE

The expected timetable for the Rights Issue is set out below:

	2020
First day of dealing in nil-paid Rights Shares	Friday, 24 July
Latest time for splitting PALs	4:30 p.m. on Tuesday, 28 July
Last day of dealing in nil-paid Rights Shares	Friday, 31 July
Latest Time for Acceptance	4:00 p.m. on Wednesday, 5 August
Rights Issue expected to become unconditional on or before	4:00 p.m. on Thursday, 6 August
Publication of announcement of results of the Rights Issue and excess applications	Friday, 7 August
Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares expected to be despatched on or before	Monday, 10 August
Share certificates for fully-paid Rights Shares to be posted	Monday, 10 August
Dealings in Rights Shares in fully-paid form commences	9:00 a.m. on Tuesday, 11 August

Note: All times and dates in this prospectus refer to Hong Kong local times and dates. The expected timetable for the Rights Issue set out above and all dates and deadlines specified in this prospectus are indicative only and may be varied. Any changes to the expected timetable will be announced in a separate announcement by Cathay Pacific as and when appropriate.

Effect of bad weather on Latest Time for Acceptance

The Latest Time for Acceptance will not take place if there is a tropical cyclone warning signal no. 8 or above, “extreme conditions” caused by super typhoons, or a “black” rainstorm warning, in force in Hong Kong at any local time:

- (i) before 12:00 noon and no longer in force after 12:00 noon on the Final Acceptance Date. Instead the Latest Time for Acceptance will be extended to 5:00 p.m. on the same Business Day; or
- (ii) between 12:00 noon and 4:00 p.m. on the Final Acceptance Date. Instead the Latest Time for Acceptance will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

If the Latest Time for Acceptance does not take place on the currently scheduled date for the Final Acceptance Date, the dates mentioned in this section may be affected. Cathay Pacific will notify the Shareholders by way of an announcement of any change to the expected timetable as soon as practicable.

RISK FACTORS

RISKS RELATING TO THE BUSINESS AND OPERATIONS OF CATHAY PACIFIC GROUP

The recent outbreak of COVID-19 could disrupt the Cathay Pacific Group's operations and thereby harm its business.

The outbreak of a novel strain of coronavirus (i.e. COVID-19) has spread globally and triggered a global economic downturn and global economic contraction, causing a severe impact on the regional and global aviation industry. The number of reported cases of COVID-19 worldwide, as well as the number of reported deaths, have significantly exceeded those observed during the Severe Acute Respiratory Syndrome (“SARS”) epidemic that occurred in 2002/2003 and have resulted in a more widespread health crisis than that observed during the SARS epidemic. On 11 March 2020, the World Health Organisation declared the COVID-19 outbreak as a pandemic. As of the Latest Practicable Date, no specific vaccine or cure had been developed by scientists thus far to treat such virus or COVID-19, the disease caused by it. The COVID-19 outbreak is ongoing and the actual extent of the outbreak and its impact on the domestic, regional and global economy remains uncertain.

Governments around the world have introduced measures designed to slow the spread of the virus, including strict border controls and travel restrictions and ordering residents to stay at home with a limited range of exceptions. In Hong Kong, travel restrictions were implemented by the Hong Kong government on 25 March 2020 pursuant to which all non-Hong Kong residents will be denied entry into Hong Kong. As at the Latest Practicable Date, such restrictions were still in force, and may be further extended, including to a greater or lesser degree. The COVID-19 outbreak could even become more severe, which may in turn result in protracted volatility in international markets and/or result in a global recession as a consequence of widespread disruptions to travel and retail segments, tourism and manufacturing supply chains, imposition of quarantines and prolonged closures of workplaces. Cathay Pacific is particularly impacted by such travel restrictions as it has no domestic network and is wholly reliant on cross-border travel, which remains highly restricted and subject to quarantine constraints, with no prospects for a return to normal international travel arrangements any time soon.

Cathay Pacific's management team has been active and agile in responding to the extremely difficult environment. Cathay Pacific has implemented a number of cash preservation measures, including but not limited to substantially cutting passenger capacity, implementing executive pay cuts, deferring new aircraft delivery, as well as implementing voluntary special leave schemes for employees. Despite all these measures, the drop in passenger revenue to around only 1% of prior year levels meant that Cathay Pacific was initially losing cash at the operating level at a rate of HK\$2.5 to 3.0 billion per month as it serviced a high level of customer refunds. This has subsequently reduced and is expected to remain at a rate of approximately HK\$1.5 billion per month whilst minimal passenger services are in place. While such passenger capacity cuts and cost management measures have helped to reduce expenditure, many costs are unavoidable regardless of the number of flights mounted. Accordingly, such measures will not fully offset the contraction in passenger revenue.

Overall, the Cathay Pacific Group plans to operate approximately 7% capacity in July 2020 and expect to operate approximately 10% of its normal flight schedule in August 2020. It will continue to assess the potential of increasing more flights and adding destinations for its customers in the coming months; however, these plans remain contingent on the further relaxation or tightening of government health measures. It is unclear when the Cathay Pacific Group can begin to resume normal services, given the uncertainty as to when the stringent border controls of destination countries will be lifted. The duration of the border controls, travel and movement restrictions and the longer-term effects of the

RISK FACTORS

COVID-19 pandemic on the Cathay Pacific Group's business are uncertain. Even when restrictions are lifted, there might be a period of significantly reduced economic activity, potential increased unemployment and reduced consumer spending and it is likely that passengers would voluntarily choose to reduce travel. There is also no assurance that travel will rebound to pre-outbreak levels. This is expected to have a material adverse impact on the Cathay Pacific Group's half-year and full year financial results of 2020 and possibly beyond. Accordingly, the performance of the Cathay Pacific Group in the short-to-medium term (including the Cathay Pacific Group's financial results for the year ending 31 December 2020) is expected to be materially worse than that in the past.

A number of governments (including the Hong Kong government) have revised gross domestic product growth forecasts for 2020 downward in response to the economic slowdown caused by the spread of COVID-19, and it is possible that the outbreak of COVID-19 will cause a prolonged global economic crisis or recession, which may disrupt the Cathay Pacific Group's business operations and consequently have a material adverse effect on the Cathay Pacific Group's financial condition and results of operations. While governments (including the Hong Kong government) have introduced and may introduce further support and relief measures in response to the COVID-19 pandemic, there is no assurance that such support packages will be effective in improving the state of the local and global economy.

Furthermore, the COVID-19 pandemic has resulted in significant volatility in the financial markets, which has in turn impeded access to the capital markets and bank borrowings for many businesses. As one of the industries worst hit by the pandemic, the aviation sector may continue to suffer restricted access to external funding if investors' confidence is not restored.

Acts of terrorism, wars, epidemics, pandemics, natural or other calamities can cause passengers to cancel or postpone international air travel and therefore also adversely affect Cathay Pacific's business.

Natural calamities such as earthquakes, floods, volcanic eruptions or tsunamis may devastate popular business or tourist travel destinations and significantly reduce travel to the affected areas for a period of time. Acts of terrorism and war (and threats of terrorism and war) and civil or political strike may also contribute to a fear of travelling by air, or visiting particular destinations, resulting in a sharp fall in demand for air travel. These events may also result in the closure or restriction of access to airspace or airports. Given that Cathay Pacific Group's services depend on the availability of these facilities and the general accessibility of destinations, its business and operations could also be adversely affected by the occurrence of such events.

The outbreak of any contagious disease such as mutation of COVID-19, Avian Flu H5N1, SARS, Ebola, Middle East respiratory syndrome coronavirus and swine flu that escalates into a regional or global epidemic or pandemic, or the fear of such events, may have an adverse impact on all airlines, including those of the Cathay Pacific Group which may operate to or from such affected areas or regions. The demand for air travel will be severely reduced as international and national response plans, which include tightening of border controls and closure or restriction of access to airspace or airports around the world, are put in place to address such contagion. Given that the Cathay Pacific Group's services depend on the availability of these facilities and the general accessibility of destinations, its business and operations could be adversely affected by the occurrence of such events. For risks on the recent COVID-19 outbreak, see "— The recent outbreak of COVID-19 could disrupt the Cathay Pacific Group's operations and thereby harm its business."

RISK FACTORS

Fluctuations in jet fuel prices may have a significant impact on the Cathay Pacific Group's earnings.

Historically, fuel costs have been subject to wide price fluctuations based on geopolitical issues and supply and demand. Due to the variety of factors that affect the price of fuel, the cost of fuel cannot be predicted with any degree of certainty.

Jet fuel is a major component of the Cathay Pacific Group's operating expenses and the Cathay Pacific Group's results are significantly affected by the volatility in the price of jet fuel. The Cathay Pacific Group's policy is to reduce fuel price risk by hedging a percentage of its expected fuel consumption. Crude oil swaps which are economically equivalent to forward contracts are used to achieve the Cathay Pacific Group's desired hedging position.

As at 31 December 2019, a 5% increase/decrease in price of jet fuel would have increased/decreased the Cathay Pacific Group's other equity components by approximately HK\$620 million. This is on the assumption that all other variables remain constant and has been prepared on the same basis as the same sensitivity analysis disclosed in the annual report of Cathay Pacific for the year ended 31 December 2018.

In addition, the scale of reduced flights due to the COVID-19 pandemic means that the Cathay Pacific Group is in an over-hedged position with respect to expected fuel consumption. Accordingly, surplus hedges will need to be classified as ineffective under applicable financial reporting standards. The marked to market losses as at 31 December 2020 could be significant and any such losses arising from ineffective hedges will be recognised in profit or loss for the year ending 31 December 2020. There is no assurance that the Cathay Pacific Group will not recognise further marked to market losses in profit or loss for the financial year ending 31 December 2020.

The airline industry may experience adverse financial performance during general economic downturns and geo-political events.

International air transportation is intimately linked and correlated with economic growth. The growth or decline in economic activity and uncertainties caused by geo-political events directly affect demand for business travel by air and for cargo space. Economic downturns can also impact leisure travel as discretionary income is affected.

Since a substantial portion of airline travel, for both business and leisure, is discretionary, the airline industry may experience adverse financial performance during an economic downturn and geo-political events. Yields may also experience a decline as airlines may offer fare discounts in certain markets to stimulate demand.

The Cathay Pacific Group's business depends substantially on general global economic conditions. As the airline industry is generally characterised by high fixed costs, including aircraft costs such as aircraft depreciation, lease rentals, maintenance and repair costs, a drop in revenue levels as a result of a slower economic cycle could have an adverse impact on the Cathay Pacific Group's financial performance. It is difficult to predict the duration and effects of an economic downturn, which may be aggravated by volatility in the financial sector and the capital markets, leading to significant market-wide liquidity problems. These conditions may adversely affect the Cathay Pacific Group's financial condition and/or results of operations in the future.

RISK FACTORS

The airline industry is a highly regulated industry that may require significant costs to be incurred in meeting existing and new regulations and policies.

Safety, environmental and similar regulations impose significant requirements and compliance costs on the Cathay Pacific Group's business. For the Cathay Pacific Group's airlines to maintain their air operator certificates, they have to comply with regulations in Hong Kong and elsewhere. These regulations deal mainly with safety issues from aircraft airworthiness to training of crew. Governments across the world have also become more active in regulatory intervention on issues ranging from environmental protection to anti-corruption and consumer welfare. In light of the COVID-19 pandemic, there is no assurance that governments will not impose additional regulations on airlines to address public health management concerns. In some instances, governments may also adopt restrictive policies with respect to the issuance of certain permits and approvals. Changes in such regulations and policies, or the administration of such regulations and policies, could have an adverse impact on the Cathay Pacific Group's business by increasing costs, impeding normal service, restricting market access and benefiting its competitors. In the event that the Cathay Pacific Group does not fully comply with such laws and regulations and policies in the conduct of its business or operations, there can be no assurance that any such non-compliance would not have a material and adverse effect on the Cathay Pacific Group's business, operational results, financial position, performance or prospects. In addition, such laws and regulations and policies may be ambiguous and their interpretations and applications may potentially be detrimental to the Cathay Pacific Group.

RISKS RELATING TO THE RIGHTS ISSUE

Unless you take up all of your Nil Paid Rights and subscribe for the Rights Shares provisionally allotted to you, this offering will dilute your investment and proportionate ownership interest in Cathay Pacific.

If you choose not to take up your Nil Paid Rights fully, your proportionate ownership and voting interest in Cathay Pacific will be diluted. Even if you elect to sell your Nil Paid Rights prior to the expiration of the applicable trading period, or such Nil Paid Rights are sold on your behalf, the consideration received may not be sufficient to compensate you fully for such dilution of your proportionate ownership and voting interest in Cathay Pacific.

The market prices of Shares may fluctuate and may fall below the Rights Subscription Price prior to the expiration of the subscription period.

Once you take up your Nil Paid Rights pursuant to this Rights Issue, you may not revoke such take up. Although the Rights Subscription Price of HK\$4.68 for the Rights Shares represented a discount to the closing price of HK\$5.90 on the Latest Practicable Date, the market prices of the Shares may fall below the Rights Subscription Price prior to the expiration of the subscription period as a result of, among other things, global or the PRC's economic or political conditions, the market's perception of the likelihood of completion of this offering, regulatory changes affecting the Cathay Pacific Group's operations and variations in the Cathay Pacific Group's financial results. Many of these factors are beyond the Cathay Pacific Group's control. If you take up your Nil Paid Rights and the market price of the Shares trades below the Rights Subscription Price on the date the Rights Shares are issued to you in respect of such Nil Paid Rights, you will have purchased the Rights Shares at prices higher than the market price. Any decrease in market prices may continue after the completion of the Rights issue and, as a result, you may not be able to sell such Rights Shares at a price equal to or greater than the Rights Subscription Price.

RISK FACTORS

An active trading market for the Nil Paid Rights may not develop on the Stock Exchange or any over-the-counter trading market and, even if a market does develop, the trading price of the Nil Paid Rights may fluctuate.

A trading period has been set for the Nil Paid Rights from Friday, 24 July 2020 to Friday, 31 July 2020 (both days inclusive). There is no assurance that an active trading market in the Nil Paid Rights on the Stock Exchange will develop during the applicable trading period for Nil Paid Rights or that any over-the-counter trading market in the Nil Paid Rights will develop. Even if an active market develops, the trading price of the Nil Paid Rights may be volatile and subject to the same factors affecting the price of the Shares.

The Rights Subscription Price is not an indication of the Cathay Pacific Group's underlying value.

The Rights Subscription Price was determined by the Directors with reference to the market price of the Shares under the prevailing market conditions preceding and including the date of the Announcement. The Rights Subscription Price does not bear a direct relationship to past operations, cash flow, earnings, financial conditions or any other established criteria for value and you should not consider the Rights Subscription Price to be any indication of our underlying value.

Certain financial information in this prospectus is unaudited and unreviewed.

Prospective investors should note that certain financial information disclosed in this prospectus is unaudited and unreviewed and may not reflect the Cathay Pacific Group's results for the six months ended 30 June 2020, which are expected to be released on or around 12 August 2020, and may be subject to adjustments.

LETTER FROM THE BOARD



CATHAY PACIFIC
CATHAY PACIFIC AIRWAYS LIMITED
(Incorporated in Hong Kong with limited liability)
(Stock Code: 293)

Executive Directors:

HEALY, Patrick
TANG, Kin Wing Augustus
HUGHES, Gregory Thomas Forrest
LAM, Siu Por Ronald
MURRAY, Martin James

Registered office:

33rd Floor, One Pacific Place
88 Queensway
Hong Kong

Non-executive Directors:

CAI, Jianjiang
LOW, Mei Shuen Michelle
SONG, Zhiyong
SWIRE, Merlin Bingham
SWIRE, Samuel Compton
XIAO, Feng
ZHANG, Zhuo Ping
ZHAO, Xiaohang

Independent Non-executive Directors:

CHAN, Bernard Charnwut
HARRISON, John Barrie
MILTON, Robert Aaron
TUNG, Lieh Cheung Andrew

22 July 2020

To the Qualifying Shareholders and, for information purposes only, the Non-Qualifying Shareholders

Dear Sir or Madam,

**RIGHTS ISSUE OF RIGHTS SHARES ON THE BASIS OF
SEVEN RIGHTS SHARES FOR EVERY ELEVEN EXISTING SHARES
HELD ON THE RIGHTS ISSUE RECORD DATE**

INTRODUCTION

As disclosed in the Announcement and the Circular, the Board proposes to implement a recapitalisation plan with a view to raising aggregate proceeds of approximately HK\$39.0 billion. The Recapitalisation Proposal involves:

- (1) the Preference Shares and Warrants Issue, being a proposed issuance by Cathay Pacific to Aviation 2020 Limited of: (a) the Preference Shares for an aggregate subscription price of HK\$19.5 billion; and (b) Warrants to subscribe for Shares with an aggregate exercise price of approximately HK\$1.95 billion (subject to adjustment);
- (2) the Rights Issue, being a proposed rights issue of 2,503,355,631 Rights Shares on the basis of seven Rights Shares for every 11 existing Shares held on the Rights Issue Record Date at a Rights Subscription Price of HK\$4.68 to raise aggregate proceeds of approximately HK\$11.7 billion; and

LETTER FROM THE BOARD

- (3) the Bridge Loan, being a committed bridge loan facility to be extended by Aviation 2020 Limited to Cathay Pacific in an amount of HK\$7.8 billion.

The purpose of this prospectus is to provide you with, among other things, further information about the Rights Issue, including information on dealings, transfer and acceptance of the Rights Shares, and certain financial information and other information of the Cathay Pacific Group.

REASONS FOR THE RECAPITALISATION PROPOSAL AND FUTURE PLANS

The Recapitalisation Proposal is proposed in response to a series of unexpected events outside the Cathay Pacific Group's control, including the outbreak of the global COVID-19 pandemic which has created significant challenges for the airline industry. Travel restrictions imposed by various governments have led to significantly reduced inbound and outbound passenger traffic for the Cathay Pacific Group and uncertainty over the Cathay Pacific Group's future prospects and operations.

Current market environment

The airline industry faces significant challenges as a result of the COVID-19 pandemic. Travel demand has declined to an unprecedented level with most nations issuing strict travel restrictions and passengers halting business and international travel.

Cathay Pacific is particularly impacted by such travel restrictions as it has no domestic network and is wholly reliant on cross-border travel, which remains highly restricted and subject to quarantine constraints, with no prospects for a return to normal international travel arrangements any time soon.

