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The Board of Directors
Cathay Pacific Airways Limited
31/F One Pacific Place
88 Queensway
HONG KONG

Our ref: KY/PM/1644528

14 January 2026

Dear Sirs

We refer to the circular dated 14 January 2026 in connection with the possible off-market share buy-back issued by Cathay Pacific Airways Limited (the "Company") (the "Circular"), a copy of which is attached and stamped by us on its front cover for the purpose of identification.

We hereby consent to the inclusion of our letter dated 14 January 2026 on the profit forecast for the year ending 31 December 2025 in the Circular, and the references to our name in the form and context in which they are included.

Yours faithfully

Certified Public Accountants
Hong Kong

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about this circular, you should consult a licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant or other professional advisor.

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

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

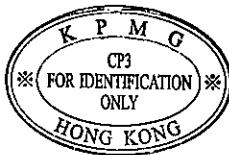
(Incorporated in Hong Kong with limited liability)

(Stock Code: 293)

**POSSIBLE OFF-MARKET SHARE BUY-BACK
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

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

 **SOMERLEY CAPITAL LIMITED**



Capitalised terms used in this cover page shall have the same meanings as those defined in this circular unless otherwise stated.

A letter from the Board is set out on pages 7 to 22 of this circular. A letter of recommendation from the Independent Board Committee to the Independent Shareholders is set out on pages 23 to 24 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 25 to 52 of this circular.

Notice of the EGM is set out on pages 71 to 72 of this circular. Whether or not you intend to be present at the EGM, you are requested to complete the enclosed form of proxy and return it to the Company's share registrars in accordance with the instructions printed thereon not less than 48 hours before the time fixed for holding the EGM. In calculating the period mentioned for depositing the form of proxy, no account is to be taken of any part of a day that is a public holiday. Completion and return of the form of proxy will not preclude you from attending in person and voting at the EGM and, in such event, the appointment of the proxy will be deemed to be revoked.

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DEFINITIONS

In this circular, the following expressions have the following meanings unless the context requires otherwise:

“acting in concert”	Has the meaning ascribed to it under the Takeovers Code.
“Air China”	Air China Limited, a company incorporated in the People’s Republic of China, the H shares of which are listed on the Stock Exchange (stock code: 753) as its primary listing venue and have been admitted to the Official List of the UK Listing Authority as its secondary listing venue, and the A shares of which are listed on the Shanghai Stock Exchange (stock code: 601111).
“Air China Irrevocable Undertaking”	The deed of voting undertaking dated 5th November 2025 (as amended and restated on 5th January 2026) executed by Air China in favour of the Company.
“Air China Subsidiaries”	The subsidiaries of Air China which are the beneficial owners of the IU Shares in which Air China is indirectly interested, including such subsidiaries which are the beneficial owners of the IU Shares as at the date of the Air China Irrevocable Undertaking and such other subsidiaries of Air China which acquire Shares after the date of the Air China Irrevocable Undertaking.
“Announcement”	The announcement of the Company dated 5th November 2025 in relation to, among other things, the Share Buy-Back.
“Board”	The board of Directors.
“Bonds”	2.75% guaranteed convertible bonds due 2026 issued by Cathay Pacific Finance III Limited, a wholly-owned subsidiary of the Company, details of which are set out in the announcement of the Company dated 28th January 2021.
“business day(s)”	A day (excluding Fridays, Saturdays, Sundays and public holidays) on which the Stock Exchange is generally open for the transaction of business and banks are generally open for business in Hong Kong, the State of Qatar and the United Kingdom.

DEFINITIONS

“Buy-back Deed”	The share buy-back deed, in the agreed form, described in the section headed “The Buy-back Deed” of the letter from the Board.
“Buy-back Price”	The price to be paid by the Company for each Buy-back Share, as described in the section headed “The Buy-back Deed – Consideration” of the letter from the Board.
“Buy-back Share(s)”	The 643,076,181 Shares, representing approximately 9.57% of the issued Shares as at the Latest Practicable Date, beneficially owned by Qatar Airways and to be transferred to the Company pursuant to the terms and conditions of the Buy-back Deed.
“Companies Ordinance”	The Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time.
“Company”	Cathay Pacific Airways Limited, a company incorporated in Hong Kong and the shares of which are listed on the Stock Exchange (stock code: 293).
“Deed of Undertaking”	A deed of undertaking dated 5th November 2025 executed by Qatar Airways in favour of the Company undertaking, subject to the satisfaction of certain conditions, to execute the Buy-back Deed.
“Directors”	The directors of the Company.
“EGM”	The extraordinary general meeting of the Company to be held at 2:30 p.m. on Thursday, 12th February 2026 at Ballroom, Level 5, Island Shangri-La Hong Kong, Pacific Place, Supreme Court Road, Central, Hong Kong, the notice of which is set out on pages 71 to 72 of this circular.
“Executive”	The Executive Director of the Corporate Finance Division of the SFC or any of its delegates.

