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# THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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If you are in any doubt as to any aspect of this circular 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.

If you have sold or transferred all your shares in Cathay Pacific, you should at once hand this circular and the accompanying forms of proxy to the purchaser(s) or the transferee(s) or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

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**CATHAY PACIFIC**  
**CATHAY PACIFIC AIRWAYS LIMITED**  
**國泰航空有限公司**  
(Incorporated in Hong Kong with limited liability)  
(Stock Code: 293)

**(1) CONTINUING CONNECTED TRANSACTIONS  
FOR AIRCRAFT MAINTENANCE  
(2) PROPOSED AMENDMENT TO ARTICLES OF ASSOCIATION  
AND  
(3) NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Independent Financial Adviser to the Independent Board Committee  
and the Independent Shareholders**



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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 circular.

A letter from the Board is set out on pages 5 to 12 of this circular. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on page 13 of this circular. A letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders is set out on pages 14 to 31 of this circular.

A notice convening the EGM of Cathay Pacific to be held at the Ballroom, Level 3, JW Marriott Hotel Hong Kong, Pacific Place, 88 Queensway, Hong Kong on Friday, 23rd December 2022 at 3:30 p.m. is set out on pages EGM-1 to EGM-2 of this circular. A form of proxy for use at the EGM is also enclosed. Such form of proxy is also published on the websites of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) and Cathay Pacific (<http://www.cathaypacific.com>).

Whether or not you intend to attend the EGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon and deposit the same with the Registrar at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM and any adjournment thereof (as the case may be) should you so wish and, in such event, the proxy shall be deemed to be revoked. All times and dates specified in this circular refer to Hong Kong local times and dates.

The EGM is being held at the Ballroom, Level 3, JW Marriott Hotel Hong Kong, Pacific Place, 88 Queensway, Hong Kong. We understand that the hotel may refuse entry to the hotel by persons who fail temperature checks or do not comply with any other entry requirements that may be imposed by the hotel. Persons so refused entry to the hotel will not be able to attend the EGM. Persons attending the EGM will be required to (a) undergo compulsory temperature check; (b) scan the "LeaveHomeSafe" venue QR code; (c) present vaccination records, either electronic or print, for scanning by the hotel and (d) wear surgical face masks on entry to and throughout the meeting. Additional precautionary safety measures may also be adopted. Shareholders are in any event asked (i) to consider carefully the risk of attending the EGM which will be held in an enclosed environment, (ii) to follow any guidelines or requirements of the Hong Kong government relating to COVID-19 in deciding whether or not to attend the EGM and (iii) not to attend the EGM if they have contracted or are suspected to have contracted COVID-19, or have been in close contact with any person who has contracted or is suspected to have contracted COVID-19, or has any flu-like symptoms or is otherwise unwell. No refreshments will be served at the EGM. As a precautionary safety measure, seating at the EGM will be arranged so as to reduce interaction between participants. As a result, there will be limited capacity for Shareholders to attend the EGM. Shareholders are reminded that attendance at the EGM in person is not necessary for the purpose of exercising voting rights. They may (as indicated above) appoint proxies to vote on their behalf.

30th November 2022

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## DEFINITIONS

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*In this circular the following expressions have the following meanings unless the context requires otherwise.*

“2013 Framework Agreement”	The framework agreement dated 13th November 2013 between Cathay Pacific, HAECO and HXITM for, among others, the provision of services by the HAECO Group to the Cathay Pacific Group under the agreements referred to in that agreement.
“AHK”	AHK Air Hong Kong Limited, a company incorporated in Hong Kong and a subsidiary of Cathay Pacific, the principal activity of which is the operation of cargo airline services.
“Air China”	Air China Limited, a company incorporated in the PRC, whose H shares are listed on the Stock Exchange as its primary listing venue and on the Official List of the UK Listing Authority as its secondary listing venue, and whose A shares are listed on the Shanghai Stock Exchange. The principal activity of Air China is the operation of scheduled airline services. Air China is a substantial shareholder (as defined in the Listing Rules) of Cathay Pacific.
“BM Services”	Base maintenance services, comprising a comprehensive range of scheduled maintenance services, for example airframe heavy checks, major structural and avionics modifications, refurbishment, painting and freighter conversions.
“Cathay Pacific” or the “Company”	Cathay Pacific Airways Limited, a company incorporated in Hong Kong and whose shares are listed on the Stock Exchange, the principal activity of which is the operation of scheduled airline services.
“Cathay Pacific Group”	Cathay Pacific and its subsidiaries from time to time.
“CRO Services”	Component repairing and overhaul services for a range of aircraft components and avionics equipment, including mechanical and hydraulic equipment.
“Directors”	The directors of the Company.
“EGM”	Extraordinary general meeting.

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## DEFINITIONS

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“Engineering Services”	Services in support of LM Services, BM Services and CRO Services, including aircraft documentation, technical data exchanges, interior product maintenance and other support services agreed between the Cathay Pacific Group and the HAECO Group.
“Framework Agreement”	The framework agreement dated 17th November 2022 between Cathay Pacific and HAECO for the provision of the Services by the HAECO Group to the Cathay Pacific Group.
“HAECO”	Hong Kong Aircraft Engineering Company Limited, a company incorporated in Hong Kong and a subsidiary of Swire Pacific, the principal activity of which is the provision of maintenance, repair and overhaul of commercial aircraft.
“HAECO Composite Services”	HAECO Composite Structures (Jinjiang) Company Limited, a company incorporated in the PRC and a subsidiary of HAECO, the principal activity of which is the provision of repair capabilities covering engine nacelles, flight control surfaces and radomes of various aircraft and engine types.
“HAECO Group”	HAECO and its subsidiaries from time to time.
“HAECO Landing Gear Services”	Taikoo (Xiamen) Landing Gear Services Company Limited, a company incorporated in the PRC and a subsidiary of HAECO, the principal activity of which is the provision of repair, overhaul and leasing services for landing gears.
“HAECO Xiamen”	Taikoo (Xiamen) Aircraft Engineering Company Limited, a company incorporated in the PRC and a subsidiary of HAECO, the principal activity of which is the provision of overhaul and maintenance services for commercial aircraft.
“HK Express”	Hong Kong Express Airways Limited, a company incorporated in Hong Kong and a subsidiary of Cathay Pacific, the principal activity of which is the operation of scheduled airline services.
“HKIA”	Hong Kong International Airport.

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## DEFINITIONS

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“Hong Kong”	The Hong Kong Special Administrative Region of the PRC.
“HXITM”	HAECO ITM Limited, a company incorporated in Hong Kong and a subsidiary of HAECO which is owned as to 70% by HAECO and 30% by Cathay Pacific, the principal activity of which is the provision of ITM Services (including, where relevant, any subsidiaries of HXITM).
“Independent Board Committee”	An independent committee of the board of Directors comprising Bernard Chan, John Harrison, Christoph Mueller and Andrew Tung, all of whom are independent non-executive Directors.
“Independent Financial Adviser”	Octal Capital Limited, which is the independent financial adviser to the Independent Board Committee and the Independent Shareholders and is licensed to conduct Type 1 (dealings in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO.
“Independent Shareholders”	Shareholders of Cathay Pacific other than Swire Pacific and its associates.
“ITM Services”	Inventory technical management services provided in connection with the maintenance and management of aircraft components.
“Latest Practicable Date”	25th November 2022, being the last practicable date prior to the printing of this circular for ascertaining certain information referred to in this circular.
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.
“LM Services”	Line maintenance services, including transit and overnight servicing, progressive maintenance checks (up to “A” checks), defect rectification and non-technical services such as aircraft towing, provision of water, servicing of toilets, washing and waxing the exterior of aircraft, cabin cleaning and ground equipment support.
“Model Code”	Model Code for Securities Transactions by Directors of Listed Companies, being Appendix 10 of the Listing Rules.
“PRC”	The People’s Republic of China.

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## DEFINITIONS

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“Proposed Amendment”	The proposed amendment of the articles of association of the Company by amending the references to “Chairman”, “chairman” and “Chairmen” to “Chair”, “chair” and “Chairs”, respectively.
“Registrar”	The share registrar of Cathay Pacific, being Computershare Hong Kong Investor Services Limited.
“Relevant Agreements”	The agreements described under the heading “The Services” in this circular (as amended or supplemented from time to time).
“Services”	Maintenance and related services in respect of aircraft, aircraft engines and aircraft parts and components and including ITM Services.
“SFO”	Securities and Futures Ordinance (Cap.571 of the Laws of Hong Kong).
“Shareholders”	The shareholders of the Company.
“Stock Exchange”	The Stock Exchange of Hong Kong Limited.
“Swire”	John Swire & Sons Limited, a company incorporated in the United Kingdom and a controlling shareholder of Swire Pacific.
“Swire Pacific”	Swire Pacific Limited, an investment holding company incorporated in Hong Kong and whose shares are listed on the Stock Exchange, the subsidiaries, associated companies and jointly controlled entities of which are engaged in property, aviation, beverages, marine services and trading and industrial businesses.
“Transactions”	The provision of the Services in accordance with the Framework Agreement and the Relevant Agreements.