Impact on business operations

In the first six months of 2020, the number of passengers carried by the Cathay Pacific Group dropped by 76% against a 65.7% decrease in capacity and a 72.6% decrease in revenue passenger kilometres, as compared to the same period in 2019. Overall, the Cathay Pacific Group plans to operate approximately 7% capacity in July 2020 and expects to operate approximately 10% of its normal flight schedule in August 2020. It will continue to assess the potential of increasing more flights and adding destinations for its customers in the coming months; however, these plans remain contingent on the further relaxation or tightening of government health measures. Furthermore, in the first six months of 2020, the tonnage carried by the Cathay Pacific Group fell by 31.9% against a 31% drop in capacity and a 24.6% decrease in revenue freight tonne kilometres, as compared to the same period in 2019.

Cathay Pacific's management team has been active and agile in responding to the extremely difficult environment. Cathay Pacific has implemented a number of cash preservation measures, including but not limited to substantially cutting passenger capacity, implementing executive pay cuts, deferring new aircraft delivery, as well as implementing voluntary special leave schemes for employees. Specifically, Cathay Pacific has reached agreement with Airbus to defer delivery of its A350-900's and A350-1000's from 2020 and 2021 to 2020-2023, and its A321neo's from 2020-2023, to 2020 to 2025. Advanced negotiations are also ongoing with Boeing for the deferral of 777-9 deliveries. This deferral of deliveries is expected to produce cash savings to the Cathay Pacific Group in the short to medium term. Despite all these measures, the drop in passenger revenue to around only 1% of prior year levels meant that Cathay Pacific was initially losing cash at the operating level at a rate of HK\$2.5 to 3.0 billion per month as it serviced a high level of customer refunds. This has subsequently reduced and is expected to remain at a rate of approximately HK\$1.5 billion per month whilst minimal passenger services are in place.

LETTER FROM THE BOARD

Outlook

The International Air Transport Association (IATA) has released updated analysis indicating that the COVID-19 crisis will cause the global airline industry to suffer a net loss of US\$84.3 billion in 2020, compared to a net profit of US\$26.4 billion in 2019. Airlines in Asia Pacific will see a net profit drop of approximately US\$34 billion and a 53.8% fall in revenue passenger kilometres year-on-year. Most industry analysts are forecasting very gradual recoveries over a protracted period, and the IATA is forecasting 2020 to be the worst year in history for airlines with losses to continue in 2021, albeit to a lesser extent.

This is the biggest challenge to the aviation industry that Cathay Pacific has ever witnessed and, overall, it does not anticipate that there will be a meaningful recovery for an extended period.

Cathay Pacific nonetheless remains confident in Hong Kong as a major international aviation hub in Asia. Whilst there remains considerable uncertainty surrounding the near-term impact of the pandemic, recent IATA scenario analysis indicates that global annual air passenger growth could be in the range of 3.2% and 5.3% over the next 20 years, with a bias towards Asia Pacific. Investment in the Third Runway System and increasing intermodal connectivity supporting a growing Greater Bay Area means Hong Kong, and the Cathay Pacific Group, are well placed to capitalise on this opportunity.

Recapitalisation Proposal

Cathay Pacific has explored available options and believes that a recapitalisation is required to ensure it has sufficient liquidity to weather this current crisis. In addition, it is expected to place Cathay Pacific in a better position to compete vigorously and to capitalise on any opportunities that may arise as a result of the current crisis and should position Cathay Pacific for growth when the crisis resolves.

The Directors consider that, after taking into account the costs and benefits of different fundraising alternatives available to the Cathay Pacific Group, the Recapitalisation Proposal is the preferred means of implementing a fundraising of the size envisaged.

Future plans

The Board has implemented a further round of executive pay cuts and a second voluntary special leave scheme for employees. In the longer term, all aspects of the Cathay Pacific Group's business model will be re-evaluated. By the fourth quarter of 2020, Cathay Pacific's management team will recommend to the Board the optimum size and shape of the Cathay Pacific Group to meet the air travel needs of Hong Kong while keeping Cathay Pacific's financial status at a healthy level and meeting its responsibilities to Shareholders. Inevitably this will involve rationalisation of future planned capacity compared to the pre-crisis plans, taking into account the market outlook and cost structure at that time.

The Board will continue to explore opportunities to improve Cathay Pacific's capital structure. If suitable market conditions arise, Cathay Pacific may further access the equity and debt capital markets in order to strengthen its balance sheet.

LETTER FROM THE BOARD

RIGHTS ISSUE

(a) Rights Issue statistics

Basis of the Rights Issue:	Seven Rights Shares for every 11 existing Shares held on the Rights Issue Record Date
Rights Subscription Price:	HK\$4.68 per Rights Share
Number of Shares in issue as at the Rights Issue Record Date:	3,933,844,572 Shares
Number of Rights Shares to be issued under the Rights Issue:	2,503,355,631 Rights Shares
Amount to be raised:	Approximately HK\$11.7 billion before expenses
Underwriters:	Morgan Stanley Asia Limited BOCI Asia Limited The Hongkong and Shanghai Banking Corporation Limited BNP Paribas Securities (Asia) Limited
Enlarged number of Shares in issue upon completion of the Rights Issue:	6,437,200,203 Shares (assuming no change in the number of issued Shares (other than as a result of the allotment and issuance of the Rights Shares) on or before completion of the Rights Issue)

Cathay Pacific had no outstanding convertible securities or options in issue or other similar rights which confer any right to convert into or subscribe for Shares as at the Latest Practicable Date.

Assuming there is no change in the number of issued Shares (other than as a result of the allotment and issuance of the Rights Shares) on or before completion of the Rights Issue, the aggregate number of nil-paid Rights Shares proposed to be provisionally allotted pursuant to the terms of the Rights Issue represents (i) approximately 63.6% of the total number of issued Shares as at the Latest Practicable Date; (ii) approximately 38.9% of the total number of issued Shares as enlarged by the Rights Issue (assuming that all Rights Shares are taken up); and (iii) approximately 36.5% of the total number of issued Shares as enlarged by the Recapitalisation Proposal (assuming that all Rights Shares are taken up and full exercise of the Warrants).

(b) Rights Subscription Price

The Rights Subscription Price is HK\$4.68 per Rights Share, which is payable in full upon a Qualifying Shareholder accepting the relevant provisional allotment of the Rights Shares or, where applicable, upon application for excess Rights Shares under the Rights Issue or when a renounee of any provisional allotment of the Rights Shares or a transferee of Nil Paid Rights applies for the Rights Shares.

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The Rights Subscription Price represents:

- (i) a discount of approximately 20.7% to the closing price of HK\$5.90 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 46.9% to the closing price of HK\$8.81 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 35.0% to the theoretical ex-rights price of approximately HK\$7.20 per Share, which is calculated based on the closing price of HK\$8.81 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iv) a discount of approximately 45.0% to the average of the closing prices of approximately HK\$8.51 per Share as quoted on the Stock Exchange for the five consecutive trading days ending on and including the Last Trading Day;
- (v) a discount of approximately 43.4% to the average of the closing prices of approximately HK\$8.27 per Share as quoted on the Stock Exchange for the ten consecutive trading days ending on and including the Last Trading Day;
- (vi) a discount of approximately 70.7% to the consolidated net asset value attributable to the Shareholders as at 31 December 2019 as extracted from the annual report of Cathay Pacific for the year ended 31 December 2019 of approximately HK\$15.96 per Share; and
- (vii) a dilution effect of approximately 15.4% to the existing Shareholders if they elect not to participate in the Rights Issue, which is calculated based on the theoretical ex-rights price of approximately HK\$7.20 per Share (taking into account the closing price of the Last Trading Day of HK\$8.81 per Share) and the average of the closing prices per Share as quoted on the Stock Exchange for the five previous consecutive trading days up to and including the Last Trading Day of HK\$8.51 per Share.

The Rights Subscription Price was determined by the Directors with reference to the market price of the Shares under the prevailing market conditions preceding and including the date of the Announcement. Each Qualifying Shareholder is entitled to subscribe for the Rights Shares at the Rights Subscription Price in proportion to his/her/its shareholding in Cathay Pacific held on the Rights Issue Record Date.

The Directors consider the terms of the Rights Issue, including the Rights Subscription Price (and the discounts to the relative values as indicated above), are fair and reasonable and the Rights Issue is in the interests of Cathay Pacific and the Shareholders as a whole.

(c) Basis of provisional allotment

The basis of the provisional allotment shall be seven Rights Share (in nil-paid form) for every whole multiple of 11 existing Shares held by a Qualifying Shareholder on the Rights Issue Record Date.

Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by completing a PAL and lodging the same with a remittance for the Rights Shares being applied for with the Registrar on or before the Latest Time for Acceptance.

LETTER FROM THE BOARD

(d) Qualifying Shareholders

To qualify for the Rights Issue, a Shareholder must:

- (i) be registered as a member of Cathay Pacific on the Rights Issue Record Date; and
- (ii) not be a Non-Qualifying Shareholder.

Qualifying Shareholders who take up their pro rata entitlements in full will not suffer any dilution to their interests in Cathay Pacific as a result of the Rights Issue (except in relation to any dilution resulting from the taking up by third parties of any Rights Shares arising from the aggregation of fractional entitlements). If a Qualifying Shareholder does not take up any of his/her/its entitlement in full under the Rights Issue, his/her/its proportionate shareholding in Cathay Pacific will be diluted. Shareholders' interests will also potentially be diluted by any exercise of the Warrants.

(e) Distribution of Rights Issue Documents

Cathay Pacific will only despatch the Rights Issue Documents to Qualifying Shareholders and Overseas Shareholder who satisfy relevant requirements to the satisfaction of Cathay Pacific. To the extent reasonably practicable and legally permitted, Cathay Pacific will send copies of this prospectus (without the PAL and EAF) to Non-Qualifying Shareholders whose names appeared on the register of members of Cathay Pacific at the close of business on the Rights Issue Record Date for information purposes only.

Distribution of the Rights Issue Documents into jurisdictions other than Hong Kong may be restricted by law. Any person who receives the Rights Issue Documents (including, without limitation, any agent, custodian, nominee and trustee) should be aware of and comply with applicable restrictions in the relevant jurisdiction(s). Failure to comply with any applicable restrictions may constitute a violation of the securities laws of the relevant jurisdiction. Any Shareholder or Beneficial Owner who is in doubt as to his/her/its position should consult an appropriate professional adviser without delay. In particular, subject to certain exceptions as determined by Cathay Pacific, this prospectus should not be distributed, forwarded to or transmitted in, into or from any of the Specified Territories either or without the PAL or the EAF.

The Rights Issue Documents will not be registered or filed under the applicable securities or equivalent legislation of any jurisdiction other than Hong Kong and the PRC (in accordance with the CSRC Notice).

(f) Rights of Overseas Shareholders

As at the Latest Practicable Date, according to the register of members of Cathay Pacific, Cathay Pacific had 413 Overseas Shareholders with registered addresses in 32 jurisdictions, which collectively held 1,627,301 Shares in aggregate (representing approximately 0.04% of the total number of issued Shares).

Overseas Shareholders on the Rights Issue Record Date may not be eligible to take part in the Rights Issue. Please refer to the paragraph headed "(h) Non-Qualifying Shareholders" in this section for further detail.

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It is the responsibility of the Shareholders (including the Overseas Shareholders) to observe the local legal and regulatory requirements applicable to them for taking up and onward sale (if applicable) of the Rights Shares.

Cathay Pacific reserves the right to treat as invalid any acceptance of or application for Rights Shares where it believes that such acceptance or application would violate applicable securities or other laws or regulations of any territory or jurisdiction. Accordingly, Overseas Shareholders should exercise caution when dealing in the Shares.

(g) PRC Southbound Trading Investors

The Directors have made relevant enquiries and have been advised that PRC Southbound Trading Investors can participate in the Rights Issue through ChinaClear. ChinaClear will provide nominee services for PRC Southbound Trading Investors to (i) sell (in full or in part) their Nil Paid Rights on the Stock Exchange; and/or (ii) subscribe (in full or in part) for their pro-rata entitlements in respect of shareholdings held on the Rights Issue Record Date at the Rights Subscription Price under the Rights Issue in accordance with relevant laws and regulations. However, ChinaClear will not support applications by such PRC Southbound Trading Investors for excess Rights Shares under the Rights Issue through China Connect. In addition, according to the PRC legal adviser of Cathay Pacific, PRC Southbound Trading Investors (or the relevant ChinaClear participants as the case may be) whose stock accounts in the ChinaClear are credited with Nil Paid Rights may only sell those Nil Paid Rights on the Stock Exchange under China Connect but may not purchase any Nil Paid Rights or transfer such Nil Paid Rights to other PRC Southbound Trading Investors.

PRC Southbound Trading Investors should seek advice from their intermediaries (including brokers, custodians, nominees or ChinaClear participants) and/or other professional advisers for details of the logistical arrangements as required by ChinaClear, and provide instructions with such intermediary in relation to the acceptance and/or sale of the Nil Paid Rights. Such instructions should be given in advance of the Latest Time for Acceptance or last day of dealing in Nil Paid Rights stated in the section headed “Expected Timetable of the Rights Issue” of this prospectus and otherwise in accordance with the requirements of the relevant intermediary of the PRC Southbound Trading Investors and/or ChinaClear in order to allow sufficient time to ensure that such instructions are given effect. According to the PRC legal adviser of Cathay Pacific, as the Rights Issue Documents have not been and are not intended to be filed with or approved by the CSRC other than in accordance with CSRC Notice, the Rights Shares (in nil-paid and fully-paid forms) shall not be offered and may not be offered or sold directly or indirectly in the PRC to any person or entity, unless such person or entity is a PRC Southbound Trading Investor (subject to certain limitations in relation to its rights to participate in the Rights Issue as explained in this prospectus), or it has otherwise been exempted by or has obtained the necessary and appropriate approvals from the relevant PRC authorities in accordance with the applicable PRC laws and regulations.

(h) Non-Qualifying Shareholders

Non-Qualifying Shareholders are Overseas Shareholders whom the Directors, based on advice provided by legal advisers in the relevant jurisdictions, consider it necessary or expedient to exclude from the Rights Issue, on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place, subject to certain limited exceptions. The Rights Issue has not been, and will not be, extended to the Non-Qualifying Shareholders.

LETTER FROM THE BOARD

Based on the advice of Cathay Pacific's legal advisers in Canada, Japan, the PRC, the United Arab Emirates and the United States (being the Specified Territories) and having considered the circumstances, the Directors have formed the view that, other than subject to certain limited exceptions as described below, it is necessary or expedient not to offer the Nil Paid Rights or the Rights Shares to Overseas Shareholders in the Specified Territories due to the time and costs involved in the registration or filing of the Rights Issue Documents and/or approval required by the relevant authorities in the Specified Territories and/or additional steps Cathay Pacific and/or Overseas Shareholders need to take to comply with the local legal requirements and/or other requirements to be satisfied in order to comply with relevant local legal or regulatory requirements in the Specified Territories.

Accordingly, for the purposes of the Rights Issue, the Non-Qualifying Shareholders are:

- (i) any Shareholder(s) whose name(s) appeared in the register of members of Cathay Pacific at the close of business on the Rights Issue Record Date and whose address(es) as shown on such register is/are in any of the Specified Territories, except for those Shareholders who fulfil, to the satisfaction of Cathay Pacific, the relevant requirements specified in the paragraph headed "(i) Limited categories of persons in the Specified Territories who may be able to take up their Nil Paid Rights and subscribe for the Rights Shares under the Rights Issue" in this section; and
- (ii) any Shareholder(s) or Beneficial Owner(s) at that time who is/are otherwise known by Cathay Pacific to be residents in any of the Specified Territories (and, as applicable and to the extent of any such Beneficial Owner's interests, the Shareholder(s) in whose name(s) such Beneficial Owner's Shares are registered), and any Shareholder(s) or Beneficial Owner(s) at that time who is/are located or resident in any province or territory of Canada except for those Shareholders or Beneficial Owners who fulfil, to the satisfaction of Cathay Pacific, the relevant requirements specified in the paragraph headed "(i) Limited categories of persons in the Specified Territories who may be able to take up their Nil Paid Rights and subscribe for the Rights Shares under the Rights Issue" in this section.

As at the Latest Practicable Date, according to the register of members of Cathay Pacific, Cathay Pacific had 83 Non-Qualifying Shareholders, which collectively held 339,250 Shares in aggregate (representing approximately 0.0086% of the total number of issued Shares).

Notwithstanding the foregoing, Cathay Pacific reserves the right to permit certain categories of sophisticated and/or qualified investors in certain jurisdictions to take up their rights under the Rights Issue, subject to complying with certain certification and other requirements specified in the paragraph headed "(i) Limited categories of persons in the Specified Territories who may be able to take up their Nil Paid Rights and subscribe for the Rights Shares under the Rights Issue" in this section, which the Directors consider necessary or desirable in order to enable those investors to take part in the Rights Issue in compliance with their applicable local laws and regulations. Cathay Pacific reserves the absolute discretion to determine whether to allow such participation as well as the identity of any person(s) who may be allowed to do so.

Cathay Pacific also reserves the right to refuse to accept any application for Rights Shares where it believes that doing so would violate applicable securities or other laws or regulations of any jurisdiction.

Receipt of any of the Rights Issue Documents or the crediting of Nil Paid Rights to a stock account in CCASS does not and will not constitute an offer in those jurisdictions where the Directors,

LETTER FROM THE BOARD

based on enquiries made by the Directors, consider it necessary or expedient not to extend the Rights Issue or in any territory in which it would be unlawful to extend the Rights Issue, and, in those circumstances, the Rights Issue Documents must be treated as sent for information only and should not be copied or redistributed. Any person (including, without limitation, any agent, custodian, nominee and trustee) who receives a copy of any of the Rights Issue Documents or whose stock account in CCASS is credited with Nil Paid Rights should not, in connection with the Rights Issue, distribute or send the same in, into or from, or transfer Nil Paid Rights to any person in, any of the Specified Territories or any territory in which it would be unlawful to extend the Rights Issue. If any of the Rights Issue Documents is received by, or any Nil Paid Rights are credited to the stock account in CCASS of, any person in any such territory or his/her agent or nominee, he/she should not take up such Nil Paid Rights or transfer the PAL (or apply for any excess Rights Shares under the EAF) or transfer such Nil Paid Rights in CCASS (if applicable) unless such person is able to demonstrate to the satisfaction of Cathay Pacific, or Cathay Pacific determines at its absolute discretion, that such actions would not violate applicable legal or regulatory requirements. Any person (including, without limitation, any custodian, nominee and trustee) who distributes or forwards Rights Issue Documents in, into or from any of the Specified Territories (whether under a contractual or legal obligation or otherwise) should draw the recipient's attention to the contents of this section.