DEFINITIONS

“Group”	The Company and its subsidiaries.
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong.
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China.
“HSBC”	The Hongkong and Shanghai Banking Corporation Limited, being the financial adviser to Qatar Airways in respect of the Share Buy-back, a registered institution under the SFO, registered to carry on Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO and a licensed bank under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong).
“HSBC Group”	HSBC and persons controlling, controlled by or under the same control as HSBC.
“Independent Board Committee”	The independent committee of the Board comprising all the independent non-executive Directors, namely Bernard Chan, Lily Cheng, Christoph Mueller and Wang Xiao Bin.
“Independent Financial Adviser”	Somerley Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO and appointed, with the approval of the Independent Board Committee, as an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Share Buy-Back and the Buy-Back Deed.

DEFINITIONS

“Independent Shareholder(s)”	Shareholder(s) of the Company other than (i) Qatar Airways; (ii) parties acting in concert with Qatar Airways; and (iii) any other Shareholder(s) which have a material interest in the Buy-back Deed and/or the Share Buy-back which is different from the interests of all other Shareholders. For the avoidance of doubt, where any member of the HSBC Group is acting in its capacity as a holder of Shares on behalf of a beneficial owner of such Shares, it will be considered as an Independent Shareholder while acting in such capacity where the beneficial owner of the relevant Shares: (i) controls or directs the exercise of the voting rights attaching to those Shares and none of the parties referred to in the preceding sentence has any discretion in respect of the exercise of such voting rights, (ii) if those Shares are voted, is the party which gives the instructions as to how the relevant Shares are to be voted, and (iii) is not any of the parties referred to in the preceding sentence.
“Irrevocable Undertaking(s)”	The Air China Irrevocable Undertaking and the Swire Pacific Irrevocable Undertaking.
“IU Shareholders”	Swire Pacific and Air China.
“IU Shares”	Comprise: (a) 2,751,915,439 Shares directly held by Swire Pacific; and (b) 1,822,436,334 Shares indirectly held by Air China, and any other Shares acquired after the date of the respective Irrevocable Undertakings by Swire Pacific and Air China and the Air China Subsidiaries (including any Shares derived from any IU Shares).
“Last Trading Day”	5th November 2025, being the last trading day on which the Shares were traded on the Stock Exchange prior to the issue and publication of the Announcement.
“Latest Practicable Date”	9th January 2026, being the latest practicable date for the purpose of ascertaining certain information contained in this circular.

DEFINITIONS

“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time.
“Long Stop Date”	The date falling 30 days after the date on which the Buy-back Deed is entered into or such other date as the Company and Qatar Airways may agree in writing.
“MGO Waiver”	A waiver granted by the Executive to Swire Pacific waiving any obligation on the part of Swire Pacific under Note 6(b) to Rule 26.1 of the Takeovers Code to make a mandatory general offer for all the Shares upon completion of the Share Buy-back.
“NAV”	Consolidated net asset value.
“November Traffic Figures Announcement”	The Company’s announcement dated 22nd December 2025 in relation to traffic figures for November 2025 for the Group.
“Profit Forecast”	The statements in the November Traffic Figures Announcement as extracted in the section headed “Profit Forecast” of the letter from the Board.
“Public Float Waiver”	A waiver granted by the Stock Exchange to the Company on 20th June 2025 waiving strict compliance with Rules 8.08(1)(a) and 13.32(1) of the Listing Rules to permit the Company’s minimum public float to be reduced to 16.7% upon completion of the Share Buy-back.
“Qatar Airways”	Qatar Airways Group Q.C.S.C., a company organised under the laws of the State of Qatar.
“Relevant Period”	The period commencing 5th May 2025, being six months prior to the date of the Announcement, and up to the Latest Practicable Date.
“Securities Lending Agreement”	The Global Master Securities Lending Agreement dated 27th January 2021 (as amended on 20th November 2024 and 12th September 2025) entered into between Swire Pacific, as lender, and HSBC, as borrower, in respect of 144,837,650 Shares.
“SFC”	The Securities and Futures Commission of Hong Kong.