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## LETTER FROM THE BOARD

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**CATHAY PACIFIC**  
**CATHAY PACIFIC AIRWAYS LIMITED**  
**國泰航空有限公司**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 293)**

***Executive Directors:***

HEALY, Patrick (*Chairman*)  
TANG, Kin Wing Augustus  
HUGHES, Gregory Thomas Forrest  
LAM, Siu Por Ronald  
SHARPE, Rebecca Jane

***Non-Executive Directors:***

MA, Chongxian (*Deputy Chairman*)  
BRADLEY, Guy Martin Coutts  
SUN, Yuquan  
SWIRE, Merlin Bingham  
SWIRE, Samuel Compton  
XIAO, Feng  
ZHANG, Zhuo Ping

***Registered office:***

33rd Floor, One Pacific Place  
88 Queensway  
Hong Kong

***Independent Non-Executive Directors:***

CHAN, Bernard Charnwut  
HARRISON, John Barrie  
MUELLER, Christoph Romanus  
TUNG, Lieh Cheung Andrew

30th November 2022

*To the Shareholders*

Dear Sir or Madam,

**(1) CONTINUING CONNECTED TRANSACTIONS  
FOR AIRCRAFT MAINTENANCE  
(2) PROPOSED AMENDMENT TO ARTICLES OF ASSOCIATION  
AND  
(3) NOTICE OF EXTRAORDINARY GENERAL MEETING**

**INTRODUCTION**

Reference is made to the Company's announcement dated 17th November 2022 regarding (1) the Framework Agreement entered into between Cathay Pacific and HAECO on 17th November 2022, which provides a framework for the provision of the Services by the HAECO Group to the Cathay Pacific Group for a term of 10 years ending on 31st December 2032, and (2) the Proposed Amendment to the articles of association of the Company.

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## LETTER FROM THE BOARD

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The purpose of this circular is to provide you with information reasonably necessary to enable you to make a decision on whether to vote for or against the resolutions to be proposed at the EGM with respect to (1) the Framework Agreement, its term and the Transactions (including the annual caps) and (2) the Proposed Amendment.

### CONTINUING CONNECTED TRANSACTIONS FOR AIRCRAFT MAINTENANCE

**Framework Agreement** dated 17th November 2022

**Parties:** (1) Cathay Pacific

(2) HAECO

#### Particulars

Cathay Pacific and HAECO entered into the Framework Agreement on 17th November 2022. It provides a framework for the provision of the Services for a term of 10 years ending on 31st December 2032. The Services (being maintenance and related services in respect of aircraft, aircraft engines and aircraft parts and components and including ITM Services) may from time to time be provided by the HAECO Group to the Cathay Pacific Group.

A duration of 10 years for the Framework Agreement is required in order for the HAECO Group to maintain the facilities, components and spare parts necessary for it to provide the Services in a cost effective manner. Since the duration of the Framework Agreement is 10 years, Octal Capital Limited has been appointed as Independent Financial Adviser to comment on such duration and their comments are set out in the letter from the Independent Financial Adviser contained in this circular. The Framework Agreement covers existing Relevant Agreements between the Cathay Pacific Group and the HAECO Group and provides a framework under which Relevant Agreements are entered into, renewed and extended for a term or successive terms expiring on or before 31st December 2032.

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

The terms of the existing Relevant Agreements covered by the Framework Agreement, including the term that charges for the Services are determined by reference to the aircraft, aircraft engines, aircraft parts and components concerned and the required technical standards, have been arrived at after negotiations at arm's length on normal commercial terms. In particular, in arriving at the charges for those Services for which there are no service providers in Hong Kong other than the HAECO Group (including LM Services for wide-body aircraft, certain BM Services and certain pooled components services), the labour rate, the turnaround time, the aircraft type, the historical pricing and the Cathay Pacific Group's usage are taken into account, and in arriving at the charges for those Services which can be competitively-sourced (including ITM Services and landing gear exchange and overhaul services), the charges of comparable service providers are compared. Payments under the Relevant Agreements are required to be made in cash within 30 days of receipt of invoices. A party to any Relevant Agreement may terminate that Relevant Agreement with



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## LETTER FROM THE BOARD

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immediate effect by notice in the event of material default by the other party. If a Relevant Agreement is terminated, all the rights and obligations of the parties under it, except those subsisting at the time of termination, will thereupon cease.

The Framework Agreement is conditional upon approval being given by the Independent Shareholders at an EGM of Cathay Pacific. If such condition is satisfied, the Framework Agreement will come into effect on 1st January 2023. The 2013 Framework Agreement (for which Cathay Pacific published an announcement dated 13th November 2013 and despatched a circular dated 3rd December 2013 to its shareholders) will expire on 31st December 2022.

### **The Services**

The Services are or will be provided under the following Relevant Agreements:

- (1) Service Agreement dated 1st March 2019 between Cathay Pacific and HAECO;
- (2) Engineering Service Agreement dated 1st March 2019 between Cathay Pacific and HAECO Xiamen;
- (3) IATA Standard Ground Handling Agreement dated 1st January 2008 between Cathay Pacific and HAECO Xiamen;
- (4) Pooled Components Agreement dated 1st April 2019 between, among others, Cathay Pacific and HXITM;
- (5) Landing Gear Exchange and Overhaul Services Agreement dated 13th September 2016 between Cathay Pacific and HAECO Landing Gear Services;
- (6) Consignment General Terms Agreement dated 1st April 2020 between Cathay Pacific and HAECO Composite Services;
- (7) Aircraft Maintenance Services Agreement for AHK A300-600F aircraft and AHK A330-300F aircraft dated 1st March 2019 between AHK and HAECO;
- (8) Agreement for Inventory Technical Management Programme dated 14th August 2015 between HXITM and AHK;
- (9) Bilateral Agreement for Inventory Support dated 24th January 2022 between, among others, HXITM, Cathay Pacific and HK Express;
- (10) Engineering Service Agreement dated 1st November 2020 between AHK and HAECO Xiamen; and
- (11) any further agreements under which the Services are provided by the HAECO Group to the Cathay Pacific Group.

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## LETTER FROM THE BOARD

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The Services can be broadly categorised as follows:

- (a) some of the Services are principally maintenance services which are either driven by flight cycle and flight hour (such as LM Services) or required regardless of the level of utilisation of the aircraft (such as BM Services and landing gear exchange and overhaul services). Examples of such Services are those under the Relevant Agreements referred to in paragraphs 1, 2, 3, 5, 7 and 10 above; and
- (b) some of the Services are principally component-related (such as ITM Services and pooled component services). Examples of such Services are those under the Relevant Agreements referred to in paragraphs 4, 6, 8 and 9 above.

The Services provided by the main service providers in the HAECO Group to the main service recipients in the Cathay Pacific Group include, but are not limited to, the following:

- (i) the provision by HAECO to the Cathay Pacific Group of LM Services, BM Services and storage facilities at HKIA, supply of materials and tooling, CRO Services and Engineering Services;
- (ii) the provision by HXITM to the Cathay Pacific Group of a total care package for Cathay Pacific's and AHK's fleet, including acquisition of inventory of rotatable and repairable spares for leasing to Cathay Pacific and AHK and providing management of, and logistics support and maintenance for, this inventory;
- (iii) the provision by HAECO Landing Gear Services to Cathay Pacific of landing gear overhaul services for the Boeing 777 fleet;
- (iv) the provision by HAECO Composite Services to Cathay Pacific of consignment and repair of rotatable assets to support Cathay Pacific's fleet;
- (v) the provision by HAECO Xiamen to Cathay Pacific of BM Services and storage facilities in Xiamen, supply of materials and tooling, Engineering Services and LM Services for aircraft visiting Xiamen and such other airports as Cathay Pacific and HAECO Xiamen agree;
- (vi) the loan and exchange of aircraft parts on ad-hoc basis between the HAECO Group and the Cathay Pacific Group; and
- (vii) the provision by HAECO Xiamen to AHK of design engineering and certification services under the authorities of the Civil Aviation Department of Hong Kong and the European Union Aviation Safety Agency for AHK's fleet.

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## LETTER FROM THE BOARD

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### The annual caps

The annual caps for the Transactions have been determined by reference to the actual amounts of the payments for the Services made in the four years ending 31st December 2022 (or, in the case of the year ending 31st December 2022, the annualised amount based on the actual amount of the payments for the Services made in the nine months ended 30th September 2022) (as set out below) and a forecast of payments for the Services to be provided in the 10 years ending 31st December 2032.