Non-Qualifying Shareholders (which are excluded from the Rights Issue) do not have any entitlement under the Rights Issue. However, Cathay Pacific will make arrangements for the Rights Shares, which would otherwise have been provisionally allotted to Non-Qualifying Shareholders had they been Qualifying Shareholders, to be sold in the market in nil-paid form as soon as practicable after dealings in the Nil Paid Rights commence, if a premium (net of expenses) can be obtained. The aggregate net proceeds of such sale will be distributed by Cathay Pacific to such Non-Qualifying Shareholders (pro-rata to their shareholdings on the Rights Issue Record Date) in Hong Kong dollars, provided that if any of such Non-Qualifying Shareholders would be entitled to a sum not exceeding HK\$100, such sum will be retained by Cathay Pacific for its own benefit. Any unsold Nil Paid Rights to which such Non-Qualifying Shareholders would otherwise have been entitled will be available for excess application by Qualifying Shareholders under the EAFs.

Only Non-Qualifying Shareholders as at the close of business on the Rights Issue Record Date referred to in paragraph (i) above, but not Non-Qualifying Shareholders or Beneficial Owners referred to in paragraph (ii) above, are entitled to participate in the arrangements set out in the previous paragraph. Accordingly, the Nil Paid Rights which would otherwise have been available to be taken up by the Non-Qualifying Shareholders or Beneficial Owners referred to in paragraph (ii) above will not be sold in the market and the relevant Non-Qualifying Shareholders or Beneficial Owners will not receive the proceeds of any such sale. All Non-Qualifying Shareholders and Beneficial Owners are advised to seek their own legal advice as to whether or not they may be permitted, having regard to their own particular circumstances (including the laws and regulations of the relevant jurisdiction in which they are resident), to sell their Nil Paid Rights in the market.

(i) Limited categories of persons in the Specified Territories who may be able to take up their Nil Paid Rights and subscribe for the Rights Shares under the Rights Issue

Cathay Pacific reserves the absolute discretion in determining whether to allow any participations in the Rights Issue as well as the identity of the persons who may be allowed to participate in any of the Specified Territories. Overseas Shareholders in any of the Specified Territories may still participate in the Rights Issue, subject to Cathay Pacific's absolute discretion, provided that

LETTER FROM THE BOARD

such Overseas Shareholders are able to provide Cathay Pacific with evidence, to Cathay Pacific's satisfaction, that they fulfil the relevant requirements in the relevant jurisdiction(s) and satisfy any other requirements that may be prescribed by Cathay Pacific. Beneficial Owners located or resident in any of the Specified Territories who want to participate in the Rights Issue should contact their intermediary to make the necessary arrangements, and registered holders in any of the Specified Territories should contact Cathay Pacific.

(j) Fractional entitlements to the Rights Shares

Cathay Pacific will not provisionally allot and will not accept application for any fractions of Rights Shares. Such fractional entitlements to Rights Shares will be aggregated and all Nil Paid Rights arising from such aggregation will be sold in the market for the benefit of Cathay Pacific if a premium (net of expenses) can be obtained. Any unsold Rights Shares representing the aggregation of the fractions will be available for excess application by Qualifying Shareholders (other than the PRC Southbound Trading Investors) under the EAFs. Qualifying Shareholders who take up their pro rata entitlement in full will not suffer any dilution to their interests in Cathay Pacific as a result of the Rights Issue (except in relation to any dilution resulting from the taking up by third parties of any Rights Shares arising from the aggregation of fractional entitlements). If a Qualifying Shareholder does not take up any of his/her/its entitlement in full under the Rights Issue, his/her/its proportionate shareholding in Cathay Pacific will be diluted. Shareholders' interests will also potentially be diluted by any exercise of the Warrants.

(k) Conditions of the Rights Issue

The Rights Issue is conditional on the Rights Issue Underwriting Agreement having become unconditional and not having been terminated by the Underwriters in accordance with its terms. In the event that the Rights Issue Underwriting Agreement does not become unconditional or is terminated in accordance with its terms, the Rights Issue will not proceed.

The Rights Issue is also conditional on the passing of an ordinary resolution by the Independent Shareholders at the EGM to approve the Rights Issue and the transactions contemplated thereunder. At the EGM, the relevant resolution approving the Rights Issue was duly passed by the Independent Shareholders by way of poll. In accordance with Rule 7.27A of the Listing Rules, Swire Pacific (a controlling shareholder of Cathay Pacific) and its associates abstained from voting in favour of the resolution relating to the Rights Issue.

LETTER FROM THE BOARD

(I) Rights Issue Underwriting Agreement

The principal terms of the Rights Issue Underwriting Agreement are summarised below:

Date:	9 June 2020
Issuer:	Cathay Pacific
Underwriters:	Morgan Stanley Asia Limited BOCI Asia Limited The Hongkong and Shanghai Banking Corporation Limited BNP Paribas Securities (Asia) Limited
	Each of the Underwriters is a corporation licensed or registered to conduct, among other things, type 1 (dealing in securities) regulated activities under the SFO and its ordinary course of business includes underwriting of securities.
Number of Underwritten Rights Shares:	All of the Rights Shares other than the Committed Rights Shares, being 375,999,022 Rights Shares in the following proportions: <ol style="list-style-type: none">1) 50.0% of the Underwritten Rights Shares underwritten by Morgan Stanley Asia Limited;2) 20.0% of the Underwritten Rights Shares underwritten by BOCI Asia Limited;3) 20.0% of the Underwritten Rights Shares underwritten by The Hongkong and Shanghai Banking Corporation Limited; and4) 10.0% of the Underwritten Rights Shares underwritten by BNP Paribas Securities (Asia) Limited.
Fees and expenses under the Rights Issue Underwriting Agreement:	A commission in an amount which is 2.0% of the product of the Rights Subscription Price multiplied by such Underwriter's relevant portion of the Underwritten Rights Shares.

Subject to the fulfilment of the conditions precedent contained in the Rights Issue Underwriting Agreement and provided that the Rights Issue Underwriting Agreement is not terminated before the Latest Termination Time in accordance with the terms thereof, the Underwriters have severally agreed to subscribe or procure subscribers for their respective proportions of the Underwritten Rights Shares that are not taken up by the Qualifying Shareholders (or their renounees), unsold entitlements of the Non-Qualifying Shareholders to the Rights Shares and unsold Rights Shares representing the aggregation of fractions.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, each Underwriter is an Independent Third Party.

The Board considers that the Rights Issue Underwriting Agreement is on normal commercial terms and is fair and reasonable so far as the Shareholders are concerned.

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Conditions of the Rights Issue Underwriting Agreement

The obligations of the Underwriters under the Rights Issue Underwriting Agreement are conditional upon:

- (i) the Shareholders having passed the requisite resolutions at an extraordinary general meeting of Cathay Pacific approving the Recapitalisation Proposal, including the Rights Issue and the transactions contemplated under the Rights Issue Underwriting Agreement in accordance with the Articles and all applicable laws, regulations or rules and such resolutions not being withdrawn or revoked prior to the Latest Termination Time;
- (ii) permission to deal in and listing of all the Rights Shares (in their nil-paid and fully-paid forms) being granted (subject only to allotment and despatch of the appropriate documents of title) by the Stock Exchange by no later than the Business Day prior to the commencement of trading of the Rights Shares (in their nil-paid and fully-paid forms, respectively) and such permission not being withdrawn or revoked prior to the Latest Termination Time;
- (iii) compliance by Cathay Pacific with its obligations under the Rights Issue Underwriting Agreement in relation to making the Rights Issue and allotting and offering the Rights Shares by the specified times (or such later time and/or date as Cathay Pacific and the Underwriters may agree in writing);
- (iv) each condition to enable the nil-paid Rights Shares to be admitted as eligible securities for deposit, clearance and settlement in CCASS having been satisfied not later than the Business Day prior to the first day of dealings in the nil-paid Rights Shares as set out in this prospectus and no notification having been received by Cathay Pacific from HKSCC by such date that such admission or facility for holding and settlement has been or is to be refused;
- (v) the Stock Exchange issuing a certificate authorising registration of this prospectus with the Hong Kong Companies Registry under section 38D of the Companies (Winding Up and Miscellaneous Provisions) Ordinance not later than a business day before the date of this prospectus (or such later time and/or date as Cathay Pacific and the Underwriters may agree in writing);
- (vi) a duly certified copy of each of the Rights Issue Documents (and other required documents) having been lodged with the Hong Kong Companies Registry not later than a business day before the date of this prospectus, and the Hong Kong Companies Registry issuing a letter of confirmation of the registration of the Rights Issue Documents not later than a Business Day before the date of this prospectus;
- (vii) posting of the Rights Issue Documents to the Qualifying Shareholders not later than the date of this prospectus (or such later time and/or date as Cathay Pacific and the Underwriters may agree in writing);
- (viii) compliance by Swire Pacific, Air China and Qatar Airways with their respective obligations under the Irrevocable Undertakings by the times specified, and the Irrevocable Undertakings not having been terminated;
- (ix) (a) the PS Subscription Agreement having been duly executed by Aviation 2020 Limited and Cathay Pacific; (b) the conditions to closing of the subscription under the PS Subscription Agreement having been fulfilled except for (1) the condition regarding

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completion of the Rights Issue in accordance with its terms; and (2) those conditions which by their terms are to be satisfied on the date of closing of the PS Subscription Agreement (including, without limitation, the condition that Swire Pacific has complied with the Initial Deed of Undertaking), unless any of the foregoing matters have been waived by Aviation 2020 Limited; and (c) the PS Subscription Agreement not having been terminated, nor there being a reasonable basis to believe the PS Subscription Agreement or the transactions thereunder might be terminated;

- (x) an amount of not less than HK\$7.8 billion being available for drawdown by Cathay Pacific under a bridge loan facility agreement dated 9 June 2020 entered into between Cathay Pacific and Aviation 2020 Limited in relation to the Bridge Loan, and there being no reasonable basis to believe such agreement might be terminated;
- (xi) receipt by the Underwriters (in such form and substance as reasonably satisfactory to the Underwriters) of all relevant documents on or before such time as specified in the Rights Issue Underwriting Agreement;
- (xii) by the Latest Termination Time, in respect of the warranties and undertakings given by Cathay Pacific under the Rights Issue Underwriting Agreement, (a) such warranties remaining true, accurate, complete and not misleading, and none of such undertakings having been breached in any material respect; and (b) a matter not having arisen which would reasonably be expected to give rise to any breach of such warranties or material breach of such undertakings or a claim in respect of such warranties or material breach of such undertakings;
- (xiii) compliance in all material respects by Cathay Pacific with all of its obligations under the Rights Issue Underwriting Agreement, and the Rights Issue Underwriting Agreement not having been terminated;
- (xiv) all relevant consents, approvals, permits, authorisations or clearances (as the case may be) required to be obtained by any member of the Cathay Pacific Group under applicable laws, regulations or rules for the Rights Issue and the transactions contemplated under the Rights Issue Underwriting Agreement having been obtained, and all such consents, approvals, permits, authorisations and clearances not having been revoked or withdrawn at any time up to the Latest Termination Time; and
- (xv) (i) the Shares remaining listed on the Stock Exchange at all times prior to the Latest Termination Time and the current listing of the Shares not having been withdrawn or, other than pending publication of the Announcement, the trading of the Shares not having been suspended or put on halt for a consecutive period of more than two trading days (or such longer period as Cathay Pacific and the Underwriters may agree); and (ii) no indication having been received before 4:00 p.m. on the date of the Latest Termination Time from the Stock Exchange to the effect that such listing may be withdrawn or objected to (or conditions will or may be attached thereto) including but not limited to as a result of the Rights Issue or in connection with the terms of the Rights Issue Underwriting Agreement or for any other reason.

If any of the above conditions of the Rights Issue Underwriting Agreement is not fulfilled or waived in accordance with the terms of the Rights Issue Underwriting Agreement by the specified time and date, or where there are no times or dates specified by 31 August 2020, the Rights Issue Underwriting Agreement shall terminate (save for certain provisions thereof and without prejudice to

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the rights of the parties thereto in respect of any breach of the Rights Issue Underwriting Agreement occurring before such termination) and the Rights Issue will not proceed.

The Underwriters shall have the right, in their absolute discretion, by giving written notice to Cathay Pacific on or before the latest time at which, or the latest day on which, any of the above conditions of the Rights Issue Underwriting Agreement may be fulfilled:

- (i) to extend the deadline for the fulfilment of such condition by such time or number of days or in such manner as the Underwriters may determine; or
- (ii) to waive such condition (other than conditions (i), (ii), (iv), (v) and (vi) above), and such waiver may be made subject to such terms and conditions as the Underwriters may determine.

As at the Latest Practicable Date, save for conditions (i), (ix) and (x) above, none of the conditions had been fulfilled.

Termination of the Rights Issue Underwriting Agreement

The Rights Issue Underwriting Agreement contains provisions granting the Underwriters, acting jointly, by notice to Cathay Pacific at any time before the Latest Termination Time, the right to rescind or terminate the Rights Issue Underwriting Agreement on the occurrence of any of the following events:

- (i) any matter or circumstance arises as a result of which any of the conditions set out in the section headed “Rights Issue – (I) Rights Issue Underwriting Agreement – Conditions of the Rights Issue Underwriting Agreement” above has become incapable of satisfaction (or, as applicable, waiver) as at the required time; or
- (ii) there has been any breach by Cathay Pacific of any of the representations, warranties, or any material breach by Cathay Pacific of any of the undertakings and other provisions contained in the Rights Issue Underwriting Agreement, or any matter has arisen which would reasonably be expected to give rise to such a breach by Cathay Pacific or a claim in respect of any of the representations and warranties by Cathay Pacific, or a material breach by Cathay Pacific of any of the undertakings and other provisions contained in the Rights Issue Underwriting Agreement; or
- (iii) there has been any breach by any of Swire Pacific, Air China and Qatar Airways of its undertakings contained in the Irrevocable Undertakings or any matter has arisen which would reasonably be expected to give rise to such a breach by any of Swire Pacific, Air China and Qatar Airways or a claim in respect of a breach by any of Swire Pacific, Air China and Qatar Airways of any of the undertakings contained in the Irrevocable Undertakings; or
- (iv) any event occurs or matter arises, which, if it had occurred before the date of the Rights Issue Underwriting Agreement or before any of the times on which the warranties given by Cathay Pacific under the Rights Issue Underwriting Agreement are deemed to be given, would have rendered any of such warranties untrue, incorrect or misleading; or
- (v) any statement contained in any of the Rights Issue Documents or other announcement, circular or public documents issued or authorised by Cathay Pacific relating to the Rights Issue has become or been discovered to be untrue, incorrect, incomplete or

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misleading, or matters have arisen or have been discovered which would, if any of such documents was to be issued at the time, constitute a material omission therefrom; or

- (vi) there shall have developed, occurred or come in effect any change or development involving a prospective change, any event or circumstance likely to result in a change or development involving a prospective change, in or affecting the assets, liabilities, business, condition, results of operations, prospects, management, shareholders' equity or in the financial or trading position of any member of the Cathay Pacific Group which, in the sole opinion of the Underwriters, is or may be materially adverse in the context of the Rights Issue or makes or may make it impracticable, inadvisable or inexpedient to proceed with the Rights Issue; or
- (vii) a petition is presented for the winding-up or liquidation of any member of the Cathay Pacific Group or any member of the Cathay Pacific Group makes any composition or arrangement with its creditors or enters into a scheme of arrangement or any resolution is passed for the winding-up of any member of the Cathay Pacific Group or a provisional liquidator, receiver or manager is appointed over all or part of the assets or undertaking of any member of the Cathay Pacific Group or anything analogous thereto occurs in respect of any member of the Cathay Pacific Group; or
- (viii) permission to deal in and listing of all the Rights Shares (in their nil-paid and fully-paid forms) has been withdrawn by the Stock Exchange; or
- (ix) there has occurred, happened, come into effect or become public knowledge any event, series of events or circumstances concerning or relating to (whether or not foreseeable):
 - (a) any change in, or any event or series of events likely to result in any change in (whether or not permanent) in local, national or international financial, political, military, industrial, economic, legal, fiscal, regulatory or securities market matters or conditions or currency exchange rates or exchange controls in or affecting Hong Kong, the PRC, the United States, the European Union (or any member thereof), the United Kingdom, Singapore, Japan or any other jurisdictions relevant to any member of the Cathay Pacific Group or the Rights Issue (collectively, the "**Relevant Jurisdictions**"); or
 - (b) any event or circumstance in the nature of force majeure, including, without limitation, any act of government, economic sanctions, strike or lock-out (whether or not covered by insurance), riot, public disorder fire, explosion, flooding, earthquake, civil commotion, act or declaration of war, outbreak or escalation of hostilities (whether or not war is or has been declared), act of terrorism (whether or not responsibility has been claimed), act of God, declaration of a state of emergency or calamity or crisis, in or affecting any of the Relevant Jurisdictions; or
 - (c) the declaration of a banking moratorium by authorities in any of the Relevant Jurisdictions occurring due to exceptional financial circumstances or otherwise; or
 - (d) any moratorium, suspension or restriction on trading in shares or securities generally, or the establishment of minimum prices, on the Stock Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange, the New York Stock Exchange, NASDAQ, the London Stock Exchange, the Singapore Stock

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Exchange or the Tokyo Stock Exchange, or any major disruption of any securities settlement or clearing services in or affecting any of the Relevant Jurisdictions; or

- (e) any trading halt or suspension of dealings in the Shares (other than pending publication of the Announcement or where such trading halt or suspension does not last for more than two trading days); or
- (f) any government authority commencing any investigation or other action, or announcing an intention to investigate or take other action, against any member of the Cathay Pacific Group or any Director; or
- (g) any new law or regulation or any change, or any development involving a prospective change, whether or not permanent, in or affecting any taxation, exchange controls, currency exchange rates, laws or regulations (or judicial interpretation thereof) in or affecting any of the Relevant Jurisdictions,

the effect of which events or circumstances referred to in (ix) above individually or in the aggregate (in the sole opinion of the Underwriters) (1) is or would be materially adverse to, or materially prejudicially affects or would materially prejudicially affect, the Cathay Pacific Group as a whole or its prospects or the Rights Issue or (2) makes or may make it impracticable, inadvisable or inexpedient to proceed with the Rights Issue.