DEFINITIONS

“SFO”	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time.
“Share Buy-back”	The possible purchase of the Buy-back Shares by the Company pursuant to the terms and conditions of the Buy-back Deed, which constitutes an off-market share buy-back by the Company pursuant to the Share Buy-backs Code.
“Share Buy-backs Code”	The Code on Share Buy-backs issued by the SFC, as amended, supplemented or otherwise modified from time to time.
“Share(s)”	Ordinary share(s) of the Company.
“Shareholder(s)”	Holder(s) of Shares.
“Stock Exchange”	The Stock Exchange of Hong Kong Limited.
“Swire Pacific”	Swire Pacific Limited, a company incorporated in Hong Kong, the shares of which are listed on the Stock Exchange (stock codes: 19 and 87).
“Swire Pacific Irrevocable Undertaking”	The deed of voting undertaking dated 5th November 2025 executed by Swire Pacific in favour of the Company.
“Takeovers Code”	The Code on Takeovers and Mergers issued by the SFC, as amended, supplemented or otherwise modified from time to time.
“%”	Per cent.

LETTER FROM THE BOARD



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 (*Chair*)
LAM, Siu Por Ronald
LAU, Hoi Zee Lavinia
MCGOWAN, Alexander James John
SHARPE, Rebecca Jane

Registered office:

31st Floor
One Pacific Place
88 Queensway
Hong Kong

Non-Executive Directors:

LIU, Tiexiang (*Deputy Chair*)
BRADLEY, Guy Martin Coutts, JP
MCCALLUM, Gordon Douglas
SUN, Yuquan
SWIRE, Merlin Bingham
TANG, Kin Wing Augustus
WANG, Mingyuan
XIAO, Feng

Independent Non-Executive Directors:

CHAN, Bernard Charnwut, JP
CHENG, Lily Ka Lai
MUELLER, Christoph Romanus
WANG, Xiao Bin

14th January 2026

To the Shareholders

Dear Sir or Madam,

POSSIBLE OFF-MARKET SHARE BUY-BACK AND NOTICE OF EXTRAORDINARY GENERAL MEETING

INTRODUCTION

Reference is made to the Announcement in relation to, among other things, the Share Buy-back.

The purposes of this circular are to provide you with, among other things, (i) details of the Buy-back Deed; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders on the Share Buy-back and the Buy-back Deed; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the

LETTER FROM THE BOARD

Independent Shareholders on the Share Buy-back and the Buy-back Deed; (iv) other information as required under the Listing Rules, the Takeovers Code and the Share Buy-Backs Code; and (v) the notice of the EGM.

SHARE BUY-BACK

On 5th November 2025, Qatar Airways executed the Deed of Undertaking in favour of the Company. Pursuant to and subject to the conditions of the Deed of Undertaking, Qatar Airways has irrevocably undertaken to the Company to execute the Buy-back Deed in relation to an off-market share buy-back by the Company of the 643,076,181 Shares owned by Qatar Airways, representing approximately 9.57% of the issued Shares as at the Latest Practicable Date, at the Buy-back Price of HK\$10.8374 for each Buy-back Share.

The Company is a company incorporated in Hong Kong. Under section 240 of the Companies Ordinance, a listed company may not enter into a contingent purchase contract relating to its shares prior to obtaining the requisite special resolution of its shareholders. Although the form of the Buy-back Deed has been negotiated and agreed between the Company and Qatar Airways, the Company will not execute the Buy-back Deed unless and until it has obtained approval from at least three-fourths of the votes cast on a poll by the Independent Shareholders present in person or by proxy at the EGM. It is the Company's intention to execute the Buy-back Deed as soon as reasonably practicable following the conclusion of the EGM if the requisite approval from the Independent Shareholders has been obtained.