The forecast has been prepared having regard to, *inter alia*, projections by the Cathay Pacific Group of its fleet size, annual aircraft utilisation and other operating parameters, including the plan to progressively resume pre-COVID-19 pandemic capacity, and the fact that there are firm orders for the delivery of 12 aircraft in 2023 and 30 aircraft from 2024 onwards. Buffers have been added to provide flexibility for possible changes in the level of Services associated with the growth of the Cathay Pacific Group and in the scheduled and possible unscheduled maintenance of its aircraft.

The Directors estimate that the amounts payable for the Services for the 10 years ending 31st December 2032 will not exceed the annual caps set out below.

<i>(HK\$ million)</i>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	
<b>Services</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Annualised</b>	
	3,947	2,762	1,816	1,735	
<i>(HK\$ million)</i>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>
<b>Services</b>	<b>Cap</b>	<b>Cap</b>	<b>Cap</b>	<b>Cap</b>	<b>Cap</b>
	3,815	4,691	4,992	5,218	5,451
<i>(HK\$ million)</i>	<b>2028</b>	<b>2029</b>	<b>2030</b>	<b>2031</b>	<b>2032</b>
<b>Services</b>	<b>Cap</b>	<b>Cap</b>	<b>Cap</b>	<b>Cap</b>	<b>Cap</b>
	5,697	5,954	6,221	6,502	6,794

### Reasons for, and benefits of, the Transactions

The Cathay Pacific Group's fleet has been maintained by HAECO for over 72 years and also by HAECO Xiamen since 1996. The HAECO Group has the necessary expertise and efficiency to provide the Services. The Transactions will enable the Cathay Pacific Group to maintain its aircraft fleet in a cost effective manner which will benefit the Cathay Pacific Group's business.

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## LETTER FROM THE BOARD

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### **Connections between the parties**

As HAECO is an associate of Swire Pacific, which is a substantial shareholder of Cathay Pacific, HAECO is a connected person of Cathay Pacific.

### **Compliance with the Listing Rules**

As HAECO is a connected person of Cathay Pacific, the Transactions constitute continuing connected transactions for Cathay Pacific under Rule 14A.31 of the Listing Rules. As the highest of the relevant percentage ratios as defined under Rule 14.07 of the Listing Rules (other than the profits ratio) in respect of the annual caps of the Transactions is more than 5%, the Transactions are subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Independent Board Committee has been set up to advise the Independent Shareholders in respect of the resolution to approve the Framework Agreement, its term and the Transactions (including the annual caps). Octal Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the Framework Agreement, its term and the Transactions (including the annual caps).

The Company will convene an EGM to consider and, if thought fit, to approve the Framework Agreement, its term and the Transactions (including the annual caps). Voting will be by poll and Swire Pacific, being a substantial shareholder of Cathay Pacific and the sole shareholder of HAECO, will abstain from voting.

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

Patrick Healy, Guy Bradley, Merlin Swire, Samuel Swire and Zhang Zhuo Ping, being directors of Swire Pacific (and of HAECO in the case of Guy Bradley), are interested in the Transactions and have abstained from voting on the relevant board resolutions of Cathay Pacific in respect of the Transactions.

### **PROPOSED AMENDMENT TO THE ARTICLES OF ASSOCIATION**

For the purpose of promoting gender equality, the Company proposes the Proposed Amendment, which is that the references in its articles of association to "Chairman", "chairman" and "Chairmen" be amended to "Chair", "chair" and "Chairs", respectively.

The Proposed Amendment is subject to the approval of the shareholders of the Company by way of a special resolution.

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## LETTER FROM THE BOARD

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### EGM AND CLOSURE OF REGISTER OF MEMBERS

The EGM will be convened and held for the purpose of considering and, if thought fit, approving (1) the Framework Agreement, its term and the Transactions (including the annual caps) and (2) the Proposed Amendment.

As at the Latest Practicable Date, Swire Pacific held an approximately 45% shareholding in Cathay Pacific and was the sole shareholder of HAECO. Therefore it and its associates are required to abstain from voting on the resolution relating to the Framework Agreement, its term and the Transactions (including the annual caps) under the Listing Rules. Save as disclosed above, as at the Latest Practicable Date, no Shareholder was required to abstain from voting on the resolutions proposed at the EGM.

The notice convening the EGM to be held at the Ballroom, Level 3, JW Marriott Hotel Hong Kong, Pacific Place, 88 Queensway, Hong Kong at 3:30 p.m. on Friday, 23rd December 2022 is set out on pages EGM-1 to EGM-2 of this circular.

Pursuant to the Listing Rules, any vote of shareholders at a general meeting must be taken by poll. Accordingly, the resolutions proposed at the EGM will be taken by way of poll. An announcement on the poll results will be made by Cathay Pacific after the EGM.

The register of members of Cathay Pacific will be closed from Tuesday, 20th December 2022 to Friday, 23rd December 2022 (both dates inclusive) for the purpose of determining the identity of the Shareholders entitled to attend and vote at the EGM. No transfers of shares in Cathay Pacific will be registered during this book closure period.

In order to be entitled to attend and vote at the EGM, all transfer forms accompanied by the relevant share certificates must be lodged with the Registrar at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Monday, 19th December 2022.

### RECOMMENDATION

The Directors (other than the independent non-executive Directors, whose views are set out in the letter from the Independent Board Committee in this circular) consider that the terms of the Framework Agreement are fair and reasonable and in the interests of the Company and its shareholders as a whole and have been negotiated on an arm's length basis in the usual and ordinary course of business, on normal commercial terms and on terms no more favourable to HAECO than those which the Company would offer to parties which are not connected persons (as defined under the Listing Rules) of the Company.

Your attention is drawn to (1) the letter from the Independent Board Committee set out on page 13 of this circular which contains its recommendation to the Independent Shareholders concerning the Transactions; and (2) the letter from the Independent Financial Adviser set out on pages 14 to 31 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders in relation to the Transactions and the principal factors and reasons considered in formulating its advice.

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## LETTER FROM THE BOARD

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### ADDITIONAL INFORMATION

Your attention is also drawn to the information set out in the appendix to this circular and the notice of the EGM set out in this circular.

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

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# LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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**CATHAY PACIFIC**  
**CATHAY PACIFIC AIRWAYS LIMITED**  
**國泰航空有限公司**  
*(Incorporated in Hong Kong with limited liability)*  
**(Stock Code: 293)**

30th November 2022

*To the Independent Shareholders*

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTIONS  
FOR AIRCRAFT MAINTENANCE**

We refer to the circular dated 30th November 2022 of the Company (the “**Circular**”) of which this letter forms part. Terms defined in the Circular bear the same meanings herein unless the context otherwise requires.

We have been appointed to form the Independent Board Committee to consider the terms of the Framework Agreement, its term and the Transactions (including the annual caps) and to advise the Independent Shareholders on whether, in our opinion, such terms are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Octal Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders.

We wish to draw your attention to the letter from the Board set out on pages 5 to 12 of the Circular which contains, *inter alia*, information on the Framework Agreement, its term and the Transactions (including the annual caps), and the letter of advice from the Independent Financial Adviser set out on pages 14 to 31 of the Circular.

Having taken into account the advice of the Independent Financial Adviser, we consider that the terms of the Framework Agreement, its term and the Transactions (including the annual caps) are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM.

Yours faithfully,

The Independent Board Committee

**Bernard Chan**

**John Harrison**

**Christoph Mueller**

**Andrew Tung**

*Independent Non-Executive Directors*

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# LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*Set out below is the letter of advice from the Independent Financial Adviser, Octal Capital Limited, to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular.*



801-805, 8/F, Nan Fung Tower  
88 Connaught Road Central  
Hong Kong

30th November 2022

*To the Independent Board Committee and the Independent Shareholders*

Dear Sirs,

## CONTINUING CONNECTED TRANSACTIONS FOR AIRCRAFT MAINTENANCE

### INTRODUCTION

We refer to our engagement as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Framework Agreement, its term and the Transactions (including the proposed annual caps (the “**Proposed Annual Caps**”)), particulars of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of Cathay Pacific to the Shareholders dated 30th November 2022 (the “**Circular**”), of which this letter forms part. Unless the context requires otherwise, capitalised terms used in this letter shall have the meanings given to them in the definitions section of the Circular.

As HAECO is a connected person of Cathay Pacific, the Transactions constitute continuing connected transactions for Cathay Pacific under Rule 14A.31 of the Listing Rules. As the highest of the relevant percentage ratios as defined under Rule 14.07 of the Listing Rules (other than the profits ratio) in respect of the Proposed Annual Caps is more than 5%, the Transactions are subject to the reporting, announcement and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

The Independent Board Committee has been set up to advise the Independent Shareholders in respect of the resolution to approve the Framework Agreement, its term and the Transactions (including the Proposed Annual Caps). We have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the Framework Agreement, its term and the Transactions (including the Proposed Annual Caps).

Cathay Pacific will convene an EGM to consider and, if thought fit, to approve the Framework Agreement, its term and the Transactions (including the Proposed Annual Caps). Voting will be by poll and Swire Pacific, being a substantial shareholder of Cathay Pacific and the sole shareholder of HAECO, will abstain from voting.