In the event the Underwriters exercise their right to terminate the Rights Issue Underwriting Agreement before the Latest Termination Time, the obligations of all parties thereunder shall terminate forthwith (save in respect of certain rights and obligations under the Rights Issue Underwriting Agreement) and no party will have any claim against the others for costs, damages, compensation or otherwise, provided that such termination shall be without prejudice to the rights of Cathay Pacific and the Underwriters in respect of any breach of the Rights Issue Underwriting Agreement occurring before such termination.

If the Underwriters exercise such right, the Rights Issue will not become unconditional and the Rights Issue will not proceed. A further announcement will be made if the Rights Issue Underwriting Agreement is terminated by the Underwriters.

Lock-up Undertakings

Cathay Pacific has undertaken to the Underwriters that for the period from the date of the Rights Issue Underwriting Agreement and ending on the date which is 90 days from the date of the listing of the Rights Shares on the Stock Exchange, except with the prior written consent of the Underwriters, Cathay Pacific shall not:

- (i) except for (i) the nil-paid and fully-paid Rights Shares; and (ii) any securities to be issued under the Recapitalisation Proposal (including, for the avoidance of doubt, any Warrant Shares), allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, grant or sell any option, warrant or right to subscribe for or purchase, either directly or indirectly, conditionally or unconditionally, any Shares or any interests in Shares or any securities which are convertible into or exercisable or exchangeable for any Shares or any interests in Shares (other than such securities in respect of which the exercise of the convertible, exercisable or exchangeable rights attaching thereto may only be exercised after the said 90 day-period);

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- (ii) buy back, cancel, retire, reduce, redeem, re-purchase, purchase or otherwise acquire any Shares;
- (iii) agree (conditionally or unconditionally) to enter into or effect any such transaction with the same economic effect as any of the transactions described in (i) and (ii) above; or
- (iv) announce any intention to enter into or effect any such transaction described in (i), (ii) and (iii) above.

(m) Procedures for acceptance or transfer

General

Any person (including, without limitation, any custodian, nominee and trustee) wishing to take up the Nil Paid Rights or the Rights Shares under the Rights Issue must satisfy himself/herself/itself as to full observance of the applicable laws of any relevant territory including obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any issue, transfer or other taxes due in such territories. The attention of Shareholders whose registered addresses are in any of the Specified Territories or who are holding Shares on behalf of persons with such addresses is drawn to the paragraph headed “(h) Non-Qualifying Shareholders” above.

Each subscriber for Rights Shares will be deemed (by accepting delivery of this prospectus) to have given each of the following representations and warranties to each of Cathay Pacific and the Underwriters and to any person acting on their behalf, unless Cathay Pacific and the Underwriters waive such requirement in their respective sole discretion in relation to the relevant representation(s) and/or warranty(ies) given to each of them:

- he/she/it was a Shareholder as at the Rights Issue Record Date, or he/she/it lawfully acquired or may lawfully acquire Nil Paid Rights, directly or indirectly, from such a person;
- he/she/it may lawfully be offered, take up, exercise, obtain, subscribe for and receive the Nil Paid Rights and/or the Rights Shares in the jurisdiction in which he/she/it resides or is currently located;
- he/she/it is acquiring the Nil Paid Rights and/or the Rights Shares in an “offshore transaction” as defined in Regulation S under the US Securities Act;
- he/she/it has not been offered the Rights Shares by means of any “directed selling efforts” as defined in Regulation S under the US Securities Act;
- he/she/it is not acquiring or taking up Nil Paid Rights or subscribing for or accepting Rights Shares with a view to the offer, sale, transfer, delivery or distribution, directly or indirectly, of such Nil Paid Rights or Rights Shares into the United States or any other Specified Territory; and
- he/she/it understands that neither the Nil Paid Rights, the Rights Shares nor the PALs have been or will be registered under the US Securities Act or with any securities regulatory authority of any state, territory, or possession of the United States and the Nil Paid Rights and the Rights Shares are being distributed and offered outside the United States in reliance on Regulation S under the US Securities Act. Consequently he/she/it understands the Nil Paid Rights and the Rights Shares may not be offered, sold, pledged, taken up, exercised, resold or otherwise transferred in or into the United States, except in reliance on an

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exemption from, or in transactions not subject to, the registration requirements of the US Securities Act.

For the avoidance of doubt, neither HKSCC nor HKSCC Nominees is subject to any of the above representations and warranties.

Action to be taken by Qualifying Shareholders

Subscription for all Rights Shares provisionally allotted

For each Qualifying Shareholder, a PAL is enclosed with this prospectus which entitles such Qualifying Shareholder to subscribe for the number of the Rights Shares shown thereon. If a Qualifying Shareholder wishes to exercise his/her/its right to subscribe for all the Rights Shares provisionally allotted to him/her/it as specified in the PAL, he/she/it must lodge the PAL in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance, with the Registrar at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, by not later than 4:00 p.m. on the Final Acceptance Date (i.e. the Latest Time for Acceptance). All remittances must be made in Hong Kong dollars and cheques must be drawn on an account with, and cashier's orders must be issued by, a licensed bank in Hong Kong and made payable to "**Cathay Pacific Airways Limited – Rights Issue Account**" and crossed "**Account Payee Only**".

It should be noted that unless the PAL, together with the appropriate remittance, has been lodged with the Registrar by the Latest Time for Acceptance, whether by the original allottee or any person in whose favour the rights have been validly renounced or transferred, that provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled and such Rights Shares will be available for application under the EAFs by Qualifying Shareholders. Cathay Pacific may, at its discretion, treat a PAL as valid and binding on the person(s) by whom or on whose behalf it is lodged even if not completed in accordance with the relevant instructions.

All cheques and cashier's orders will be presented for payment immediately following receipt and all interest earned on such monies will be retained for the benefit of Cathay Pacific. Completion and return of the PAL will constitute a warranty and representation to Cathay Pacific that all registration, legal and regulatory requirements of all relevant jurisdictions in connection with the PAL and any acceptance of it have been, or will be, duly complied with. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees is subject to such warranty and representation. Any PAL in respect of which the accompanying cheque or cashier's order is dishonoured on first presentation is liable to be rejected, and in that event the provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled. If the Underwriters exercise their right to terminate the Rights Issue Underwriting Agreement before the Latest Termination Time (expected to be 4:00 p.m. on Thursday, 6 August 2020) and/or if any of the conditions mentioned in the paragraph headed "(1) Rights Issue Underwriting Agreement – Conditions of the Rights Issue Underwriting Agreement" above is not fulfilled and/or waived (as the case may be), the monies received in respect of the relevant provisional allotments will be returned to the relevant persons without interest by means of cheques despatched by ordinary post at the risk of such persons as soon as practicable thereafter.

The PAL contains further information regarding the procedures to be followed by Qualifying Shareholders for acceptance of the whole or part of their provisional allotments of Rights Shares.

Holders of Rights Shares may contact the Registrar for details of the above procedures.

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Transfers and “splitting” of Nil Paid Rights

The Nil Paid Rights can be traded on the Stock Exchange. A Qualifying Shareholder can accept all of his/her/its provisional allotment of Rights Shares, or sell all of his/her/its provisional allotment on the Stock Exchange or accept only part of his/her/its provisional allotment and sell the remaining part on the Stock Exchange.

If a Qualifying Shareholder wishes to accept only part of his/her/its provisional allotment or renounce or transfer a part of his/her/its Nil Paid Rights or to transfer his/her/its Nil Paid Rights to more than one person, the original PAL must be surrendered and lodged for cancellation together with a covering letter stating clearly the number of split PALs required and the number of Nil Paid Rights to be comprised in each split PAL (which, in aggregate, should be equal to the number of Rights Shares provisionally allotted to such holder as stated in Box B of the original PAL), by no later than 4:30 p.m. on Tuesday, 28 July 2020 to the Registrar at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, who will then cancel the original PAL and issue new PALs in the denominations required, which will be available for collection at the Registrar after 9:00 a.m. on the second business day after the surrender of the original PAL. This process is commonly known as “splitting” the Nil Paid Rights.

Having “split” the Nil Paid Rights, a Qualifying Shareholder who wishes to accept the provisional allotment of Rights Shares represented by a new PAL should do so in accordance with the instructions given above in relation to the subscription for all the Rights Shares provisionally allotted.

If a Qualifying Shareholder wishes to transfer all of his/her/its Nil Paid Rights under a PAL (or a split PAL, as the case may be) to another person, he/she/it should complete and sign the “Form of Transfer” (Form B) in the PAL and hand the PAL to the person to or through whom he/she/it is transferring his/her/its Nil Paid Rights. The transferee must then complete and sign the “Registration Application Form” (Form C) in the PAL and lodge the PAL intact together with a remittance for the full amount payable on acceptance with the Registrar to effect the transfer by no later than 4:00 p.m. on the Final Acceptance Date.

Should you have questions in relation to the Rights Issue, please call the Registrar at its hotline at (852) 2862 8646 from 22 July 2020 to 5 August 2020 (between 9:00 a.m. and 6:00 p.m. on Monday to Friday, excluding public holidays in Hong Kong).

Cathay Pacific reserves the right to refuse to register any transfer in favour of any person in respect of which Cathay Pacific believes such transfer may violate applicable legal or regulatory requirements.

Important notice and representations and warranties relating to registered Shareholders in any of the Specified Territories

Any registered Shareholder (or any renouncee(s) or transferee(s) of Nil Paid Rights) accepting and/or transferring a PAL or requesting registration of the Rights Shares comprised therein represents and warrants to Cathay Pacific that, except where proof has been provided to the satisfaction of Cathay Pacific that such person’s use of the PAL will not result in the contravention of any applicable legal or regulatory requirements in any jurisdiction: (i) such person is not accepting and/or transferring the PAL, or requesting registration of the relevant Nil Paid Rights or Rights Shares, from within any of the Specified Territories; (ii) such person is not in any of the Specified Territories or in any territory in

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which it may otherwise violate any applicable legal or regulatory requirements to make or accept an offer to acquire the Rights Shares or to use the PAL in any manner in which such person has used or will use it; (iii) such person is not acting on a non-discretionary basis for a person resident in any of the Specified Territories at the time the instruction to accept or transfer was given; and (iv) such person is not acquiring the Rights Shares with a view to the offer, sale, pledge, take up, exercise, resale, delivery, distribution or transfer, directly or indirectly, of any of the Rights Shares into any of the Specified Territories. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees is subject to any of the above representations and warranties.

Cathay Pacific may treat as invalid any acceptance or purported acceptance of the allotment of Rights Shares comprised in, or transfer or purported transfer of, a PAL if it: (a) appears to Cathay Pacific to have been executed in, or despatched from, any of the Specified Territories and the acceptance may involve a breach of the laws of the relevant place or Specified Territory, or the acceptance is otherwise in a manner which may involve a breach of the laws or other regulatory requirements of any jurisdiction, or if it or its agents believe the same may violate any applicable legal or regulatory requirements; (b) provides an address in any of the Specified Territories for delivery of definitive share certificates for Rights Shares or provides an address for delivery of definitive Share certificates in any other jurisdiction outside Hong Kong in which it would violate any applicable legal or regulatory requirements to deliver such certificates; or (c) purports to exclude the representation and/or warranty required by the paragraph immediately above.

Action to be taken by Beneficial Owners whose Shares are held by a Registered Owner (other than Shares deposited in CCASS)

Subscription for Rights Shares provisionally allotted and transfers and “splitting” of Nil Paid Rights

If you are a Beneficial Owner whose Shares are registered in the name of a Registered Owner and you wish to subscribe for the Rights Shares provisionally allotted to you, or sell your Nil Paid Rights or “split” your Nil Paid Rights and accept part of your provisional allotment and sell the remaining part, you should contact the Registered Owner and provide the Registered Owner with instructions or make arrangements with the Registered Owner in relation to the acceptance, transfer and/or “splitting” of the rights to subscribe for Rights Shares which have been provisionally allotted in respect of the Shares in which you are beneficially interested.

Such instructions and/or arrangements should be given or made in advance of the relevant dates stated in the “Expected timetable of the Rights Issue” in this prospectus and otherwise in accordance with the requirements of the Registered Owner in order to allow the Registered Owner sufficient time to ensure that your instructions are given effect.

Important notice and representations and warranties relating to Beneficial Owners in any of the Specified Territories whose Shares are held by a Registered Owner (other than CCASS)

Any Beneficial Owner accepting and/or transferring a PAL or requesting registration of the Rights Shares comprised therein represents and warrants to Cathay Pacific that, except where proof has been provided to the satisfaction of Cathay Pacific that such person’s use of the PAL will not result in the contravention of any applicable legal or regulatory requirements in any jurisdiction: (i) such person is not accepting and/or renouncing the PAL, or requesting registration of the relevant Nil Paid Rights or Rights Shares, from within any of the Specified Territories; (ii) such person is not in any of the Specified Territories or in any territory in which it may otherwise violate any applicable legal or

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regulatory requirements to make or accept an offer to acquire the Rights Shares or to use the PAL in any manner in which such person has used or will use it; (iii) such person is not acting on a non-discretionary basis for a person resident in any of the Specified Territories at the time the instruction to accept or transfer was given; and (iv) such person is not acquiring the Rights Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any of the Rights Shares into any of the Specified Territories.

Cathay Pacific may treat as invalid any acceptance or purported acceptance of the allotment of Rights Shares comprised in, or transfer or purported transfer of, a PAL if it: (a) appears to Cathay Pacific to have been executed in, or despatched from, any of the Specified Territories and the acceptance may involve a breach of the laws or other regulatory requirements of the relevant places, or the acceptance is otherwise in a manner which may involve a breach of the laws or other regulatory requirements of any jurisdiction, or if it or its agents believe the same may violate any applicable legal or regulatory requirements; (b) provides an address in any of the Specified Territories for delivery of definitive share certificates for Rights Shares or provides an address for delivery of definitive share certificates in any other jurisdiction outside Hong Kong in which it would violate any applicable legal or regulatory requirements to deliver such certificates; or (c) purports to exclude the representation and/or warranty required by the paragraph immediately above.

Action to be taken by Beneficial Owners holding interests in Shares through CCASS

Subscription for Rights Shares provisionally allotted and transfers and “splitting” of Nil Paid Rights

If you are a Beneficial Owner whose Shares are deposited in CCASS and registered in the name of HKSCC Nominees, and you wish to subscribe for the Rights Shares provisionally allotted to you, or sell your Nil Paid Rights or “split” your Nil Paid Rights and accept part of your provisional allotment and sell the remaining part, you should (unless you are a CCASS Investor Participant) contact your intermediary and provide your intermediary with instructions or make arrangements with your intermediary in relation to the acceptance, transfer and/or “splitting” of the rights to subscribe for Rights Shares which have been provisionally allotted in respect of the Shares in which you are beneficially interested.

Such instructions and/or arrangements should be given or made in advance of the relevant dates stated in the “Expected timetable of the Rights Issue” in this prospectus and otherwise in accordance with the requirements of your intermediary in order to allow your intermediary sufficient time to ensure that your instructions are given effect. The procedure for acceptance, transfer and/or “splitting” by CCASS Participants of the Rights Shares provisionally allotted to CCASS stock accounts in respect of the Shares registered in the name of HKSCC Nominees shall be in accordance with the “General Rules of CCASS”, the “CCASS Operational Procedures” and any other requirements of CCASS.

The procedures for acceptance, transfer and/or “splitting” of Rights Shares provisionally allotted to Beneficial Owners who have been admitted to participate in CCASS as CCASS Investor Participants shall be in accordance with “Operating Guide for Investor Participants” and any other requirements of CCASS. Beneficial Owners who have been admitted to participate in CCASS as CCASS Investor Participants should contact CCASS and provide CCASS with instructions or make arrangements with CCASS in relation to the manner in which such Beneficial Owners’ interests in Rights Shares should be dealt with.

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Important notice and representations and warranties relating to Beneficial Owners in any of the Specified Territories holding interests in Shares through CCASS

Any Beneficial Owner holding interests in Shares through CCASS and any CCASS Participant who instructs its intermediary to make an acceptance and/or transfer in accordance with the procedures set out above represents and warrants to Cathay Pacific that, except where proof has been provided to the satisfaction of Cathay Pacific that such person's acceptance will not result in the contravention of any applicable legal or regulatory requirements in any jurisdiction: (i) such person is not accepting and/or renouncing the PAL, or requesting registration of the Nil Paid Rights or the Rights Shares from within any of the Specified Territories, (ii) such person is not in any of the Specified Territories or in any territory in which it may otherwise violate any applicable legal or regulatory requirements to make or accept an offer to acquire Rights Shares; (iii) such person is not acting on a non-discretionary basis for a person located within any of the Specified Territories at the time the instruction to accept was given; and (iv) such person is not acquiring Rights Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such Rights Shares into any of the Specified Territories. For the avoidance of doubt, HKSCC Nominees, who subscribes for the Rights Shares on behalf of CCASS Participants, is not subject to the above representations and warranties.

Cathay Pacific may treat as invalid any instruction which appears to Cathay Pacific to have been despatched from any of the Specified Territories and which may involve a breach of the laws or other regulatory requirements of the relevant places or any instruction which otherwise appears to Cathay Pacific may involve a breach of the laws or other regulatory requirements of any jurisdiction; or if Cathay Pacific or its agents believes the same may violate any applicable legal or regulatory requirements; or which purports to exclude the representation and/or warranty required by the paragraph immediately above.

Application for excess Rights Shares

Qualifying Shareholders (other than the PRC Southbound Trading Investors) may apply, by way of excess application, for:

- (i) any unsold Rights Shares which would have been allotted to Non-Qualifying Shareholders had they been Qualifying Shareholders;
- (ii) any unsold Rights Shares created by adding together fractions of the Rights Shares; and
- (iii) any Rights Shares provisionally allotted but not validly accepted by Qualifying Shareholders or otherwise subscribed for by renounees or transferees of Nil Paid Rights.

Application for excess Rights Shares can be made only by Qualifying Shareholders (other than the PRC Southbound Trading Investors) and only by completing an EAF (in accordance with the instructions printed thereon) and lodging the same with a separate remittance for the excess Rights Shares being applied for with the Registrar at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by the Latest Time for Acceptance. All remittances must be made in Hong Kong dollars. Cheques must be drawn on an account with, and cashier's orders must be issued by, a licensed bank in Hong Kong and made payable to "**Cathay Pacific Airways Limited – Excess Application Account**" and crossed "**Account Payee Only**". Cathay Pacific may at its

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discretion treat an EAF as valid or binding on the person(s) by himself/herself/itself/themselves or on whose behalf it is lodged even if not completed in accordance with the relevant instructions.

Holders of Rights Shares may contact the Registrar for details of the above procedures.

The Directors will allocate any excess Rights Shares at their discretion on a fair and equitable basis and as far as practicable on a pro rata basis by reference to the number of excess Rights Shares applied for under each application. No reference will be made to Rights Shares comprised in applications under a PAL or the existing number of Shares held by such Qualifying Shareholders. If the aggregate number of Rights Shares not taken up by the Qualifying Shareholders under PALs is greater than the aggregate number of excess Rights Shares applied for through EAFs, the Directors will allocate in full to each Qualifying Shareholder the number of excess Rights Shares applied for under the EAFs. No preference will be given to topping up odd lots to whole board lots.

Important notice and representations and warranties relating to registered Shareholders in any of the Specified Territories

What is set out under the heading “Action to be taken by Qualifying Shareholders – Important notice and representations and warranties relating to registered Shareholders in any of the Specified Territories” above in relation to transfer and acceptance of the Nil Paid Rights and Rights Shares also applies to applications for excess Rights Shares, with appropriate changes to reflect that the context is an application for excess Rights Shares.

Action to be taken by Beneficial Owners whose Shares are held by a Registered Owner (other than Shares deposited in CCASS) who wish to apply for excess Rights Shares

Excess Rights Shares application procedures

If you are a Beneficial Owner whose Shares are registered in the name of a Registered Owner and you wish to apply for excess Rights Shares, you should contact the Registered Owner and provide the Registered Owner with instructions or make arrangements with the Registered Owner in relation to such application. Such instructions and/or arrangements should be given or made in advance of the latest time for application and payment for excess Rights Shares stated in the section headed “Expected timetable of the Rights Issue” in this prospectus and otherwise in accordance with the requirements of the Registered Owner, in order to allow the Registered Owner sufficient time to ensure that your instructions are given effect.

Important notice and representations, warranties relating to Beneficial Owners in any of the Specified Territories whose Shares are held by a Registered Owner (other than CCASS)

What is set out under the heading “Action to be taken by Beneficial Owners whose Shares are held by a Registered Owner (other than Shares deposited in CCASS) – Important notice and representations and warranties relating to Beneficial Owners in any of the Specified Territories whose Shares are held by a Registered Owner (other than CCASS)” above in relation to transfer and acceptance of the Nil Paid Rights and Rights Shares also applies to applications for excess Rights Shares, with appropriate changes to reflect that the context is an application for excess Rights Shares.

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Action to be taken by Beneficial Owners holding interest in Shares through CCASS who wish to apply for excess Rights Shares

Excess Rights Shares application procedures

If you are a Beneficial Owner whose Shares are deposited in CCASS and registered in the name of HKSCC Nominees, and you wish to apply for excess Rights Shares, you should (unless you are an Investor Participant) contact your intermediary and provide your intermediary with instructions or make arrangements with your intermediary in relation to the application for excess Rights Shares. Such instructions and/or arrangements should be given or made in advance of the date stated in the “Expected timetable of the Rights Issue” in this prospectus as the latest time for application and payment for excess Rights Shares and otherwise in accordance with the requirements of your intermediary in order to allow your intermediary sufficient time to ensure that your instructions are given effect. The procedure for application for excess Rights Shares shall be in accordance with the “General Rules of CCASS”, the “CCASS Operational Procedures” and any other requirements of CCASS.

The procedures for application for excess Rights Shares by Beneficial Owners who have been admitted to participate in CCASS as Investor Participants shall be in accordance with the “Operating Guide for Investor Participants” and any other requirements of CCASS. Beneficial Owners who have been admitted to participate in CCASS as Investor Participants should contact CCASS to provide CCASS with instructions or make arrangements with CCASS in relation to any applications for excess Rights Shares.

Important notice and representations and warranties relating to Beneficial Owners in any of the Specified Territories holding interests in Shares through CCASS

What is set out under the heading “Action to be taken by Beneficial Owners holding interests in Shares through CCASS – Important notice and representations and warranties relating to Beneficial Owners in any of the Specified Territories holding interests in Shares through CCASS” above in relation to transfer and acceptance of the Nil Paid Rights and Rights Shares also applies to applications for excess Rights Shares, with appropriate changes to reflect that the context is an application for excess Rights Shares.

Important notice for Beneficial Owners

Beneficial Owners with their Shares held by a Registered Owner, or which are held in CCASS, should note that the Board will regard the Registered Owner (including HKSCC Nominees) as a single Shareholder according to the register of members of Cathay Pacific. Accordingly, Beneficial Owners should note that the aforesaid arrangement for the allocation of the excess Rights Shares will not be extended to the Beneficial Owners individually (including those Beneficial Owners holding the Shares through HKSCC Nominees). HKSCC Nominees will allocate the excess Rights Shares it receives to the relevant CCASS Participants pro-rata to the number of excess Rights Shares each has applied for, or in such other manner as HKSCC considers fair and appropriate, which is pursuant to the allocation basis as stipulated in Rules 8.10.4(ix) of the CCASS Operational Procedures.

If no excess Rights Shares are allotted to a Qualifying Shareholder who/which has applied for excess Rights Shares, it is expected that a cheque for the amount tendered on application in full without interest will be despatched to his/her/its registered address by ordinary post at his/her/its own

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risk on or before Monday, 10 August 2020. If the number of excess Rights Shares allotted to a Qualifying Shareholder is less than that applied for, it is expected that a cheque for the amount of the surplus application monies, without interest, will be despatched to his/her/its registered address by ordinary post at his/her/its own risk on or before Monday, 10 August 2020.

All cheques and cashier's orders will be presented for payment immediately following receipt and all interest earned on such monies (if any) will be retained for the benefit of Cathay Pacific. Completion and return of an EAF will constitute a warranty and representation to Cathay Pacific that all registration, legal and regulatory requirements of all relevant jurisdictions in connection with EAF and any acceptance of it, have been, or will be, duly complied with. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees is subject to such warranty and representation. Completion and return of an EAF together with a cheque or cashier's order in payment for the excess Rights Shares applied for will constitute a warranty by the applicant that the cheque or the cashier's order will be honoured on first presentation. If any cheque or cashier's order accompanying a completed EAF is dishonoured on first presentation, without prejudice to the other rights of Cathay Pacific, such EAF is liable to be rejected.

An EAF is for use only by the person(s) to whom it is addressed and is not transferable. All documents, including cheques or cashier's orders for the amount due, will be despatched by ordinary post at the risk of the persons entitled thereto to their respective registered addresses as shown in the register of members of Cathay Pacific on the Rights Issue Record Date. If the Rights Issue Underwriting Agreement is terminated and/or if any of the conditions in the paragraph headed "(1) Rights Issue Underwriting Agreement – Conditions of the Rights Issue Underwriting Agreement" below is not fulfilled and/or waived (as the case may be), the monies received in respect of applications for excess Rights Shares will be returned to the applicants, or in case of joint applicants, to the first-named person, without interest by means of cheques despatched by ordinary post to their respective addresses at their own risk as soon as practicable thereafter.

(n) Status of the Rights Shares

The Rights Shares, when fully paid, allotted and issued, will rank *pari passu* in all respects with the existing Shares then in issue. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which are declared, made or paid after the date of allotment and issue of the fully-paid Rights Shares.

(o) Application for listing of and dealings in the Rights Shares

Cathay Pacific has applied to the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms. The nil-paid and fully-paid Rights Shares are expected to have the same board lot size as the Shares, namely 1,000 Shares in one board lot. No part of the securities of Cathay Pacific in issue or for which listing or permission to deal is being or is proposed to be sought is listed on, or dealt in, any stock exchange other than the Stock Exchange.

(p) Rights Shares will be eligible for admission into CCASS

Subject to the approval for the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will

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be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day after the date of the transaction. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their stockbroker or other professional adviser for details of those settlement arrangements and how such arrangements will affect their rights and interests.

(q) Effect of bad weather on Latest Time for Acceptance

The Latest Time for Acceptance will not take place if there is a tropical cyclone warning signal no. 8 or above, “extreme conditions” caused by super typhoons, or a “black” rainstorm warning, in force in Hong Kong at any local time:

- (i) before 12:00 noon and no longer in force after 12:00 noon on the Final Acceptance Date. Instead the Latest Time for Acceptance will be extended to 5:00 p.m. on the same Business Day; or
- (ii) between 12:00 noon and 4:00 p.m. on the Final Acceptance Date. Instead the Latest Time for Acceptance will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

If the Latest Time for Acceptance does not take place on the currently scheduled date for the Final Acceptance Date, the dates mentioned in the section headed “Expected Timetable of the Rights Issue” in this prospectus may be affected. Cathay Pacific will notify the Shareholders by way of an announcement of any change to the expected timetable as soon as practicable.

(r) Share certificates for Rights Shares and refund cheques for Rights Issue

Subject to the fulfilment (or waiver, where applicable) of the conditions of the Rights Issue, share certificates for all fully-paid Rights Shares are expected to be posted to those who have accepted and (where applicable) applied for, and paid for, the Rights Shares by ordinary post at their own risk on or before Monday, 10 August 2020. Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares (if any) are expected to be posted to the applicants by ordinary post at their own risk on or before Monday, 10 August 2020.

(s) Stamp duty and other applicable fees and charges

Dealings in the Rights Shares in both their nil-paid and fully-paid forms will be subject to the payment of stamp duty, the Stock Exchange trading fee, the SFC transaction levy and other applicable fees and charges in Hong Kong.

(t) Odd lot arrangement

In order to facilitate the trading of odd lots of the Shares arising from the Rights Issue, a designated broker, Halcyon Securities Limited, has been appointed by Cathay Pacific to match the purchase and sale of odd lots of the Shares at the relevant market price per Share for the period from Friday, 7 August 2020 to Friday, 28 August 2020 (both dates inclusive). Holders of the Shares in odd

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lots represented by the existing share certificates for the Shares who wish to take advantage of this facility either to dispose of their odd lots of the Shares or to top up their odd lots to a full new board lot, may directly or through their broker, contact Mr. Hin Ng at (852) 3970 0966 or Mr. Terence Chung at (852) 3970 9963 of Halcyon Securities Limited during such period. Holders of odd lots of Shares should note that successful matching of the sale and purchase of odd lots of Shares is on a best effort basis and not guaranteed. Any Shareholder who is in any doubt about the odd lot arrangement is recommended to consult his/her/its own professional advisers.

(u) Taxation

Shareholders are advised to consult their professional advisers if they are in any doubt as to the taxation implications of, in the case of Qualifying Shareholders, the receipt, purchase, holding, exercising, disposing of or dealing in the Nil Paid Rights or the fully-paid Rights Shares and, in the case of Non-Qualifying Shareholders, their receipt of the net proceeds, if any, from sales of the Nil Paid Rights on their behalf.

WARNING OF THE RISKS OF DEALINGS IN SHARES AND RIGHTS SHARES

The Shares have been dealt in on an ex-rights basis from Wednesday, 15 July 2020. Dealings in the Nil Paid Rights are expected to take place from Friday, 24 July 2020 to Friday, 31 July 2020 (both dates inclusive). The Rights Issue is conditional on, among other things, the Rights Issue Underwriting Agreement having become unconditional and not having been terminated by the Underwriters in accordance with its terms. If the conditions under the Rights Issue Underwriting Agreement are not satisfied, the Rights Issue will not proceed, in which case a further announcement will be made by Cathay Pacific at the relevant time.

Any Shareholder or other person dealing in Shares or other securities of Cathay Pacific up to the date of fulfilment of all conditions to which the Rights Issue is subject (as set out under the section headed “Letter from the Board – Rights Issue – (k) Conditions of the Rights Issue” in this prospectus) and any person dealing in the Nil Paid Rights will bear the risk that the Rights Issue may not become unconditional or may not proceed and are advised to exercise caution when dealing in the Shares and/or Nil Paid Rights. If in any doubt, Shareholders and other persons contemplating dealing in securities of Cathay Pacific and potential investors are recommended to consult their professional advisers. Shareholders and potential investors should exercise caution in dealing in the securities of Cathay Pacific. Any buying or selling of the securities of Cathay Pacific from now up to the date of fulfilment of all the conditions to which the Rights Issue is subject, and any buying or selling of Nil Paid Rights, is at each investor’s own risk that the Rights Issue may not become unconditional and may not proceed.

IRREVOCABLE UNDERTAKINGS FROM SWIRE PACIFIC, AIR CHINA AND QATAR AIRWAYS

As at the date of the Irrevocable Undertakings and the Latest Practicable Date, Swire Pacific directly held 1,770,238,000 Shares, Air China indirectly (through certain subsidiaries) held 1,179,759,987 Shares and Qatar Airways directly held 392,991,000 Shares, representing approximately 45.00%, 29.99% and 9.99% of the total number of issued Shares, respectively.

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Pursuant to the Irrevocable Undertakings:

- (i) Swire Pacific has irrevocably undertaken to Cathay Pacific, the Underwriters and Aviation 2020 Limited, that it will, among other things, (a) subscribe at the Rights Subscription Price for all of the Rights Shares to be provisionally allotted to it pursuant to the Rights Issue; (b) remain the sole legal owner and the registered holder of the Shares it holds as at the date of the Irrevocable Undertakings at 5:00 p.m. on the record date for determining Shareholders' entitlement to vote at the EGM and on the Rights Issue Record Date; (c) vote in favour of all resolutions to be proposed at the EGM that are required to give effect to the Recapitalisation Proposal, save for the resolution(s) in relation to the Rights Issue, where it is required to abstain from voting in favour of the Rights Issue according to the requirements under Rule 7.27A of the Listing Rules, and any resolution(s) to the extent it is prohibited from voting (or from voting in favour) by the Listing Rules, the Takeovers Code or the Articles; and (d) not apply for further additional Rights Shares by way of excess application under the Rights Issue;
- (ii) Air China has irrevocably undertaken to Cathay Pacific that, among other things and to the extent that it does not result in it being required to make a mandatory takeover offer for the Shares under the Takeovers Code or Cathay Pacific being in breach of the public float requirements under the Listing Rules upon completion of the Rights Issue, (a) it will procure each of its relevant subsidiaries to take up in full at the Rights Subscription Price its respective entitlement to Rights Shares pursuant to the Rights Issue; (b) it will remain the indirect beneficial owner of the Shares its subsidiaries hold as at the date of the Irrevocable Undertakings, and will procure that each of its relevant subsidiaries shall remain the sole legal owner and the registered holder of such Shares or the beneficial owner of such Shares, as the case may be, at 5:00 p.m. on the Rights Issue Record Date; (c) it will procure each of its relevant subsidiaries to vote in favour of all resolutions to be proposed at the EGM that are required to give effect to the Recapitalisation Proposal; and (d) none of its relevant subsidiaries will apply for further additional Rights Shares, by way of excess application under the Rights Issue; and
- (iii) Qatar Airways has irrevocably undertaken to Cathay Pacific that it will, among other things, (a) remain the beneficial owner of the Shares it beneficially owns as at the date of the Irrevocable Undertakings at 5:00 p.m. on the record date for determining Shareholders' entitlements to vote at the EGM and on the Rights Issue Record Date; (b) procure that the Shares it holds remain registered in the name of HKSCC Nominees Limited until 5:00 p.m. on the Rights Issue Record Date; (c) take up (or procure the take-up of) in full at the Rights Subscription Price its entitlement to Rights Shares pursuant to the Rights Issue; (d) vote in favour of all resolutions to be proposed at the EGM that are required to give effect to the Recapitalisation Proposal, save for any resolution(s) to the extent it is prohibited from voting by the Listing Rules or the Articles; and (e) not apply for further additional Rights Shares by way of excess application under the Rights Issue.

Swire Pacific has also undertaken to Cathay Pacific, the Underwriters and Aviation 2020 Limited that, from the date of the Irrevocable Undertakings up to 90 calendar days after the first day of trading of the Rights Shares, it will not, among other things, sell, transfer or dispose of or create an encumbrance over, or agree to transfer or dispose of or create an encumbrance over, or enter into any swap or other transaction that transfers the economic consequences of ownership of, any Share held by,

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or any Rights Shares provisionally allotted to it or any interest therein, except for any sale, transfer or disposal of such Shares among it and its subsidiaries, or pursuant to any existing security interest over such Shares, or the grant of security interest over such Shares in favour of the Underwriters providing finance to enable it to subscribe for the Rights Shares.

USE OF PROCEEDS OF THE RIGHTS ISSUE

The expenses in relation to the Rights Issue (including the underwriting fees, financial and legal advisory fees and other professional expenses) are estimated to be approximately HK\$88 million and will be borne by Cathay Pacific.

The estimated net proceeds of the Rights Issue are approximately HK\$11.6 billion after the deduction of all estimated expenses. The Directors currently intend to use the net proceeds of the Rights Issue for general corporate purposes.

EFFECT OF THE RECAPITALISATION PROPOSAL ON SHAREHOLDINGS IN CATHAY PACIFIC

Based on the assumption that no new Shares (other than the Rights Shares and Warrant Shares) are allotted and issued on or before exercise of the Warrants, the following table sets forth details of the holdings of Shares in Cathay Pacific: (i) as at the Latest Practicable Date; (ii) immediately after completion of the Rights Issue (assuming all Rights Shares are taken up but before any exercise of the Warrants); and (iii) immediately after completion of the Recapitalisation Proposal (assuming all Rights Shares are taken up and full exercise of the Warrants). Save for the issue of Warrant Shares upon exercise of the Warrants, the Preference Shares and Warrants Issue will not affect the holdings of the Shareholders.

	As at the Latest Practicable Date		Immediately after completion of the Rights Issue (assuming all Rights Shares are taken up but before any exercise of the Warrants)		Immediately after completion of the Recapitalisation Proposal (assuming all Rights Shares are taken up and full exercise of the Warrants)	
	Number of Shares	%	Number of Shares	%	Number of Shares	%
Swire Pacific	1,770,238,000	45.00	2,896,753,089	45.00	2,896,753,089	42.26
Air China ⁽¹⁾	1,179,759,987	29.99	1,930,516,329	29.99	1,930,516,329	28.17
Qatar Airways ⁽²⁾	392,991,000	9.99	643,076,178	9.99	643,076,178	9.38
Aviation 2020 Limited ^{(2) (3)}	—	—	—	—	416,666,666	6.08
Other Shareholders ⁽²⁾	590,855,585	15.02	966,854,607	15.02	966,854,607	14.11
Total	3,933,844,572	100.00	6,437,200,203	100.00	6,853,866,869	100.00

Notes:

- (1) As at the Latest Practicable Date, 1,179,759,987 Shares were indirectly held by Air China through its subsidiaries, namely 288,596,335 Shares held by Angel Paradise Ltd., 280,078,680 Shares held by Custain Limited, 191,922,273 Shares held by Easerich Investments Inc., 189,976,645 Shares held by Grand Link Investments Holdings Ltd., 207,376,655 Shares held by Motive Link Holdings Inc. and 21,809,399 Shares held by Perfect Match Assets Holdings Ltd.
- (2) Shares held by such Shareholders are and will be counted towards the public float for the purpose of Rule 8.08(1) of the Listing Rules.