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Cathay Pacific will comply with its continuing obligations under Rules 14A.55 to 14A.59 of the Listing Rules and will re-comply with the relevant requirements under the Listing Rules before the Proposed Annual Caps are exceeded or before there is a material change to the terms of the Framework Agreement.

We are not connected with the Cathay Pacific Group and the HAECO Group, any of their respective substantial shareholders, directors or chief executives, or any of their respective subsidiaries or associates. During the last two years, there was no engagement between the Cathay Pacific Group or the HAECO Group and us. We are therefore considered suitable to give independent advice to the Independent Board Committee and the Independent Shareholders on the Framework Agreement.

Apart from normal professional fees payable to us by Cathay Pacific in connection with this appointment, no arrangement exists whereby we will receive any fees or benefits from Cathay Pacific or the directors, chief executive and substantial shareholders of the Cathay Pacific Group or the HAECO Group or any of their respective subsidiaries or associates that could reasonably be regarded as relevant to our independence. Accordingly, we consider that we are independent to act as the Independent Financial Adviser pursuant to Rule 13.84 of the Listing Rules.

In giving our opinion in this letter, we have relied on the accuracy of the information and representations contained in the Circular and have assumed that all information and representations made or referred to in the Circular were true at the time they were made and continued to be true as at the Latest Practicable Date. We have also relied on our discussions with the Directors and the management of Cathay Pacific regarding the Cathay Pacific Group and the HAECO Group, including the information and representations contained in the Circular. We have also assumed that all statements of belief, opinion and intention made by the Directors and the management of Cathay Pacific in the Circular were reasonably made after due enquiry. We consider that we have reviewed sufficient information to reach an informed view, to justify our reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our advice. We have no reason to suspect that any material facts have been omitted or withheld from the information contained or opinions expressed in the Circular nor to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and the management of Cathay Pacific. We have not, however, conducted an independent in-depth investigation into the business and affairs of the Cathay Pacific Group and the HAECO Group and their respective subsidiaries or associates nor have we carried out any independent verification of the information supplied.

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# LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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## PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion on the Framework Agreement, its term and the Transactions (including the Proposed Annual Caps), we have considered the following principal factors:

### 1. Background information of the parties to the Framework Agreement

#### *The Cathay Pacific Group*

The Cathay Pacific Group is principally engaged in (i) the operation of scheduled airline services (principally to and from Hong Kong); and (ii) other related areas including airline catering, aircraft handling, aircraft engineering and cargo terminal operations. The Cathay Pacific Group operates passenger and cargo air transportation services through Cathay Pacific and HK Express, a wholly-owned subsidiary of Cathay Pacific, while operating an express air transportation service through AHK, a wholly-owned subsidiary of Cathay Pacific.

#### *The HAECO Group*

The HAECO Group is one of the world's leading independent aircraft engineering and maintenance groups, which offers, through its subsidiaries, a full spectrum of services including airframe services, line services, component services, engine services, inventory technical management, fleet technical management, cabin solutions, private jet solutions, freighter conversion, parts manufacturing and technical training.

#### *HXITM*

HXITM is primarily engaged in the provision of inventory technical management services in connection with the ITM Services. It is owned as to 70% by HAECO and 30% by Cathay Pacific.

### 2. Background of the Framework Agreement

On 13th November 2013, Cathay Pacific and HAECO entered into the 2013 Framework Agreement for a term of ten years ending 31st December 2022. On 17th November 2022, Cathay Pacific and HAECO entered into the Framework Agreement, which provides a framework for the provision of the Services for a term of ten years ending on 31st December 2032 (the “**Service Period**”). The Services (being maintenance and related services in respect of aircraft, aircraft engines and aircraft parts and components and including ITM Services) may from time to time be provided by the HAECO Group to the Cathay Pacific Group.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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A duration of 10 years for the Framework Agreement is required in order for the HAECO Group to maintain the facilities, components and spare parts necessary for it to provide the Services in a cost-effective manner. Since the duration of the Framework Agreement is 10 years, we have been appointed as Independent Financial Adviser to comment on such duration and our comments are set out in this letter. The Framework Agreement covers existing Relevant Agreements between the Cathay Pacific Group and the HAECO Group and provides a framework under which Relevant Agreements are entered into, renewed and extended for a term or successive terms expiring on or before 31st December 2032.

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

The Framework Agreement governs the terms of the Relevant Agreements. For instance, the Framework Agreement provides that charges for the Services are determined by reference to the aircraft, aircraft engines, aircraft parts and components concerned and the required technical standards, that payments under the Relevant Agreements are required to be made in cash within 30 days of receipt of invoices and that a party to any Relevant Agreement may terminate that Relevant Agreement with immediate effect by notice in the event of material default by the other party, in which case, all the rights and obligations of the parties under the Relevant Agreement, except those subsisting at the time of termination, will thereupon cease. Such terms have been arrived at after negotiations at arm's length on normal commercial terms.

The Framework Agreement is conditional upon approval being given by the Independent Shareholders at an EGM of Cathay Pacific. If such condition is satisfied, the Framework Agreement will come into effect on 1st January 2023. The 2013 Framework Agreement (for which Cathay Pacific published an announcement dated 13th November 2013 and despatched a circular dated 3rd December 2013 to its shareholders) will expire on 31st December 2022.

The Services are or will be provided under the following Relevant Agreements:

- (1) Service Agreement dated 1st March 2019 between Cathay Pacific and HAECO;
- (2) Engineering Service Agreement dated 1st March 2019 between Cathay Pacific and HAECO Xiamen;
- (3) IATA Standard Ground Handling Agreement dated 1st January 2008 between Cathay Pacific and HAECO Xiamen;
- (4) Pooled Components Agreement dated 1st April 2019 between, among others, Cathay Pacific and HXITM;

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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- (5) Landing Gear Exchange and Overhaul Services Agreement dated 13th September 2016 between Cathay Pacific and HAECO Landing Gear Services;
- (6) Consignment General Terms Agreement dated 1st April 2020 between Cathay Pacific and HAECO Composite Services;
- (7) Aircraft Maintenance Services Agreement for AHK A300-600F aircraft and AHK A330-300F aircraft dated 1st March 2019 between AHK and HAECO;
- (8) Agreement for Inventory Technical Management Programme dated 14th August 2015 between HXITM and AHK;
- (9) Bilateral Agreement for Inventory Support dated 24th January 2022 between, among others, HXITM, Cathay Pacific and HK Express;
- (10) Engineering Service Agreement dated 1st November 2020 between AHK and HAECO Xiamen; and
- (11) any further agreements under which the Services are provided by the HAECO Group to the Cathay Pacific Group.

The Services can be broadly categorised as follows:

- (a) some of the Services are principally maintenance services which are either driven by flight cycle and flight hour (such as LM Services) or required regardless of the level of utilisation of the aircraft (such as BM Services and landing gear exchange and overhaul services). Examples of such Services are those under the Relevant Agreements referred to in paragraphs 1, 2, 3, 5, 7 and 10 above; and
- (b) some of the Services are principally component-related (such as ITM Services and pooled component services). Examples of such Services are those under the Relevant Agreements referred to in paragraphs 4, 6, 8 and 9 above.

The Services provided by the main service providers in the HAECO Group to the main service recipients in the Cathay Pacific Group include, but are not limited to, the following:

- (i) the provision by HAECO to the Cathay Pacific Group of LM Services, BM Services and storage facilities at HKIA, supply of materials and tooling, CRO Services and Engineering Services;
- (ii) the provision by HXITM to the Cathay Pacific Group of a total care package for Cathay Pacific's and AHK's fleet, including acquisition of inventory of rotatable and repairable spares for leasing to Cathay Pacific and AHK and providing management of, and logistics support and maintenance for, this inventory;

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- (iii) the provision by HAECO Landing Gear Services to Cathay Pacific of landing gear overhaul services for the Boeing 777 fleet;
- (iv) the provision by HAECO Composite Services to Cathay Pacific of consignment and repair of rotatable assets to support Cathay Pacific's fleet;
- (v) the provision by HAECO Xiamen to Cathay Pacific of BM Services and storage facilities in Xiamen, supply of materials and tooling, Engineering Services and LM Services for aircraft visiting Xiamen and such other airports as Cathay Pacific and HAECO Xiamen agree;
- (vi) the loan and exchange of aircraft parts on ad-hoc basis between the HAECO Group and the Cathay Pacific Group; and
- (vii) the provision by HAECO Xiamen to AHK of design engineering and certification services under the authorities of the Civil Aviation Department of Hong Kong and the European Union Aviation Safety Agency for AHK's fleet.

### 3. Reasons for and benefits of entering into the Framework Agreement

Since the Cathay Pacific Group is principally engaged in the operation of scheduled airline services, the Cathay Pacific Group needs to comply with the relevant Maintenance Planning Document (“**MPD**”) as defined by the original equipment manufacturer and the Approved Maintenance Schedule (“**AMS**”) as approved by the Hong Kong Civil Aviation Department (“**CAD**”). The Directors are of the view that compliance with the MPD and AMS is a crucial area of compliance and is necessary to maintain the Airline Operators Certificate of the Cathay Pacific Group as issued by the CAD.

According to the interim report of Cathay Pacific for the six months ended 30th June 2022 (the “**2022 Interim Report**”), Cathay Pacific, with its subsidiaries HK Express and AHK had 228 aircraft as at 30th June 2022. According to the 2019 World Air Transport Statistics published by The International Air Transport Association (“**IATA**”), being the trade association for the world's airlines and represents 290 airlines and 83% of total air traffic, the Cathay Pacific Group was the world's eighth-largest carrier of international passengers and the third-largest carrier of international air cargo prior to the COVID-19 pandemic. As the winner of multiple awards such as “Best Business Class Lounge in Asia” and a recipient of the “COVID-19 Airline Excellence Award” at the Skytrax 2021 World Airline Awards, the Cathay Pacific Group was named among the top 10 of the World's Top 100 Airlines 2021.

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As published by the Hong Kong Airport Authority, there are currently three aircraft maintenance franchisees at HKIA, namely, HAECO Group, China Aircraft Services Limited (“**China Aircraft Services**”) and Pan Asia Pacific Aviation Services Ltd (“**Pan Asia Pacific Aviation Services**”). Established in 1950, the HAECO Group has the longest history of operation among the above three service providers and has become a global provider of maintenance, repair and overhaul services, with significant operations throughout the Asia Pacific region, North America and other parts of the world.

According to HAECO’s company website, HAECO is one of the world’s leading independent aircraft engineering and maintenance groups and offers a full spectrum of aircraft maintenance services. HAECO Group’s three heavy maintenance hangars at HKIA are amongst the most technologically advanced in Asia, with 22 maintenance positions capable of accommodating a wide range of commercial aircraft types. Its 150,000 square-metre facility also houses a wide range of advanced support shops, bonded stores, internationally compliant paint bays, engine igloos and testing laboratories.

According to information published by HKIA, out of the three service providers at HKIA, only the HAECO Group and China Aircraft Services provide both LM Services and BM Services, whilst Pan Asia Pacific Aviation Services solely specialises in LM Services. Based on the information published by HAECO, we understand that the HAECO Group is one of the world’s leading aeronautical engineering groups, and is the only full service provider to commercial aircraft transiting HKIA, offering a comprehensive package that includes full technical certification LM Services and airframe heavy checks, and offers a wide range of avionics and mechanical components.

Considering the Cathay Pacific Group’s fleet has been satisfactorily maintained by HAECO for over 72 years and also by HAECO Xiamen since 1996, and the Cathay Pacific Group has been one of the key customers of the HAECO Group, Cathay Pacific believes that the HAECO Group is highly familiar with the characteristics of the Cathay Pacific Group’s fleets and has the necessary expertise and experience to provide the Services in a streamlined and efficient manner. As advised by Cathay Pacific, the Services provided by the HAECO Group comply with relevant company procedures and manuals and CAD regulations. Therefore, Cathay Pacific is of the view that the continuation of its receipt of the Services from the HAECO Group is beneficial to Cathay Pacific and the Independent Shareholders.

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### 4. Principal terms of the Framework Agreement

The principal terms of the Framework Agreement are as follows:

#### *Internal control procedures*

We understand from our discussions with Cathay Pacific that the Cathay Pacific Group has a policy that outlines the minimum requirements and responsibilities related to the procurement of goods and services for the Cathay Pacific Group (the “**Procurement Policy**”) as part of its internal control system. The General Manager of Procurement & Aircraft Trading (“**GM APD**”) is authorised by the Chief Executive Officer to perform the following functions, including:

- (i) to establish and maintain the Procurement Policy and to ensure that it is adhered to;
- (ii) to review and approve, prior to any commitment being made, any sourcing activity or acquisition over a certain contract value, which is intended to be single-sourced or not acquired under a pre-competed contract; and
- (iii) to ensure that adequate records are maintained within the Cathay Pacific Group in a way that enables an appropriate audit trail for all individual transactions with all approvals recorded and retained.

The Procurement Policy also sets out detailed work flows and approval processes required when sourcing goods and services under different scenarios. In particular, it states that competition must be maintained, where applicable, throughout the sourcing process so as to facilitate a comprehensive commercial negotiation of terms and conditions. A minimum of three competitive alternatives are required when sourcing any goods and services. An endorsement application, which includes detailed justifications and analysis, is required to be made to senior staff of various relevant departments. In the event that fewer than three competitive alternatives are obtained, the GM APD’s exemption approval will be required.

Before each proposal is evaluated, the supplier must complete and pass the “Initial Supplier Qualification” process and a complete supplier due diligence assessment, which is to comply with the Cathay Pacific Group’s anti-bribery policy. When evaluating proposals submitted by suppliers, a standardised framework, which takes into account cost, innovation, satisfaction, quality, assurance of supply and sustainability, is adopted to support the final selection. Such evaluation is to be agreed between the accountable procurement manager and the business unit and approved by the relevant governance forum.

In exceptional cases where the standardised framework cannot be adopted, a comprehensive evaluation is required to be implemented and endorsed by the GM APD.



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### *Pricing terms*

Since there is a limited number of alternative aircraft maintenance franchisees at HKIA, a portion of the Services required by the Cathay Pacific Group are provided only by the HAECO Group (the “**Single-sourced Services**”), such as LM Services for wide-body aircraft, certain BM Services and certain pooled components services. In such cases, there are no alternatives in the Hong Kong market against which the pricing of the Single-sourced Services offered by the HAECO Group can be compared. In view of this, we have obtained and reviewed the relevant agreements and the endorsement documents with exemption approval for the contracts for the Single-sourced Services, as well as the precedent contracts entered into between the Cathay Pacific Group and the HAECO Group for the Single-sourced Services. Our review of such documents reveals that the pricing of the Single-sourced Services is mainly based on the labour rate, the turnaround time and the type of aircraft in question. We also note that the procurement team has conducted assessment on the pricing basis with reference to historical pricing and the Cathay Pacific Group’s usage. The commercial negotiations and contract renewal discussions between the Cathay Pacific Group and the HAECO Group include a review of the service scope, roles and responsibilities, performance measurement, cost savings and productivity improvement before the signing of the agreements. The procurement team summarises the result of the negotiation and estimates the cost reduction and avoidance in the endorsement documents and seeks the requisite endorsement from senior management in accordance with the Procurement Policy. We also note that the terms of the renewal contract (including the service fees) are similar to those of the contract being renewed and are satisfied that Cathay Pacific has adhered to the Procurement Policy.

For services such as ITM Services and landing gear exchange and overhaul services that are competitively-sourced (the “**Competitively-sourced Services**”), Cathay Pacific implements request-for-proposal procedures to select service providers in compliance with the Procurement Policy. We have obtained and reviewed the proposal documents prepared by the HAECO Group and documents involved in the assessment process of Cathay Pacific before the award of the contracts. We understand that during each request-for-proposal procedure, Cathay Pacific assesses each potential service provider, including the HAECO Group, to ensure that they have sufficient capability and expertise to undertake the required services in a cost efficient manner based on the standardised framework, which is in compliance with the Procurement Policy. In particular, the fee quotations in the proposals are compared against each other to ascertain their reasonableness. Other factors, in particular service level commitment, customer support and technical support, are also taken into account. We note that the procurement team also conducts due diligence on the suppliers, analyses and negotiates the contract terms and seeks the required endorsement from senior management in accordance with the Procurement Policy.

In view of the above, we are satisfied that Cathay Pacific has strictly adhered to the Procurement Policy when sourcing both Single-sourced Services and Competitively-sourced Services.



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In addition, we understand from Cathay Pacific that, pursuant to Chapter 14A of the Listing Rules, the Transactions are subject to the review of the Independent Non-executive Directors on an annual basis to ensure that the Transactions are (i) in the ordinary and usual course of business of the Cathay Pacific Group; (ii) on normal commercial terms or better; and (iii) carried out pursuant to the terms of the Framework Agreement and that the terms of the Framework Agreement are fair and reasonable and in the interests of the Shareholders as a whole. We have also discussed with and understood from Cathay Pacific that the auditor of Cathay Pacific will also conduct an annual review on the pricing and the Proposed Annual Caps under the Framework Agreement.

### *Payment terms*

Pursuant to the Framework Agreement, payments under the Relevant Agreements are required to be made in cash within 30 days of receipt of invoices.