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- (3) *In addition, Aviation 2020 Limited will hold 195,000,000 Preference Shares immediately after the completion of the Recapitalisation Proposal.*
- (4) *Certain percentage figures included in this table have been subject to rounding adjustments. Accordingly, figures shown as totals or sub-totals may not be an arithmetic aggregation of the figures preceding them.*

PREVIOUS EQUITY FUND RAISING BY CATHAY PACIFIC

Cathay Pacific did not undertake any equity fund raising exercise in the 12-month period immediately preceding the date of the Announcement.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this prospectus.

Yours faithfully,
For and on behalf of the Board
CATHAY PACIFIC AIRWAYS LIMITED
Patrick Healy
Chairman

APPENDIX I FINANCIAL INFORMATION OF THE CATHAY PACIFIC GROUP

FINANCIAL INFORMATION OF THE CATHAY PACIFIC GROUP FOR THE THREE YEARS ENDED 31 DECEMBER 2017, 2018 AND 2019

The audited consolidated financial statements of the Cathay Pacific Group for the three years ended 31 December 2019 together with the relevant notes thereto are disclosed in the following documents which have been published on the website of the Stock Exchange (www.hkexnews.hk) and the website of Cathay Pacific (www.cathaypacific.com):

- pages 62 – 109 in the annual report of Cathay Pacific for the year ended 31 December 2017 published on 3 April 2018;
- pages 58 – 117 in the annual report of Cathay Pacific for the year ended 31 December 2018 published on 9 April 2019; and
- pages 69 – 137 in the annual report of Cathay Pacific for the year ended 31 December 2019 published on 7 April 2020.

Each set of the said consolidated financial statements of the Cathay Pacific Group is incorporated by reference in this prospectus and forms part of this prospectus. The management discussion and analysis of Cathay Pacific for the years ended 31 December 2017, 2018 and 2019 are disclosed in the published annual reports of Cathay Pacific for the relevant period. Please also see below the links to the relevant annual reports of Cathay Pacific:

- Annual report of Cathay Pacific for the year ended 31 December 2017:
<https://www1.hkexnews.hk/listedco/listconews/sehk/2018/0403/ltn201804031384.pdf>
- Annual report of Cathay Pacific for the year ended 31 December 2018:
<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0409/ltn20190409363.pdf>
- Annual report of Cathay Pacific for the year ended 31 December 2019:
<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0407/2020040700498.pdf>

BUSINESS TREND AND TRADING AND FINANCIAL PROSPECT

Current market environment

The airline industry faces significant challenges as a result of the COVID-19 pandemic. Travel demand has declined to an unprecedented level with most nations issuing strict travel restrictions and passengers halting business and international travel.

Cathay Pacific is particularly impacted by such travel restrictions as it has no domestic network and is wholly reliant on cross-border travel, which remains highly restricted and subject to quarantine constraints, with no prospects for a return to normal international travel arrangements any time soon.

Impact on business operations

In the first six months of 2020, the number of passengers carried by the Cathay Pacific Group dropped by 76% against a 65.7% decrease in capacity and a 72.6% decrease in revenue passenger kilometres, as compared to the same period in 2019. Overall, the Cathay Pacific Group plans to operate approximately 7% capacity in July 2020 and expects to operate approximately 10% of its normal flight schedule in August 2020. It will continue to assess the potential of increasing more flights and adding

APPENDIX I FINANCIAL INFORMATION OF THE CATHAY PACIFIC GROUP

destinations for its customers in the coming months; however, these plans remain contingent on the further relaxation or tightening of government health measures. Furthermore, in the first six months of 2020, the tonnage carried by the Cathay Pacific Group fell by 31.9% against a 31% drop in capacity and a 24.6% decrease in revenue freight tonne kilometres, as compared to the same period in 2019.

Cathay Pacific's management team has been active and agile in responding to the extremely difficult environment. Cathay Pacific has implemented a number of cash preservation measures, including but not limited to substantially cutting passenger capacity, implementing executive pay cuts, deferring new aircraft delivery, as well as implementing voluntary special leave schemes for employees. Specifically, Cathay Pacific has reached agreement with Airbus to defer delivery of its A350-900's and A350-1000's from 2020 and 2021 to 2020-2023, and its A321neo's from 2020-2023, to 2020 to 2025. Advanced negotiations are also ongoing with Boeing for the deferral of 777-9 deliveries. This deferral of deliveries is expected to produce cash savings to the Cathay Pacific Group in the short to medium term. Despite all these measures, the drop in passenger revenue to around only 1% of prior year levels meant that Cathay Pacific was initially losing cash at the operating level at a rate of HK\$2.5 to 3.0 billion per month as it serviced a high level of customer refunds. This has subsequently reduced and is expected to remain at a rate of approximately HK\$1.5 billion per month whilst minimal passenger services are in place.

Outlook

The International Air Transport Association (IATA) has released updated analysis indicating that the COVID-19 crisis will cause the global airline industry to suffer a net loss of US\$84.3 billion in 2020, compared to a net profit of US\$26.4 billion in 2019. Airlines in Asia Pacific will see a net profit drop of US\$34 billion and a 53.8% fall in revenue passenger kilometres year-on-year. Most industry analysts are forecasting very gradual recoveries over a protracted period, and the IATA is forecasting 2020 to be the worst year in history for airlines with losses to continue in 2021, albeit to a lesser extent.

This is the biggest challenge to the aviation industry that Cathay Pacific has ever witnessed and, overall, it does not anticipate that there will be a meaningful recovery for an extended period.

Cathay Pacific nonetheless remains confident in Hong Kong as a major international aviation hub in Asia. Whilst there remains considerable uncertainty surrounding the near-term impact of the pandemic, recent IATA scenario analysis indicates that global annual air passenger growth could be in the range of 3.2% and 5.3% over the next 20 years, with a bias towards Asia Pacific. Investment in the Third Runway System and increasing intermodal connectivity supporting a growing Greater Bay Area means Hong Kong, and the Cathay Pacific Group, are well placed to capitalise on this opportunity.

Future plans

The Board has implemented a further round of executive pay cuts and a second voluntary special leave scheme for employees. In the longer term, all aspects of the Cathay Pacific Group's business model will be re-evaluated. By the fourth quarter of 2020, Cathay Pacific's management team will recommend to the Board the optimum size and shape of the Cathay Pacific Group to meet the air travel needs of Hong Kong while keeping Cathay Pacific's financial status at a healthy level and meeting its responsibilities to Shareholders. Inevitably this will involve rationalisation of future planned capacity compared to the pre-crisis plans, taking into account the market outlook and cost structure at that time.

APPENDIX I FINANCIAL INFORMATION OF THE CATHAY PACIFIC GROUP

The Board will continue to explore opportunities to improve Cathay Pacific's capital structure. If suitable market conditions arise, Cathay Pacific may further access the equity and debt capital markets in order to strengthen its balance sheet.

MATERIAL ADVERSE CHANGE

The Directors confirm that, other than as disclosed in the section headed "Business Trend and Trading and Financial Prospect" above, the Chairman's statement dated 11 March 2020 as set out in the Annual Report 2019 of Cathay Pacific and the announcements of Cathay Pacific in relation to the Cathay Pacific Group's monthly traffic figures (including Cathay Pacific's announcement dated 17 July 2020 in relation to a profit warning and June 2020 traffic figures), the Directors are not aware of any material adverse change in the financial or trading position or prospect of the Cathay Pacific Group since 31 December 2019, being the date to which the latest published audited consolidated financial statements of the Cathay Pacific Group were made up, up to and including the Latest Practicable Date.

WORKING CAPITAL STATEMENT

Taking into account the net proceeds from the Recapitalisation Proposal and the Cathay Pacific Group's presently available financial resources, including internally generated funds from operations and available financial facilities of the Cathay Pacific Group, the Directors after due and careful enquiry are of the opinion that the Cathay Pacific Group has sufficient working capital for its present requirements, that is for at least the next 12 months from the date of publication of this prospectus.

INDEBTEDNESS STATEMENT

The following table sets forth the Cathay Pacific Group's total outstanding indebtedness as at 30 June 2020:

	<u>HK\$ million</u>
Unguaranteed borrowings	
- Secured bank loans ⁽¹⁾	32,098
- Unsecured bank loans	21,544
- Unsecured medium-term notes	3,474
- Secured other borrowings ⁽¹⁾	5,393
Lease liabilities	<u>37,879</u>
Total	<u>100,388</u>

Note:

(1) As at 30 June 2020, aircraft and related equipment in an aggregate amount of HK\$57,479 million were pledged as security for the secured bank loans and secured other borrowings.

Contingent liabilities

- (a) As at 30 June 2020, the Cathay Pacific Group had issued guarantees in respect of various obligations totalling HK\$1.3 billion.
- (b) Cathay Pacific operates in many jurisdictions and in certain of these there are disputes with the tax authorities. Provisions have been made to cover the expected outcome of those disputes to the extent that outcomes are likely and reliable estimates can be made. However, the final outcomes are subject to uncertainties and resulting liabilities may exceed provisions.

APPENDIX I FINANCIAL INFORMATION OF THE CATHAY PACIFIC GROUP

- (c) Cathay Pacific remains the subject of antitrust proceedings in various jurisdictions. The proceedings are focused on issues relating to pricing and competition. Cathay Pacific is represented by legal counsel in connection with these matters. The proceedings and civil actions are ongoing and the outcomes are subject to uncertainties. Cathay Pacific is not in a position to assess the full potential liabilities but makes provisions based on facts and circumstances in line with its accounting policy.

In November 2010, the European Commission issued a decision in its airfreight investigation finding, among other things, that Cathay Pacific and a number of other international cargo carriers agreed cargo surcharge levels and that such agreements infringed European competition law. The European Commission imposed a fine of Euros 57.12 million on Cathay Pacific. However, the European Commission's finding against Cathay Pacific and the imposition of this fine was annulled by the General Court in December 2015 and the fine of Euros 57.12 million was refunded to Cathay Pacific in February 2016. The European Commission issued a new decision against Cathay Pacific and the other airlines involved in the case in March 2017. A fine of Euros 57.12 million was imposed on Cathay Pacific, which was paid by Cathay Pacific in June 2017. Cathay Pacific filed an appeal against this latest decision, to which the European Commission filed a defence. In December 2017, Cathay Pacific filed a reply to that defence, and on 9 March 2018, the European Commission filed a rejoinder to Cathay Pacific's reply. The appeal hearing in the general court took place on 5 July 2019. There is no fixed date for the general court to issue its decision.

Cathay Pacific is a defendant in a number of civil claims, including class litigation and third party contribution claims, in a number of countries including Germany, the Netherlands and Norway alleging violations of applicable competition laws arising from Cathay Pacific's alleged conduct relating to its air cargo operations. Cathay Pacific is represented by legal counsel and is defending these actions.

Save as aforesaid or as otherwise mentioned herein, and apart from intra-group liabilities and trade and other payables in the ordinary course of business, the Cathay Pacific Group did not have any outstanding borrowings, mortgages, charges, debentures, loan capital and overdrafts, debt securities or other similar indebtedness, finance leases or hire purchase commitment, liabilities under acceptances or acceptance credits or any guarantees or other material contingent liabilities as at the close of business on 30 June 2020, being the latest practicable date for the purpose of this indebtedness statement prior to printing of this prospectus.

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the indebtedness position of the Cathay Pacific Group since 30 June 2020.

CAPITALISATION

The following table sets forth the consolidated capitalisation of Cathay Pacific as at 31 December 2019:

- (i) on an actual basis as extracted from its audited consolidated financial statements for the year ended 31 December 2019;

APPENDIX I FINANCIAL INFORMATION OF THE CATHAY PACIFIC GROUP

- (ii) on an adjusted basis to give effect to the Rights Issue, with estimated net proceeds to Cathay Pacific of approximately HK\$11,628 million after deduction of the estimated fees, commissions and expenses;
- (iii) on an adjusted basis to give effect to the Recapitalisation Proposal (assuming that the Warrants are not exercised and the Bridge Loan is not drawn), which includes the Rights Issue and the Preference Shares and Warrants Issue, with total estimated net proceeds to Cathay Pacific of approximately HK\$31,128 million after deduction of the estimated fees, commissions and expenses;
- (iv) on an adjusted basis to give effect to the Recapitalisation Proposal (assuming that the Warrants are fully exercised and the Bridge Loan is not drawn), which includes the Rights Issue, the Preference Shares and Warrants Issue, and the full exercise by holders of all Warrants at the Warrant Exercise Price and resulting in the allotment and issuance of 416,666,666 Shares of Cathay Pacific, with total estimated net proceeds to Cathay Pacific of approximately HK\$33,078 million after deduction of the estimated fees, commissions and expenses; and
- (v) on an adjusted basis to give effect to the Recapitalisation Proposal (assuming that the Warrants are fully exercised and the Bridge Loan is fully drawn), which includes the Rights Issue, the Preference Shares and Warrants Issue, and the full exercise by holders of all Warrants at the Warrant Exercise Price and resulting in the allotment and issuance of 416,666,666 Shares, with total estimated net proceeds to Cathay Pacific of approximately HK\$40,866 million after deduction of the estimated fees, commissions and expenses; together with the full draw down by Cathay Pacific of the Bridge Loan in the principal amount of HK\$7.8 billion.

	Actual (HK\$ million)	As adjusted to give effect to the Rights Issue (HK\$ million)	As adjusted to give effect to the Recapitalisation Proposal (assuming that the Warrants are not exercised and the Bridge Loan is not drawn) (HK\$ million)	As adjusted to give effect to the Recapitalisation Proposal (assuming that the Warrants are fully exercised but the Bridge Loan is not drawn) (HK\$ million)	As adjusted to give effect to the Recapitalisation Proposal (assuming that the Warrants are fully exercised and the Bridge Loan is fully drawn) (HK\$ million)
Short-term debt (including current portion of long-term debt) ⁽¹⁾	20,752	20,752	20,752	20,752	20,752
Long-term debt (net of current portion) ⁽¹⁾	76,508	76,508	76,508	76,508	84,308
Non-controlling interests	3	3	3	3	3
Equity attributable to the Shareholders					
Share capital	17,106 ⁽²⁾	28,734	48,234	50,184	50,184
Other reserves	45,667	45,667	45,667	45,667	45,667
Total equity attributable to the Shareholders	62,773	74,401	93,901	95,851	95,851
Total capitalisation ⁽³⁾	<u>139,284</u>	<u>150,912</u>	<u>170,412</u>	<u>172,362</u>	<u>180,162</u>
Total short-term debt and capitalisation ⁽³⁾	<u>160,036</u>	<u>171,664</u>	<u>191,164</u>	<u>193,114</u>	<u>200,914</u>

APPENDIX I FINANCIAL INFORMATION OF THE CATHAY PACIFIC GROUP

Notes:

- (1) *Short-term debt includes the current portion of long-term loans and the current portion of lease liabilities. Long-term debt includes long-term loans and lease liabilities except (in each case) the current portion.*
- (2) *As at 31 December 2019, 3,933,844,572 Shares were in issue.*
- (3) *Total capitalisation equals long-term debt (net of current portion) plus equity attributable to the Shareholders and non-controlling interests.*
- (4) *Except as otherwise disclosed in this prospectus, there had been no material change to the consolidated capitalisation and indebtedness of Cathay Pacific since 31 December 2019, being the date to which the latest published audited consolidated financial statements of the Cathay Pacific Group were made up, up to and including the Latest Practicable Date.*

KEY ESTIMATED FINANCIAL INFORMATION OF THE CATHAY PACIFIC GROUP

The Directors estimate that for the six months ended 30 June 2020, the Cathay Pacific Group's:

- revenue will be approximately HK\$27.7 billion (for the six months ended 30 June 2019: HK\$53.5 billion),
- operating loss will be approximately HK\$8.7 billion (for the six months ended 30 June 2019: operating profit HK\$2.5 billion),
- net loss attributable to Shareholders will be approximately HK\$9.9 billion (for the six months ended 30 June 2019: net profit HK\$1.3 billion). This includes impairment charges amounting to approximately HK\$2.4 billion, which mainly relate to 16 aircraft that are unlikely to re-enter meaningful economic service again before the 2021 summer season together with certain airline service subsidiaries assets,

and as at 30 June 2020:

- long term liabilities are HK\$76.5 billion,
- short term loans and current portion of long term liabilities are HK\$23.9 billion,
- liquid funds are HK\$7.4 billion,
- undrawn committed facilities are HK\$8.2 billion.

The above estimated financial information has been prepared based on the unaudited results of the Cathay Pacific Group for the six months ended 30 June 2020, and on a basis consistent in all material respects with the accounting policies normally adopted by Cathay Pacific as set out in the annual report for the year ended 31 December 2019.

BASES OF PREPARATION OF THE ESTIMATED NET LOSS ATTRIBUTABLE TO SHAREHOLDERS OF THE CATHAY PACIFIC GROUP FOR THE SIX MONTHS ENDED 30 JUNE 2020

The estimated net loss attributable to Shareholders of the Cathay Pacific Group for the six months ended 30 June 2020 was prepared based on the unaudited results derived from the management accounts of Cathay Pacific for the six months ended 30 June 2020. In preparing such estimate, the

APPENDIX I FINANCIAL INFORMATION OF THE CATHAY PACIFIC GROUP

accounting policies adopted were consistent with those adopted in the preparation of Cathay Pacific's audited financial results for the year ended 31 December 2019, and conform to all applicable Hong Kong Financial Reporting Standards. The estimate has been prepared on a consolidated basis.