For our due diligence purpose, we have obtained several aircraft maintenance contracts entered into between the Cathay Pacific Group and independent third parties (the “**Third Parties Contracts**”). The services under the Third Parties Contracts are related to LM Services, BM Services and ITM Services. While the scope and scale of such services and the aircraft types related to such services are not directly comparable to those in respect of the Services under the Framework Agreement, we consider that the Third Parties Contracts can provide a reference for our assessment of the fairness and reasonableness of the payment terms under the Relevant Agreements. We note that the payment terms under most of the Third Parties Contracts require invoices to be paid within 30 days from their date, which is consistent with the payment terms under the Relevant Agreements. It is also worth noting that the payment terms contemplated in the Framework Agreement remain the same as those contemplated in the 2013 Framework Agreement.

Based on the above, we are of the view that the payment terms under the Relevant Agreements covered by the Framework Agreement are not less favourable to Cathay Pacific than those under the Third Parties Contracts offered by independent third parties, and are in the interests of Cathay Pacific and its Independent Shareholders as a whole.

### *Duration of the Framework Agreement*

The term of the Framework Agreement is 10 years from 1st January 2023 to 31st December 2032. The length of such term is the same as the term of the 2013 Framework Agreement, being 10 years ending 31st December 2022. In order to assess the reasonableness of the duration of the Framework Agreement, we have obtained relevant contracts recently entered into between the Cathay Pacific Group and other maintenance service providers. Upon our review of such contracts, we note that the term of a considerable portion of such contracts for similar services ranges from 7 years to 20 years.

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In addition, based on our research on the term of aircraft maintenance services contracts from public sources on a best effort basis, we have identified several aircraft maintenance service transactions, including (i) an agreement entered into between Qatar Airways and Iberia Maintenance in February 2022 for aircraft repair and maintenance services for a term of 10 years; (ii) an agreement entered into between Aeroflot-Russian Airlines and HAECO in August 2021 for aircraft component maintenance support services for a term of 11 years; and (iii) an agreement entered into between China Airlines and HXITM in June 2021 for inventory technical management support services for a term of 8 years.

We also understand from our discussion with Cathay Pacific that a long duration of the Framework Agreement is crucial for the HAECO Group to maintain the necessary facilities, components and spare parts for providing the Services to the Cathay Pacific Group in a cost-effective manner. It is also in the interests of the Cathay Pacific Group to have a stable and long-term partnership with the HAECO Group, which has been providing satisfactory maintenance services for the Cathay Pacific Group for over 70 years.

In view of the above, we are of the opinion that the duration of 10 years under the Framework Agreement is on normal commercial term for a transaction of this nature and it is normal business practice for agreement of this type to be of such duration.

### 5. Historical amounts, historical annual caps and the Proposed Annual Caps

Set out below are the historical annual caps under the 2013 Framework Agreement and actual (or, as the case may be, annualised) transaction amounts payable for the Services for each of the four financial years (the “FY(s)”) ending 31st December 2022 under the 2013 Framework Agreement.

	<b>FY 2019</b> (HK\$ million)	<b>FY 2020</b> (HK\$ million)	<b>FY 2021</b> (HK\$ million)	<b>FY 2022</b> (HK\$ million)
Historical annual caps	9,417	10,359	11,395	12,535 <sup>1</sup>
Actual (or, as the case may be, annualised) transaction amounts	3,947	2,762	1,816	1,735 <sup>2</sup>
Utilisation rate	41.9%	26.7%	15.9%	–

*Notes:*

1. being the historical annual cap for the amount payable by the Cathay Pacific Group to the HAECO Group for FY 2022
2. being the annualised amount based on the actual transaction amount for the nine months ended 30th September 2022

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

With reference to the table above, we note that the actual utilisation rates for the annual caps for FY 2019, FY 2020 and FY 2021 under the 2013 Framework Agreement formed a declining trend from approximately 41.9% to approximately 15.9%. We understand from Cathay Pacific that the declining utilisation rate of the annual caps relating to the Services was due to the decline in flights operated by Cathay Pacific, mainly as a result of the social unrest in 2019 and the COVID-19 pandemic since 2020, which resulted in a reduction in flight-cycle and flight-hour driven related maintenance cost. We note from the disclosure in the annual reports of Cathay Pacific for FY 2019, FY 2020 and FY 2021 that the available tonne kilometers (“ATK”), which refers to the overall capacity measured in tonnes available for the carriage of passengers, excess baggage, cargo on each sector multiplied by the sector distance, flown in FY 2020 and FY 2021 dropped significantly by approximately 71.7% and 63.4% respectively compared to the ATK figure in the pre-COVID-19 pandemic level for FY 2019. The declining trend of ATK flown is in line with the downward trend of the utilisation rate as shown in the table above.

### *The Proposed Annual caps*

The Proposed Annual Caps for the Service Period, comprising (i) an annual projected transaction amount for the Services (the “**Projected Transaction Amount**”); and (ii) a buffer (the “**Buffer**”), are as follows:

<b>Year</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>
	(HK\$	(HK\$	(HK\$	(HK\$	(HK\$
	million)	million)	million)	million)	million)
Projected Transaction					
Amount	2,826	3,475	3,698	3,865	4,038
Buffer	989	1,216	1,294	1,353	1,413
<b>Total</b>	<b>3,815</b>	<b>4,691</b>	<b>4,992</b>	<b>5,218</b>	<b>5,451</b>
<b>Year</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>	<b>2031</b>	<b>2032</b>
	(HK\$	(HK\$	(HK\$	(HK\$	(HK\$
	million)	million)	million)	million)	million)
Projected Transaction					
Amount	4,220	4,410	4,608	4,816	5,033
Buffer	1,477	1,544	1,613	1,686	1,761
<b>Total</b>	<b>5,697</b>	<b>5,954</b>	<b>6,221</b>	<b>6,502</b>	<b>6,794</b>

We note that the Proposed Annual Caps are generally lower than the historical annual caps. Based on our discussion with Cathay Pacific, the reasons are that Cathay Pacific is aware of the low utilisation rate of the historical annual caps, and the fact that travel restrictions in Hong Kong have not been fully relaxed and it will take a period of time for the Cathay Pacific Group to achieve a full recovery in operational level and capacity.

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The Projected Transaction Amount for the Service Period includes maintenance services (the “**Maintenance Services**”) and component services (the “**Component Services**”).

### *Maintenance Services*

The Maintenance Services, accounting for approximately two-third of the Projected Transaction Amount for the Service Period, can be classified into two types, namely flight-cycle and flight-hour driven maintenance services (the “**Flight Driven Maintenance Services**”) and routine maintenance services (the “**Routine Maintenance Services**”). We understand from our discussion with Cathay Pacific that the Flight Driven Maintenance Services (which are subject to the level of utilisation of the Cathay Pacific Group’s aircraft) are expected to account for approximately 60% of the Maintenance Services for the Service Period, while the remaining 40% relates to the Routine Maintenance Services, that are required to be carried out regardless of the level of utilisation of the aircraft. We concur with Cathay Pacific’s view that upon the gradual relaxation of quarantine requirements and the full reopening of borders, there will be a significant increase in utilisation of aircraft, which will lead to a higher usage of the Maintenance Services.

We understand from Cathay Pacific that the Flight Driven Maintenance Services mainly include LM Services and that the Projected Transaction Amount for the year ending 31st December 2023 was determined based on an internal budget which takes into account (i) the Cathay Pacific Group’s expected recovery of capacity; and (ii) the expected increase in passenger travel demand throughout the year. This rationale is in line with Cathay Pacific’s disclosure in the 2022 Interim Report that Cathay Pacific is targeting to progressively increase both passenger flight and cargo flight capacity from the current levels, on the expectation that the borders will reopen. It was also disclosed that Cathay Pacific has commenced a comprehensive recruitment plan with the aim of hiring more than 4,000 front-line employees to meet the airline’s operational needs over the next two years. We understand from Cathay Pacific that after (i) the relaxation of the quarantine arrangement for inbound travelers to Hong Kong as announced by the Hong Kong government in late September 2022; and (ii) the gradual relaxation of travel restrictions of foreign countries since 2022, the Cathay Pacific Group expects to record a substantial increase of bookings for flights in late 2022 and the full year of 2023. The Cathay Pacific Group is therefore expected to increase the number of flights in order to cope with such increase in travel demand.

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We also understand from Cathay Pacific that the Cathay Pacific Group plans to progressively resume its pre-COVID-19 pandemic passenger flight capacity in the next two years. When determining the Projected Transaction Amount for the Flight Driven Maintenance Services in 2024 and 2025, Cathay Pacific assumes that the Cathay Pacific Group will continue to recover such capacity in 2023 and aims to reach full recovery by the end of 2024. Based on such assumption, Cathay Pacific expects that the Projected Transaction Amount of the Flight Driven Maintenance Services in 2025 will be close to the actual transaction amount for the same services in 2019. According to the announcement of Cathay Pacific dated 18th November 2022 in relation to traffic figures of Cathay Pacific for the ten months ended 31st October 2022, we note that the revenue passenger kilometers (“**RPK**”), which is the number of passengers carried on each sector multiplied by the sector distance, represents an increase of approximately 167.8% year-to-date in October 2022. Such increase reflects an upward trend in passenger travel demand.

Followed by an expected steady recovery of aircraft operations from 2023 to 2025, Cathay Pacific estimates that the Projected Transaction Amount from 2026 to 2032 will increase at rates which are influenced by fleet age, fleet size, fleet utilisation, supplier escalation indices and underlying maintenance programmes and contracts. We understand from our discussion with the management of Cathay Pacific that assuming (a) a full recovery of passenger flight capacity by the end of 2024 and (b) there being no material adverse change in the economic conditions in Hong Kong during the Service Period, the Cathay Pacific Group will continue to increase its fleet size during the Service Period. The 2022 Interim Report indicates the Cathay Pacific Group had a fleet of 228 aircraft as at 30th June 2022 and had firm orders for the delivery of 51 aircraft from 2022 to 2024 onwards. Our review of Cathay Pacific’s fleet expansion plan for the Service Period reveals that the Cathay Pacific Group’s fleet will continue to grow during the Service Period.

It is also expected, according to “Global Outlook for Air Transport” (the “**Global Outlook**”) published in June 2022 by IATA, that the global passenger travel will recover to the 2019 level in 2024 and will expand substantially over the next two decades. The Global Outlook also forecasts that the number of global air passengers will increase at an average annual rate of 3.3% between 2019 and 2040 and the Asia Pacific region will be the fastest growing region over the next two decades and is expected to increase at an average annual rate of 4.5% between 2019 and 2040. The Cathay Pacific Group is poised to benefit from such potential growth given its solid foothold in the Asia Pacific region.

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We have also considered the Cathay Pacific Group's plan regarding the Routine Maintenance Services. The Routine Maintenance Services, such as BM Services and landing gear exchange and overhaul services, are scheduled maintenance services. The budget for the Routine Maintenance Services is determined on the basis of the scheduled maintenance of the fleet of the Cathay Pacific Group. Its existing fleet size, firm orders for the delivery of aircraft and fleet retirement plan in the Service Period are also considered in determining the budget of the Routine Maintenance Services. We have obtained and reviewed the upcoming schedule of routine maintenance of the Cathay Pacific Group's fleet and understand from Cathay Pacific that the number of annual scheduled maintenance events was determined with reference to its fleet age, fleet size, fleet utilisation and underlying maintenance programmes during the Service Period.

We understand from Cathay Pacific that the service fees for Maintenance Services are assumed to grow at an annual rate of 2.5%, which is close to the inflation rate based on the historical consumer price index ("CPI"). (Such approach follows that adopted by Cathay Pacific in estimating the historical annual caps under the 2013 Framework Agreement.) According to our independent research, inflation in Hong Kong measured by CPI has been averaging approximately 2.7% over the past 10 years. We therefore consider it reasonable to adopt an annual growth rate of 2.5% in estimating the future price of the Maintenance Services.

### *Component Services*

The Component Services, accounting for approximately one-third of the Projected Transaction Amount for the Service Period, mainly include (i) ITM Services; and (ii) pooled component services.

We understand from Cathay Pacific that in arriving at the Projected Transaction Amount for the Component Services for the year ending 31st December 2023, similar to the Flight Driven Maintenance Services, it has taken into account (i) the Cathay Pacific Group's expected recovery of capacity; and (ii) the expected increase in passenger travel demand in the year.

We understand from Cathay Pacific that the depreciation of parts and components of the aircraft and therefore their needs for maintenance and repair are driven by flight-cycle and flight-hour. The Projected Transaction Amounts for the Component Services in 2024 and 2025 are therefore determined on the basis of the same assumption as that for the Flight Driven Maintenance Services. On this basis, Cathay Pacific expects the Projected Transaction Amount of the Component Services in 2025 to be close to the actual transaction amount for the same services in 2019. Cathay Pacific assumes that the annual growth rate of the Projected Transaction Amount will be the same as the annual growth rate of the Flight Driven Maintenance Services from 2026 to 2032.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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We understand from Cathay Pacific expects the service fees for the Component Services to grow at the same rate as the services fees for the Maintenance Services. Accordingly, the service fees for the Component Services are expected to grow at an annual rate of 2.5%, which is close to the inflation rate based on the average CPI of approximately 2.7% for the past 10 years. (Such approach follows that adopted by Cathay Pacific in determining the historical annual caps under the 2013 Framework Agreement.) We therefore consider it reasonable to adopt an annual growth rate of 2.5% in estimating the future price of the Component Services.

### *The Buffer*

The Proposed Annual Caps include the Buffer, which accounts for approximately 35% of the Projected Transaction Amount for the Service Period.

The annual reports of Cathay Pacific reveal that, from FY 2019 to FY 2021, the transaction amounts payable in respect of aircraft maintenance to the HAECO Group accounted for an average of around 41% of its annual aircraft maintenance expenses. Upon enquiry with the management of Cathay Pacific in this regard, we understand that the Cathay Pacific Group has engaged other independent maintenance service providers for providing LM Services, BM Services and ITM Services for its smaller aircraft, such as Airbus A320 and A321. The management of Cathay Pacific emphasises that aircraft safety is of top priority and it is therefore vital to maintain its aircraft in a top-notch condition. Any disruption in the provision of maintenance services by aircraft maintenance service providers may prevent the Cathay Pacific Group from operating its businesses smoothly. The impact of such disruption can be significant and adverse, in particular in the light of the scale of the operations of the Cathay Pacific Group as the largest airline group in Hong Kong and one of the top airlines in the world. The HAECO Group's capability and resources to provide a full spectrum of aircraft maintenance services and its long-term relationship with the Cathay Pacific Group mean that the Cathay Pacific Group will resort to the HAECO Group for any immediate need for additional aircraft maintenance services as a contingency plan in case there are disruptions in the other service providers' services. The Buffer is therefore necessary for such contingency plan.

It is also possible that the HAECO Group may offer better terms for the services currently provided by independent maintenance service providers, which may result in an increase in the demand for the Services to be provided by the HAECO Group. In the absence of the Buffer, if the actual transaction amounts for the Services are expected to exceed the approved annual caps, Cathay Pacific will have to re-comply with the disclosure, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules, pending which the maintenance services by the HAECO Group may have to be suspended. That would be unduly burdensome and would also disrupt the operations of the Cathay Pacific Group and prevent it from carrying on its business in its ordinary and usual course. The management of Cathay Pacific considers that the Buffer will provide greater flexibility to the Cathay Pacific Group in addressing any unforeseen demand for the Services from the HAECO Group during the Service Period and therefore ensuring a smooth operation.



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Having considered the above reasons, in particular, the following:

- (i) securing a stable and reliable provider of maintenance services is of utmost importance to Cathay Pacific for the safety of its passengers, crew and operations and the Buffer will provide Cathay Pacific the flexibility in determining whether to use the HAECO Group for the services currently provided by independent maintenance service providers;
- (ii) the Buffer can cater for the possibility of any major emergency or unscheduled maintenance and repair work due to unforeseen events;
- (iii) it is possible that the Cathay Pacific Group may be able to obtain better terms from the HAECO Group for any services currently provided by independent maintenance service providers, which may result in an increase in demand for the Services by the HAECO Group; and
- (iv) the Proposed Annual Caps only represent the maximum amounts payable by the Cathay Pacific Group to the HAECO Group for the provision of the Services rather than the amounts which the Cathay Pacific Group is obliged to pay. In the event that no unforeseen circumstances occur and the Proposed Annual Caps are not fully utilised, no adverse impact would be suffered by Cathay Pacific,

we are of the view that the level of the Buffer is appropriate and reasonable.

### ***Conclusion***

In view of the above analysis, in particular, the following:

- (i) Cathay Pacific expects that the flight-cycle and flight-hour of the Cathay Pacific Group, both of which are the key determinants of the usage of the Flight Driven Maintenance Services and the Component Services, will progressively resume to the pre-COVID-19 level in 2025, followed by a moderate growth from 2026 to 2032;
- (ii) the annual growth rate of the Projected Transaction Amount for the Flight Driven Maintenance Services and the Component Services from 2026 to 2032 is in line with the annual growth rate of the number of air passengers in the Asia Pacific region from 2019 to 2040 as stated in the Global Outlook;
- (iii) the usage of the Routine Maintenance Services based on the scheduled maintenance of the fleets of the Cathay Pacific Group is determined with reference to its fleet age, fleet size, fleet utilisation and underlying maintenance programmes in the Service Period;
- (iv) the service fees under the Relevant Agreements are expected to increase by 2.5% annually based on the average historical inflation rate; and



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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- (v) the Buffer is to provide flexibility to the Cathay Pacific Group in resorting to the HAECO Group for procuring extra maintenance services as a contingency plan in the event of unforeseen circumstances, which is vital for the smooth, safe and high quality operation of the Cathay Pacific Group, as the largest airline group in Hong Kong and one of the top airlines in the world,

we are of the view that the Proposed Annual Caps are fair and reasonable.