WAIVER FROM STRICT COMPLIANCE WITH THE AUDIT REQUIREMENT UNDER RULE 11.18 OF THE LISTING RULES

Pursuant to Rule 11.18 of the Listing Rules, the Stock Exchange will require an undertaking from an issuer that the interim report for the half year will be audited where a profit forecast or estimate with a period that ends at a half year-end appears in its listing document (the "**Audit Requirement**"). The estimated net loss attributable to Shareholders (including one-off noncash charges) of the Cathay Pacific Group for the six months ended 30 June 2020 (the "**Loss Estimate**") disclosed in the section headed "Key Estimated Financial Information of the Cathay Pacific Group" above constitutes a profit estimate under Rule 11.17 of the Listing Rules. We have applied for, and the Stock Exchange has granted us, a waiver from strict compliance with the Audit Requirement under Rule 11.18 of the Listing Rules based on the following key reasons:

- (1) the Loss Estimate was disclosed in Cathay Pacific's June traffic statement dated 17 July 2020 as an inside information announcement issued pursuant to Part XIVA of the SFO. The inclusion of the Loss Estimate in this prospectus is accordingly a repetition of the same information which is already in the public domain;
- (2) similar to Cathay Pacific's practice in previous years, the Cathay Pacific Group's interim results for the six months ended 30 June 2020 (i.e., the period of the Loss Estimate) will be reviewed by Cathay Pacific's auditors in accordance with Hong Kong Standard on Review Engagements 2410. The level of comfort on the Cathay Pacific Group's interim results for the six months ended 30 June 2020 will be no less than the comfort provided for in its previous interim results; and
- (3) a full audit of the Cathay Pacific Group's interim results would require substantial additional cost and resources. As mentioned above, Cathay Pacific has implemented a number of cash preservation measures whereby all costs and expenses irrespective of their amount are kept to a minimum to preserve cash for Cathay Pacific to weather the COVID-19 crisis. In addition to cost and resources, a full audit of the Cathay Pacific Group's interim results would also require more time than a review by its auditor. Having considered the interests of Cathay Pacific and the Shareholders, Cathay Pacific is of the view that the benefits of retaining such costs would outweigh any potential benefit of performing a full audit on its interim results for the six months ended 30 June 2020.

Given the above, Cathay Pacific is of the view that it would be unduly burdensome for Cathay Pacific to comply with the Audit Requirement under Rule 11.18 of the Listing Rules.

(A) UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE CATHAY PACIFIC GROUP

The following is the unaudited pro forma statement of adjusted consolidated net tangible assets of the Cathay Pacific Group which has been prepared to illustrate the effect of the Rights Issue on the consolidated net tangible assets of the Cathay Pacific Group attributable to the Shareholders as if the Rights Issue had been completed on 31 December 2019. As it is prepared for illustrative purposes only, and because of its hypothetical nature, it may not give a true picture of the financial position of the Cathay Pacific Group upon completion of the Rights Issue or any future date after completion of the Rights Issue. The unaudited pro forma statement of adjusted consolidated net tangible assets of the Cathay Pacific Group is prepared based on the consolidated net tangible assets of the Cathay Pacific Group attributable to the Shareholders as at 31 December 2019 as derived from the Cathay Pacific Group's published audited consolidated financial statements for the year ended 31 December 2019 and is adjusted for the effect of the Rights Issue as if the Rights Issue had been completed on 31 December 2019.

	Consolidated net tangible assets attributable to the Shareholders as at 31 December 2019 ⁽¹⁾	Estimated net proceeds from the Rights Issue ⁽²⁾	Unaudited pro forma adjusted consolidated net tangible assets attributable to the Shareholders as at 31 December 2019	Consolidated net tangible assets attributable to the Shareholders per Share as at 31 December 2019 ⁽³⁾	Unaudited pro forma adjusted consolidated net tangible assets attributable to the Shareholders per Share as at 31 December 2019 ⁽⁴⁾
	HK\$ million	HK\$ million	HK\$ million	HK\$	HK\$
Based on 2,503,355,631					
Rights Shares to be issued at the Rights Subscription					
Price of HK\$4.68 per Rights Share					
Rights Share	47,622	11,628	59,250	12.11	9.20

Notes:

- The amount of consolidated net tangible assets of the Cathay Pacific Group attributable to the Shareholders as at 31 December 2019 is based on the consolidated net assets of the Cathay Pacific Group of HK\$62,776 million after deducting non-controlling interests of HK\$3 million and intangible assets of HK\$15,151 million as extracted from the published audited consolidated financial statements of the Cathay Pacific Group for the year ended 31 December 2019.*
- The estimated net proceeds from the Rights Issue are based on the issuance of 2,503,355,631 Rights Shares at HK\$4.68 each, after deducting the estimated related expenses of HK\$88 million (inclusive of interdependent fees of HK\$17 million in relation to the Preference Shares and Warrants Issue) to be incurred by Cathay Pacific. The resolution on the Rights Issue is conditional on the passing of the resolutions in relation to (among other things) the Preference Shares and Warrants Issue at the EGM. However, proceeds from the Preference Shares and Warrants Issue do not have an impact on consolidated net tangible assets of the Cathay Pacific Group attributable to the Shareholders (i.e., holders of ordinary shares of Cathay Pacific).*
- The consolidated net tangible assets of the Cathay Pacific Group attributable to the Shareholders per Share as at 31 December 2019 is calculated based on the consolidated net tangible assets of the Cathay Pacific Group attributable to the Shareholders as at 31 December 2019 of HK\$47,622 million divided by 3,933,844,572 Shares which represents Shares in issue as at 31 December 2019.*

- (4) *The unaudited pro forma adjusted consolidated net tangible assets of the Cathay Pacific Group attributable to the Shareholders per Share as at 31 December 2019 is calculated based on the unaudited pro forma adjusted consolidated net tangible assets of the Cathay Pacific Group attributable to the Shareholders as at 31 December 2019 and 6,437,200,203 Shares in issue upon completion of the Rights Issue as at 31 December 2019, which comprises 3,933,844,572 Shares in issue as at 31 December 2019 before the Rights Issue and 2,503,355,631 Rights Shares to be issued under the Rights Issue.*
- (5) *No adjustments have been made to reflect any trading results or other transactions of the Cathay Pacific Group entered into subsequent to 31 December 2019.*

(B) INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT

The following is the text of a report received from the reporting accountants, KPMG, Certified Public Accountants, Hong Kong, in respect of the Cathay Pacific Group's pro forma financial information for the purpose of inclusion in this prospectus.

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE
COMPILATION OF PRO FORMA FINANCIAL INFORMATION****TO THE DIRECTORS OF CATHAY PACIFIC AIRWAYS LIMITED**

We have completed our assurance engagement to report on the compilation of pro forma financial information of Cathay Pacific Airways Limited (the "Company") and its subsidiaries (collectively the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets as at 31 December 2019 and related notes as set out in Part A of Appendix II to the prospectus dated 22 July 2020 (the "Prospectus") issued by the Company. The applicable criteria on the basis of which the Directors have compiled the pro forma financial information are described in Part A of Appendix II to the Prospectus.

The pro forma financial information has been compiled by the Directors to illustrate the impact of the rights issue of 2,503,355,631 rights shares at HK\$4.68 each on the basis of seven rights shares for every eleven existing shares held on the record date (the "Rights Issue") on the Group's financial position as at 31 December 2019 as if the Rights Issue had taken place at 31 December 2019. As part of this process, information about the Group's financial position as at 31 December 2019 has been extracted by the Directors from the consolidated financial statements of the Group for the year then ended, on which an audit report has been published.

Directors' Responsibilities for the Pro Forma Financial Information

The Directors are responsible for compiling the pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Hong Kong Standard on Quality Control 1 "Quality Control for Firms That Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services

Engagements” issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants’ Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements (“HKSAE”) 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the pro forma financial information in accordance with paragraph 4.29 of the Listing Rules, and with reference to AG 7 issued by the HKICPA.

For purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of events or transactions as at 31 December 2019 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants’ judgement, having regard to the reporting accountants’ understanding of the nature of the Group, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our procedures on the pro forma financial information have not been carried out in accordance with attestation standards or other standards and practices generally accepted in the United States of America, auditing standards of the Public Company Accounting Oversight Board (United States) or any overseas standards and accordingly should not be relied upon as if they had been carried out in accordance with those standards and practices.

We make no comments regarding the reasonableness of the amount of net proceeds from the issuance of the Company's shares, the application of those net proceeds, or whether such use will actually take place as described in the section headed "Use of Proceeds of the Rights Issue" in the Prospectus.

Opinion

In our opinion:

- a) the pro forma financial information has been properly compiled on the basis stated;
- b) such basis is consistent with the accounting policies of the Group; and
- c) the adjustments are appropriate for the purposes of the pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

KPMG

Certified Public Accountants

Hong Kong

22 July 2020

APPENDIX IIIA LETTER FROM THE REPORTING ACCOUNTANTS RELATING TO THE LOSS ESTIMATE

The following is the text of a letter received from the reporting accountants, KPMG, Certified Public Accountants, Hong Kong, in respect of the Cathay Pacific Group's loss estimate for the six months ended 30 June 2020 for the purpose of inclusion in this prospectus.



8th Floor
Prince's Building
10 Chater Road
Central
Hong Kong

22 July 2020

The Board of Directors
Cathay Pacific Airways Limited
33/F, One Pacific Place
88 Queensway
Hong Kong

Dear Sirs,

Cathay Pacific Airways Limited ("the Company") and its subsidiaries (collectively "the Group")

Loss Estimate for the Six-month Period Ended 30 June 2020

We refer to the estimate of the net loss attributable to shareholders and operating loss of the Group for the six-month period ended 30 June 2020 ("the Loss Estimate") set forth in the section headed "Key Estimated Financial Information of the Cathay Pacific Group" in Appendix I to the prospectus of the Company dated 22 July 2020 ("the Prospectus").

Directors' Responsibilities

The Loss Estimate has been prepared by the directors of the Company based on the unaudited consolidated results based on the management accounts of the Group for the six-month period ended 30 June 2020.

The Company's directors are solely responsible for the Loss Estimate.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Hong Kong Standard on Quality Control 1 "Quality Control for Firms That Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements" issued by the HKICPA and accordingly maintains a comprehensive system of quality

APPENDIX IIIA LETTER FROM THE REPORTING ACCOUNTANTS RELATING TO THE LOSS ESTIMATE

control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion on the accounting policies and calculations of the Loss Estimate based on our procedures. We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 500 "Reporting on Profit Forecasts, Statements of Sufficiency of Working Capital and Statements of Indebtedness" and with reference to Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the HKICPA. Those standards require that we plan and perform our work to obtain reasonable assurance as to whether, so far as the accounting policies and calculations are concerned, the Company's directors have properly compiled the Loss Estimate in accordance with the bases adopted by the directors and as to whether the Loss Estimate is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group. Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, we do not express an audit opinion.

Opinion

In our opinion, so far as the accounting policies and calculations are concerned, the Loss Estimate has been properly compiled in accordance with the bases adopted by the directors as set out in the section headed "Key Estimated Financial Information of the Cathay Pacific Group" in Appendix I to the Prospectus and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in the annual report of the Company for the year ended 31 December 2019.

Yours faithfully,

KPMG

Certified Public Accountants

Hong Kong

The following is the text of a report received from Anglo Chinese, in respect of the Cathay Pacific Group's loss estimate for the six months ended 30 June 2020 for the purpose of incorporation in this prospectus.

ANGLO CHINESE
CORPORATE FINANCE, LIMITED
www.anglochinesegroup.com

財務顧問有限公司
英高

22 July 2020

The Board of Directors
Cathay Pacific Airways Limited
33rd Floor, One Pacific Place
88 Queensway
Hong Kong

Dear Sirs,

**RIGHTS ISSUE OF RIGHTS SHARES
ON THE BASIS OF SEVEN RIGHTS SHARES FOR EVERY ELEVEN EXISTING SHARES**

We refer to the estimate of the net loss attributable to shareholders and operating loss of the Cathay Pacific Group for the six months ended 30 June 2020 (“the **Loss Estimate**”) set forth in the section headed “Key Estimated Financial Information of the Cathay Pacific Group” in Appendix I to the prospectus of Cathay Pacific dated 22 July 2020 (the “**Prospectus**”). The terms used in this letter shall have the same meaning as defined in the Prospectus of which this letter forms part, unless the context requires otherwise.

We have been advised by the management of Cathay Pacific of the basis and assumptions upon which the Loss Estimate has been prepared. We have noted that the Loss Estimate was prepared by the Directors based on the consolidated management accounts of Cathay Pacific for the six months ended 30 June 2020.

We have also considered the letter dated 22 July, 2020 issued by Cathay Pacific's reporting accountants, KPMG, to you (the text of which is set out in Appendix IIIA to the Prospectus) and which stated that, so far as the accounting policies and calculations are concerned, the Loss Estimate has been properly compiled in accordance with the bases adopted by the Directors as set out in the section headed “Key Estimated Financial Information of the Cathay Pacific Group” in Appendix I to the Prospectus and is presented on a basis consistent in all material respects with the accounting policies normally adopted by Cathay Pacific as set out in the annual report for the year ended 31 December 2019.

Based on the above, we are satisfied that the Loss Estimate, for which the Directors are solely responsible, has been made by the Directors after due and careful enquiry.

Yours faithfully,
For and on behalf of
Anglo Chinese Corporate Finance, Limited
Stephanie Wong
Director

RESPONSIBILITY STATEMENT

This prospectus, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to Cathay Pacific. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this prospectus misleading.

SHARE CAPITAL

Cathay Pacific does not have an authorised share capital nor any nominal value of Shares in its capital.

- (i) As at the Latest Practicable Date, the total number of issued Shares was as follows:

<u>Type</u>	<u>Number</u>
Ordinary shares	3,933,844,572

- (ii) The total number of issued Shares immediately following completion of the Rights Issue will be as follows (assuming no change in the number of issued Shares on or before the Rights Issue Record Date):

<u>Type</u>	<u>Number</u>
Ordinary shares	6,437,200,203

- (iii) The total number of issued Shares immediately following completion of the Rights Issue and the Preference Shares and Warrants Issue will be as follows (assuming no change in the number of issued Shares between the Rights Issue Record Date and the PS and Warrants Issue Date):

<u>Type</u>	<u>Number</u>
Ordinary shares	6,437,200,203
Preference shares	195,000,000

The Rights Shares, when allotted and fully paid, will rank *pari passu* in all respects, including the rights to dividends, voting and return of capital, with the Shares then in issue. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which are declared, made or paid after the date of allotment of the Rights Shares in their fully-paid form.

No Shares were issued from 31 December 2019, being the date on which the latest audited financial statements of the Cathay Pacific Group were made up, up to the Latest Practicable Date.

Immediately upon completion of the Preference Shares and Warrants Issue, 416,666,666 Warrants will be in issue which entitle the Warrantholders to subscribe for up to 416,666,666 Shares.

Cathay Pacific had no other outstanding options, warrants, derivatives or other convertible securities in issue which are convertible or exchangeable into Shares as at the Latest Practicable Date.

DISCLOSURE OF INTERESTS**(a) Interests of Directors**

Save as disclosed below, as at the Latest Practicable Date, none of the Directors or chief executive of Cathay Pacific had any interests or short positions in the shares, underlying Shares or

debentures of Cathay Pacific or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to Cathay Pacific and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO, including interests or short positions which they were taken or deemed to have under such provisions of the SFO, or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors adopted by Cathay Pacific, to be notified to Cathay Pacific and the Stock Exchange.

Long positions in the Shares and underlying shares of Cathay Pacific as at the Latest Practicable Date

<u>Name of Director</u>	<u>Capacity</u>	<u>Long/ short positions</u>	<u>Class of Share</u>	<u>Number of Shares held</u>	<u>Approximate percentage of Cathay Pacific's total issued share capital</u>
Michelle Low	Beneficial owner	Long	Ordinary	1,000	0.00003%

Interest in associated corporations of Cathay Pacific as at the Latest Practicable Date

<u>Name of Director</u>	<u>Capacity</u>	<u>Name of associated corporation</u>	<u>Class of share</u>	<u>Number of shares held</u>	<u>Approximate percentage of the associated corporation's total issued share capital</u>
Michelle Low	Beneficial owner	Air China	H shares	40,000	0.00028%

(b) Substantial Shareholders

Save as disclosed below, as at the Latest Practicable Date, so far as known to the Directors or the chief executive of Cathay Pacific, Cathay Pacific had not been notified by any persons (other than the Directors or chief executive of Cathay Pacific) who had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to Cathay Pacific under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by Cathay Pacific under Section 336 of the SFO.

Long position in the Shares as at the Latest Practicable Date

<u>Name of shareholders</u>	<u>Type of Interest</u>	<u>Long/short positions</u>	<u>Number of Shares</u>	<u>Approximate Percentage of Shareholding</u>
Air China	Interest in controlled corporation ⁽¹⁾	Long	1,179,759,987	29.99%
	A concert party to an agreement to buy shares described in section 317(1)(a) of the SFO ⁽¹⁾	Long	1,770,238,000	45.00%
China National Aviation Holding Corporation Limited	Interest in controlled corporation ⁽²⁾	Long	2,949,997,987	74.99%

APPENDIX IV
GENERAL INFORMATION

Name of shareholders	Type of Interest	Long/short positions	Number of Shares	Approximate Percentage of Shareholding
Swire Pacific	Beneficial interest	Long	1,770,238,000	45.00%
	A concert party to an agreement to buy shares described in section 317(1)(a) of the SFO ⁽¹⁾	Long	1,179,759,987	29.99%
John Swire & Sons Limited	Interest in controlled corporation ⁽³⁾	Long	2,949,997,987	74.99%
Qatar Airways	Beneficial interest	Long	392,991,000	9.99%
The Financial Secretary Incorporated	Interest in controlled corporation ⁽⁴⁾	Long	416,666,666	10.59%

Notes:

- (1) Under section 317 of the SFO, each of, Air China, China National Aviation Company Limited and Swire Pacific, being a party to the Shareholders' Agreement in relation to Cathay Pacific dated 8 June 2006, was deemed to be interested in a total of 2,949,997,987 Shares, comprising:
- (i) 1,770,238,000 Shares directly held by Swire Pacific; (ii) 1,179,759,987 Shares indirectly held by Air China and its subsidiaries China National Aviation Company Limited, Super Supreme Company Limited and Total Transform Group Limited, comprising the following Shares held by their wholly owned subsidiaries: 288,596,335 Shares held by Angel Paradise Ltd., 280,078,680 Shares held by Custain Limited, 191,922,273 Shares held by Easerich Investments Inc., 189,976,645 Shares held by Grand Link Investments Holdings Ltd., 207,376,655 Shares held by Motive Link Holdings Inc. and 21,809,399 Shares held by Perfect Match Assets Holdings Ltd.
- (2) China National Aviation Holding Corporation Limited is deemed to be interested in a total of 2,949,997,987 Shares, in which its subsidiary Air China is deemed interested.
- (3) John Swire & Sons Limited (together with its subsidiaries, the "Swire Group") and its wholly owned subsidiary John Swire & Sons (H.K.) Limited are deemed to be interested in a total of 2,949,997,987 Shares by virtue of the Swire Group being interested in 55.20% of the equity of Swire Pacific and controlling 64.28% of the voting rights attached to shares in Swire Pacific.
- (4) (i) As at the Latest Practicable Date, Aviation 2020 Limited, a limited company wholly owned by the Financial Secretary Incorporated, has no interest in the Shares; (ii) Pursuant to the PS Subscription Agreement, Cathay Pacific conditionally agreed to issue 416,666,666 Warrants to Aviation 2020 Limited on the PS and Warrants Issue Date, which entitle Aviation 2020 Limited to subscribe for up to 416,666,666 Shares; (iii) If Aviation 2020 Limited chooses to exercise all warrants (which shall be after the completion of the Rights Issue as it is a condition to the issue of the Warrants), it will hold 6.08% of the enlarged number of issued Shares; (iv) Noting the above, there is no likelihood for Aviation 2020 Limited to hold 10.59% of the share capital of Cathay Pacific by way of exercising the Warrants.