### RECOMMENDATION

Having considered the above factors and reasons, we are of the view that (i) the Transactions are carried out in the ordinary and usual course of business of the Cathay Pacific Group; (ii) the terms of the Framework Agreement are on normal commercial terms and are fair and reasonable; and (iii) the Transactions are in the interests of Cathay Pacific and the Shareholders as a whole and are fair and reasonable. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM.

Yours faithfully

For and on behalf of

**Octal Capital Limited**

**Alan Fung**

**Louis Chan**

*Managing Director*

*Director*

*Note:* Mr. Alan Fung has been a responsible officer of Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities since 2003. Mr. Fung has more than 28 years of experience in corporate finance and investment banking and has participated in and completed various advisory transactions in respect of mergers and acquisitions, connected transactions and transactions subject to the compliance to the Takeovers Code of listed companies in Hong Kong. Mr. Louis Chan has been a responsible officer of Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities since 2008. Mr. Chan has more than 20 years of experience in corporate finance and investment banking and has participated in and completed various advisory transactions in respect of mergers and acquisitions, connected transactions and transactions subject to the compliance to the Takeovers Code of listed companies in Hong Kong.

**RESPONSIBILITY STATEMENT**

This circular, 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 the Company.

The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular 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 circular misleading.

**MATERIAL ADVERSE CHANGE**

The Directors confirm that, other than as stated in the Chairman's statement dated 9th March 2022 (as set out on pages 4 to 6 of the Company's 2021 Annual Report) and the Chairman's Statement dated 10th August 2022 (as set out on pages 3 to 5 of the Company's 2022 Interim Report), as at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position of the Cathay Pacific Group since 31st December 2021 (being the date to which the latest published audited accounts of the Company were made up).

**DISCLOSURE OF INTERESTS****(a) Share interests of the Directors and chief executive of the Company**

As at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and 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 adopted by the Company, to be notified to the Company and the Stock Exchange.

**(b) Interests of the Directors in competing business**

Patrick Healy and Ma Chongxian are directors of, and Sun Yuquan and Xiao Feng hold positions in, 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 and their respective close associates had any material interest in any business which competed or was likely to compete, either directly or indirectly, with the businesses of the Cathay Pacific Group.

**(c) Interests of the Directors in assets**

As at the Latest Practicable Date, none of the Directors had any interest, either direct or indirect, in any assets which had been acquired or disposed of by or leased to, or which were proposed to be acquired or disposed of by or leased to, any member of the Cathay Pacific Group since 31st December 2021 (being the date to which the latest published audited accounts of the Company were made up).

**(d) Interests of the Directors in contracts or arrangements**

Patrick Healy, Guy Bradley, Gregory Hughes, Ronald Lam, Rebecca Sharpe, 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 an agreement for services entered into between the Company and John Swire & Sons (H.K.) Limited, a wholly owned subsidiary of Swire (which is a controlling shareholder of Swire Pacific, which is in turn a controlling shareholder of the Company). For further details, please refer to the section headed “Continuing Connected Transactions” of the Company’s 2021 Annual Report.

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.

**(e) Service contracts**

As at the Latest Practicable Date, none of the Directors had entered into or proposed to enter into any service contract with the Company or any other member of the Cathay Pacific Group (excluding contracts expiring or determinable by the Company within a year without payment of any compensation (other than statutory compensation)).

**QUALIFICATION AND CONSENT OF EXPERT**

The following is the qualification of the expert which has given an opinion or advice contained in this circular:

<b>Name</b>	<b>Qualification</b>
Octal Capital Limited	Licensed to conduct Type 1 (dealings in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

Octal Capital Limited has confirmed to the Company that as at the Latest Practicable Date, it did not have any shareholding in any member of the Cathay Pacific Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities 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 were proposed to be acquired or disposed of by or leased to, any member of the Cathay Pacific Group since 31st December 2021 (being the date to which the latest published audited accounts of the Company were made up).

Octal Capital Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter as set out in this circular and references to its name in the form and context in which they respectively appear in this circular.

**DOCUMENTS AVAILABLE FOR INSPECTION**

A copy of the Framework Agreement will be available for inspection on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.cathaypacific.com](http://www.cathaypacific.com)) from the date of this circular up to and including the date of the EGM.

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# NOTICE OF EXTRAORDINARY GENERAL MEETING

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## CATHAY PACIFIC CATHAY PACIFIC AIRWAYS LIMITED 國泰航空有限公司

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 293)**

### NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting (the “**Meeting**”) of the shareholders of Cathay Pacific Airways Limited (the “**Company**”) will be held on Friday, 23rd December 2022 at 3:30 p.m. at the Ballroom, Level 3, JW Marriott Hotel Hong Kong, Pacific Place, 88 Queensway, Hong Kong for the purpose of considering and passing the following resolutions of the Company. Unless otherwise indicated, capitalised terms used in this notice shall have the same meanings as those defined in the circular of the Company dated 30th November 2022 of which this notice forms part (the “**Circular**”).

#### ORDINARY RESOLUTION

To consider and, if thought fit, to pass with or without amendments, the following resolution as ordinary resolution:

**THAT** the entering into of the Framework Agreement by the Company (a copy of which marked “A” and signed by the chairman of the Meeting for the purpose of identification is produced to the Meeting), its term, the Transactions and the annual caps set out below be and are hereby approved:

<i>(HK\$ million)</i>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>
<b>Services</b>	<b>Cap</b>	<b>Cap</b>	<b>Cap</b>	<b>Cap</b>	<b>Cap</b>
	3,815	4,691	4,992	5,218	5,451
<i>(HK\$ million)</i>	<b>2028</b>	<b>2029</b>	<b>2030</b>	<b>2031</b>	<b>2032</b>
<b>Services</b>	<b>Cap</b>	<b>Cap</b>	<b>Cap</b>	<b>Cap</b>	<b>Cap</b>
	5,697	5,954	6,221	6,502	6,794

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# NOTICE OF EXTRAORDINARY GENERAL MEETING

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## SPECIAL RESOLUTION

To consider and, if thought fit, to pass with or without amendments, the following resolution as special resolution:

**THAT:**

- (a) the references in the articles of association of the Company to “Chairman”, “chairman” and “Chairmen” be amended to “Chair”, “chair” and “Chairs”, respectively; and
- (b) any one of the Directors be authorised to submit or file all such relevant documents with the relevant regulatory authorities for approval, endorsement and/or registration as appropriate, and to do or authorise doing all such acts, matters and things as s/he may in his/her absolute discretion consider necessary, expedient or desirable to give effect to and implement the amendments.

By Order of the Board  
**CATHAY PACIFIC AIRWAYS LIMITED**  
**Joanna Lai**  
*Company Secretary*

Hong Kong, 30th November 2022

*Notes:*

- (1) Any member entitled to attend and vote at the Meeting convened by the above notice is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a member of the Company.
- (2) All proxies must be deposited with the Registrar, Computershare Hong Kong Investor Services Limited, 17M Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong, not less than 48 hours before the time appointed for the Meeting or any adjourned meeting thereof.
- (3) The register of members will be closed from Tuesday, 20th December 2022 to Friday, 23rd December 2022, both days inclusive. In order to be entitled to attend and vote at the Meeting, all transfers should be lodged with the Registrar, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong, for registration not later than 4:30 p.m. on Monday, 19th December 2022.
- (4) Each of the resolutions set out in this notice will be voted on by poll.
- (5) Shareholders with disabilities are requested to indicate in advance whether, because of their disabilities, they need special arrangements to assist them in participating at the Meeting.
- (6) The Meeting is being held at the Ballroom, Level 3, JW Marriott Hotel Hong Kong, Pacific Place, 88 Queensway, Hong Kong. The hotel may refuse entry to the hotel by persons who fail temperature checks or do not comply with any other entry requirements that may be imposed by the hotel. Persons so refused entry to the hotel will not be able to attend the Meeting. Persons attending the Meeting will be required to (a) undergo compulsory temperature check; (b) scan the “LeaveHomeSafe” venue QR code; (c) present vaccination records, either electronic or print, for scanning by the hotel and (d) wear surgical face masks on entry to and throughout the meeting. Additional precautionary safety measures may also be adopted. Shareholders are in any event asked (i) to consider carefully the risk of attending the Meeting which will be held in an enclosed environment, (ii) to follow any guidelines or requirements of the Hong Kong government relating to COVID-19 in deciding whether or not to attend the Meeting and (iii) not to attend the Meeting if they have contracted or are suspected to have contracted COVID-19, or have been in close contact with any person who has contracted or is suspected to have contracted COVID-19, or has any flu-like symptoms or is otherwise unwell. No refreshments will be served at the Meeting. As a precautionary safety measure, seating at the Meeting will be arranged so as to reduce interaction between participants. As a result, there will be limited capacity for Shareholders to attend the Meeting. Shareholders are reminded that attendance at the Meeting in person is not necessary for the purpose of exercising voting rights. They may (as indicated above) appoint proxies to vote on their behalf.