OTHER DIRECTORS' INTERESTS**(a) Interests in competing business**

Patrick Healy, Cai Jianjiang and Song Zhiyong are directors of Air China. Air China competes or is likely to compete, either directly or indirectly, with the business of the Cathay Pacific Group as it operates airline services to certain destinations which are also served by the Cathay Pacific Group. The Directors consider that the Cathay Pacific Group is capable of carrying on and does carry on its business independently of, and on an arm's length basis from, the competing business of Air China.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor their respective associates had any material interest in any business which competed or is likely to compete, either directly or indirectly, with the businesses of the Cathay Pacific Group.

(b) Interests in assets

As at the Latest Practicable Date, none of the Directors had any material direct or indirect interest in any assets which had been acquired or disposed of by, or leased, or which were proposed to be acquired or disposed of by, or leased to any member of the Cathay Pacific Group since 31 December 2019 (the date to which the latest published audited consolidated financial statements of the Cathay Pacific Group were made up).

(c) Interests in contracts or arrangements

Patrick Healy, Gregory Hughes, Ronald Lam, Michelle Low, Martin Murray, Merlin Swire, Samuel Swire, Augustus Tang and Zhang Zhuo Ping, being directors and/or employees (and also shareholders in the case of Merlin Swire and Samuel Swire) of the Swire Group, are interested in a services agreement entered into between Cathay Pacific and John Swire & Sons (H.K.) Limited, a wholly owned subsidiary of John Swire & Sons Limited, a controlling shareholder of Swire Pacific, which is a controlling shareholder of Cathay Pacific. For further details, please refer to the section headed "Continuing Connected Transactions" of the Annual Report 2019 of Cathay Pacific.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement subsisting and which was significant in relation to the business of the Cathay Pacific Group.

DIRECTORS AND OFFICERS***Executive Directors***

HEALY, Patrick, aged 54, has been Chairman and a Director of Cathay Pacific since November 2019. He is also Chairman of Swire Coca-Cola Limited and a director of John Swire & Sons (H.K.) Limited, Swire Properties Limited and Air China Limited. He joined the Swire Group in 1988 and has worked with the group in Hong Kong, Germany and Mainland China.

HUGHES, Gregory Thomas Forrest, aged 59, has been Chief Operations and Service Delivery Officer and a Director of Cathay Pacific since June 2017. He is also a director of Hong Kong Dragon Airlines Limited and Hong Kong Express Airways Limited and Chairman of AHK Air Hong Kong Limited. He was previously a director and Group Director Components & Engine Services of Hong Kong Aircraft Engineering Company Limited. He joined the Swire Group in 1987 and has worked with the group in Hong Kong, Korea, Indonesia, Japan and Australia.

LAM, Siu Por Ronald, aged 47, has been Chief Customer and Commercial Officer and a Director of Cathay Pacific since August 2019. He was director and General Manager, Hong Kong Operations of Hong Kong Aircraft Engineering Company Limited from July 2013 to May 2017 and Director Commercial and Cargo of Cathay Pacific from June 2017 to July 2019. He is also Chairman of Hong Kong Express Airways Limited and a director of AHK Air Hong Kong Limited. He joined the Swire Group in 1996 and has worked with Cathay Pacific in Hong Kong, Japan and Sri Lanka.

MURRAY, Martin James, aged 53, has been Chief Financial Officer (formerly Finance Director) and a Director of Cathay Pacific since November 2011. He is also a director of Hong Kong Dragon Airlines Limited and AHK Air Hong Kong Limited. He was previously Deputy Finance Director of Swire Pacific Limited. He joined the Swire Group in 1995 and has worked with the group in Hong Kong, the United States, Singapore and Australia.

TANG, Kin Wing Augustus, aged 61, has been Chief Executive Officer and a Director of Cathay Pacific since August 2019. He was appointed Director Corporate Development of Cathay Pacific in January 2005 and was an executive Director of Cathay Pacific from January 2007 to October 2008. He was a director and Chief Executive Officer of Hong Kong Aircraft Engineering Company Limited from October 2008 and November 2008 respectively until August 2019. He is also a director of John Swire & Sons (H.K.) Limited and Chairman of Hong Kong Dragon Airlines Limited. He joined the Swire Group in 1982 and has worked with the group in Hong Kong, Malaysia and Japan.

Non-Executive Directors

CAI, Jianjiang, aged 56, has been a Director of Cathay Pacific since November 2009 and Deputy Chairman since March 2014. He is Chairman of China National Aviation Holding Corporation Limited and Air China Limited.

LOW, Mei Shuen Michelle, aged 59, has been a Director of Cathay Pacific since October 2017. She is also Finance Director of Swire Pacific Limited and a director of John Swire & Sons (H.K.) Limited and Swire Properties Limited. She joined the Swire Group in 1987.

SONG, Zhiyong, aged 54, has been a Director of Cathay Pacific since March 2014. He is Vice Chairman and President of Air China Limited and a director and General Manager of China National Aviation Holding Corporation Limited.

SWIRE, Merlin Bingham, aged 46, has been a Director of Cathay Pacific since June 2010. He is also Chairman of John Swire & Sons (H.K.) Limited, Swire Pacific Limited and Swire Properties Limited. He is also Deputy Chairman and a shareholder of John Swire & Sons Limited. He joined the Swire Group in 1997 and has worked with the group in Hong Kong, Australia, Mainland China and London. He is brother to Samuel Swire, a non-executive Director of Cathay Pacific.

SWIRE, Samuel Compton, aged 40, has been a Director of Cathay Pacific since January 2015. He is also Chairman of The China Navigation Company Pte. Ltd. He is also a director and shareholder of John Swire & Sons Limited and a director of Swire Pacific Limited. He joined the Swire Group in 2003 and has worked with the group in Hong Kong, Singapore, Mainland China, Sri Lanka and London. He is brother to Merlin Swire, a non-executive Director of Cathay Pacific.

XIAO, Feng, aged 51, has been a Director of Cathay Pacific since January 2017. He is Chief Financial Officer of Air China Limited.

ZHANG, Zhuo Ping, aged 49, has been a Director of Cathay Pacific since April 2020. He is also a director of John Swire & Sons (H.K.) Limited and Swire Pacific Limited and Chairman of John Swire & Sons (China) Limited. He spent his early career in investment banking. He was with the Swire Group from 2002 to 2011, spending much of his time in Mainland China, including as chief representative of John Swire & Sons (China) Limited from 2005 to 2008. He ceased to be employed by the Swire Group in 2011, when he left to found a bioengineering company in Beijing.

ZHAO, Xiaohang, aged 58, has been a Director of Cathay Pacific since June 2011. He is Vice President of China National Aviation Holding Corporation Limited and Air China Limited.

Independent Non-Executive Directors

CHAN, Bernard Charnwut (formerly known as CHAN, Chi Sze Bernard), aged 55, has been a Director of Cathay Pacific since December 2018. He is President and an executive director of Asia Financial Holdings Limited and Chairman of its wholly owned subsidiary, Asia Insurance Company, Limited and an advisor to Bangkok Bank (China) Company Limited. He is also an independent non-executive director of Chen Hsong Holdings Limited, China Resources Beer (Holdings) Company Limited and Yau Lee Holdings Limited and a director of Bumrungrad Hospital Public Company Limited. He is the Convenor of the Non-Official Members of the Executive Council and a former member of the Legislative Council of the Hong Kong Special Administrative Region.

HARRISON, John Barrie, aged 63, has been a Director of Cathay Pacific since May 2015. He is an independent non-executive director of AIA Group Limited and Grosvenor Asia Pacific Limited. He was Chairman and Chief Executive Officer of KPMG, China and Hong Kong and Chairman of KPMG Asia Pacific from 2003 to 2009 and was Deputy Chairman of KPMG International from 2008 until his retirement from KPMG in September 2010.

MILTON, Robert Aaron, aged 59, has been a Director of Cathay Pacific since May 2019. He is Lead Independent Director of Air Lease Corporation. He held the position of President and Chief Executive Officer of Air Canada from August 1999 until December 2004. He was the Chairman and Chief Executive Officer of ACE Aviation Holdings, Inc., a holding company for Air Canada and other aviation interests from 2004 until June 2012. He was formerly a director of US Airways, Inc., AirAsia Berhad and TAP Portugal. He was the Chairman of United Continental Holdings, Inc., holding company of United Airlines, from April 2016 to April 2018.

TUNG, Lih Cheung Andrew, aged 56, has been a Director of Cathay Pacific since May 2015. He is a director of QBN Management Limited and a non-executive director of Orient Overseas (International) Limited. He is also an independent non-executive director of Standard Chartered Bank (Hong Kong) Limited.

COMPANY SECRETARY

CHOW, Koon Ying (Paul), aged 48, has been Company Secretary of Cathay Pacific since January 2020. He joined Cathay Pacific as Group General Counsel on 1 July 2019 and before then, he was a partner of Davis Polk & Wardwell LLP.

DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into or proposed to enter into any service contracts with Cathay Pacific or any other member of the Cathay Pacific Group

(excluding contracts expiring or determinable by Cathay Pacific within a year without payment of any compensation (other than statutory compensation)).

MATERIAL CONTRACTS

The following material contracts, not being contracts entered into in the ordinary course of business of the Cathay Pacific Group, had been entered into by members of the Cathay Pacific Group within two years immediately preceding the Latest Practicable Date and are or may be material:

- (i) a share purchase agreement dated 27 March 2019 entered into between Cathay Pacific, Hong Kong Express Holding Company Limited and 海航航空集團有限公司 (HNA Aviation Group Co., Ltd.*) in respect of Cathay Pacific's acquisition of a 100% equity interest in Hong Kong Express Airways Limited (as amended);
- (ii) a subscription agreement dated 9 June 2020 and entered into between Cathay Pacific and Aviation 2020 Limited in relation to the Preference Shares and Warrants Issue;
- (iii) an underwriting agreement dated 9 June 2020 entered into between Cathay Pacific, Morgan Stanley Asia Limited, BOCI Asia Limited, The Hongkong and Shanghai Banking Corporation Limited and BNP Paribas Securities (Asia) Limited in relation to the Rights Issue;
- (iv) a bridge loan facility agreement dated 9 June 2020 entered into between Cathay Pacific and Aviation 2020 Limited in relation to the Bridge Loan; and
- (v) a deed of irrevocable undertaking dated 9 June 2020 given by Qatar Airways to Cathay Pacific and signed by Qatar Airways and Cathay Pacific in relation to the Rights Issue.

* For identification purpose only.

LITIGATION

As at the Latest Practicable Date, no member of the Cathay Pacific Group was engaged in any litigation or arbitration of material importance and there was no litigation or claim of material importance known to the Directors to be pending or threatened by or against any member of the Cathay Pacific Group.

EXPERTS' QUALIFICATION AND CONSENT

The following are the qualification of the experts who have given an opinion or advice contained in this prospectus:

<u>Name</u>	<u>Qualification</u>
Anglo Chinese Corporate Finance, Limited	A corporation licensed to conduct type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO
KPMG	Certified Public Accountants

As at the Latest Practicable Date, each of the Independent Financial Adviser and KPMG was not beneficially interested in the share capital of any member of the Cathay Pacific Group nor did it have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe

for any Shares, convertible securities, warrants, options or derivatives which carry voting rights in any member of the Cathay Pacific Group nor did it have any interest, either direct or indirect, in any assets which had been acquired or disposed of by or leased to or which are proposed to be acquired or disposed of by or leased to any member of the Cathay Pacific Group since 31 December 2019, being the date to which the latest published audited financial statements of the Cathay Pacific Group were made up.

Each of the Independent Financial Adviser and KPMG has given and has not withdrawn its written consent to the issue of this prospectus with the inclusion of its letter and/or references to its name in the form and context in which it respectively appears.

GENERAL

- (a) The company secretary of Cathay Pacific is Paul Chow, a solicitor qualified to practise in Hong Kong and England and Wales and an attorney admitted to practise in New York.
- (b) The business address of all Directors and senior management of Cathay Pacific is 33rd Floor, One Pacific Place, 88 Queensway, Hong Kong.
- (c) The English text of this prospectus shall prevail over the Chinese text.
- (d) As at the Latest Practicable Date, there was no restriction affecting the remittance of profits or repatriation of capital of Cathay Pacific into Hong Kong from outside of Hong Kong.
- (e) The Underwriters and their affiliates are diversified financial institutions with relationships in locations globally. These entities engage in a wide range of commercial and investment banking, financing, hedging, brokerage, funds management, trading, investing and other activities for their own account and for the account of others. Engaging in such activities by the Underwriters and their affiliates (with the Cathay Pacific Group or other parties as counterparties, as the case may be) may involve interests that differ from those of the Cathay Pacific Group.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may purchase, sell or hold a broad array of investments and trade securities, derivatives, loans, commodities, currencies, credit default swaps, and other financial instruments for their own account and for the accounts of others. Such investment and trading activities may involve or relate to assets, securities and/or instruments of the Cathay Pacific Group and/or persons and entities with relationships with the Cathay Pacific Group and may also include swaps and other financial instruments entered into for hedging purposes.

In relation to the Shares, the activities of the Underwriters and their affiliates could include acting as agent for buyers and sellers of the Shares, entering into transactions with those buyers and sellers in a principal capacity, proprietary trading in the Shares and entering into over the counter or listed derivative transactions or listed and unlisted securities transactions (including issuing securities such as derivative warrants listed on a stock exchange) which have the Shares as their or part of their underlying assets. Those activities may require hedging activity by those entities involving, directly or indirectly, buying and selling the Shares. All such activities could occur in Hong Kong

and elsewhere in the world and may result in the Underwriters and their affiliates holding long and/or short positions in the Shares, in baskets of securities or indices including the Shares, in units of funds that may purchase the Shares, or in derivatives related to any of the foregoing.

EXPENSES

The expenses in connection with the Rights Issue (including the underwriting fees, financial and legal advisory fees and other professional expenses) are estimated to be approximately HK\$88 million and will be borne by Cathay Pacific.

CORPORATE INFORMATION, PARTIES INVOLVED IN THE RIGHTS ISSUE

Registered Office	33 rd Floor, One Pacific Place 88 Queensway Hong Kong
Company Secretary	Paul Chow
Authorised representatives	Martin Murray Paul Chow
Financial adviser to Cathay Pacific	Morgan Stanley Asia Limited
Auditors	KPMG 8 th Floor, Prince's Building 10 Chater Road Central Hong Kong
Share registrar and transfer office	Computershare Hong Kong Investor Services Limited Shops 1712-1716 17 th Floor, Hopewell Centre 183 Queen's Road East, Wanchai Hong Kong
Legal advisers to Cathay Pacific	Linklaters 11 th Floor, Alexandra House Chater Road Hong Kong
Principal Banks	The Hongkong and Shanghai Banking Corporation Limited 1 Queen's Road Central Hong Kong Bank of China (Hong Kong) Limited Bank of China Tower 1 Garden Road Hong Kong

Underwriters	Morgan Stanley Asia Limited 46/F International Commerce Centre 1 Austin Road West Kowloon Hong Kong BOCI Asia Limited 26/F, Bank of China Tower 1 Garden Road Central Hong Kong The Hongkong and Shanghai Banking Corporation Limited 1 Queen's Road Central Hong Kong BNP Paribas Securities (Asia) Limited 59/F-63/F Two International Finance Centre 8 Finance Street Central Hong Kong
Legal advisers to the Underwriters	Allen & Overy 9/F Three Exchange Square Central Hong Kong
Independent Financial Adviser	Anglo Chinese Corporate Finance, Limited 40/F Two Exchange Square 8 Connaught Place Central Hong Kong

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the registered office of Cathay Pacific at 33rd Floor, One Pacific Place, 88 Queensway, Hong Kong during normal business hours for a period of 14 days from the date of this prospectus:

- (a) the Articles;
- (b) the written consents referred to in the paragraph headed "Experts' Qualification and Consent" in this appendix;
- (c) the annual reports of Cathay Pacific for each of the three years ended 31 December 2017, 2018 and 2019;
- (d) the report on the unaudited pro forma financial information of the Cathay Pacific Group from KPMG, the text of which is set out in Appendix II to this prospectus;
- (e) the letter on the loss estimate of the Cathay Pacific Group from KPMG, the text of which is set out in Appendix IIIA to this prospectus;
- (f) the report on the loss estimate of the Cathay Pacific Group from Anglo Chinese, the text of which is set out in Appendix IIIB to this prospectus;

- (g) the material contracts referred to in the paragraph headed “Material Contracts” in this appendix; and
- (h) the Rights Issue Documents.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

A copy of each of the Rights Issue Documents, having attached thereto the written consents referred to in the paragraph headed “Experts’ Qualification and Consent” in this appendix, has been registered with the Registrar of Companies in Hong Kong as required by Section 38D of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong).

LEGAL EFFECT

The Rights Issue Documents and all acceptances of any offer or application contained in such documents are governed by and shall be construed in accordance with the laws of Hong Kong. Where an application is made in pursuance of any such documents, the relevant document(s) shall have the effect of rendering all persons concerned bound by the provisions, other than the penal provisions, of Sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, so far as applicable.