THE DEED OF UNDERTAKING dated 5th November 2025

Parties

Seller: Qatar Airways

Purchaser: The Company

Principal Terms

Pursuant to the Deed of Undertaking, Qatar Airways has irrevocably undertaken to the Company that it shall, subject to: (a) the publication of an announcement within three business days of the date of the Deed of Undertaking; and (b) the approval of the Buy-back Deed and the Share Buy-back by at least three-fourths of the votes cast on a poll by the Independent Shareholders present in person or by proxy at the EGM, duly execute the Buy-back Deed as soon as reasonably practicable after conclusion of the EGM.

The Deed of Undertaking shall terminate at 5:00pm on 4th May 2026 or on such other date as may be agreed between Qatar Airways and the Company.

LETTER FROM THE BOARD

THE BUY-BACK DEED (AGREED FORM)

Parties

Seller: Qatar Airways

Purchaser: The Company

Buy-back Shares

Qatar Airways agrees to sell or procure the sale of, and the Company agrees to buy back, the Buy-back Shares (being an aggregate of 643,076,181 Shares), representing approximately 9.57% of the issued Shares as at the Latest Practicable Date and all of the Shares currently owned by Qatar Airways in the Company, respectively. Upon completion of the Share Buy-back, Qatar Airways will not own any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company.

Consideration

The consideration for the Share Buy-back was determined following commercial and arm's length negotiations between the Company and Qatar Airways taking into account the prevailing market conditions, and the Buy-back Price for each Buy-back Share (being HK\$10.8374 for each Buy-back Share) was determined between the Company and Qatar Airways by reference to the volume weighted average price per Share for the five trading days up to and including 3rd November 2025 less 3% discount. The consideration will be settled in cash by the Company from its internal resources and existing credit lines at completion.

For reference, the Buy-back Price of HK\$10.8374 for each Buy-back Share represents:

- (a) a discount of approximately 13.7% to the closing price of HK\$12.56 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (b) a discount of approximately 3.9% to the closing price of HK\$11.28 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (c) a discount of approximately 3.2% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Day of approximately HK\$11.19 per Share;
- (d) a discount of approximately 2.7% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the last 10 trading days up to and including the Last Trading Day of approximately HK\$11.14 per Share;

LETTER FROM THE BOARD

- (e) a premium of approximately 0.5% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the last 30 trading days up to and including the Last Trading Day of approximately HK\$10.78 per Share;
- (f) a premium of approximately 1.2% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the last 60 trading days up to and including the Last Trading Day of approximately HK\$10.71 per Share;
- (g) a discount of approximately 1.3% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the last 90 trading days up to and including the Last Trading Day of approximately HK\$10.98 per Share;
- (h) a premium of approximately 38.8% over the audited net asset value of the Company of approximately HK\$7.81 per Share as at 31st December 2024, calculated based on the Company's audited consolidated net asset value attributable to ordinary Shareholders of approximately HK\$52,500 million as at 31st December 2024 and 6,722,856,511 Shares in issue as at the Latest Practicable Date; and
- (i) a premium of approximately 41.1% over the unaudited net asset value of the Company of approximately HK\$7.68 per Share as at 30th June 2025, calculated based on the Company's unaudited consolidated net asset value attributable to ordinary Shareholders of approximately HK\$51,654 million as at 30th June 2025 and 6,722,856,511 Shares in issue as at the Latest Practicable Date.

The total consideration for the Share Buy-back is HK\$6,969,273,804.

Other than the total consideration for the Share Buy-back described above, the Company has not paid, and will not pay, any consideration or benefit in any form to Qatar Airways and/or any parties acting in concert with it in connection with the Share Buy-back.

As at the Latest Practicable Date, there is no outstanding declared but unpaid dividend in respect of the Shares.

Conditions

The Company will enter into the Buy-back Deed only if it is approved by at least three-fourths of the votes cast on a poll by the Independent Shareholders present in person or by proxy at the EGM duly convened and held in accordance with the Company's Articles of Association, the Share Buy-backs Code and the Companies Ordinance. It is the Company's intention to execute the Buy-back Deed as soon as reasonably practicable following the conclusion of the EGM if the requisite approval from the Independent Shareholders has been obtained.

LETTER FROM THE BOARD

The completion of the Share Buy-back will be subject to and conditional upon the prior and continued satisfaction (or, where applicable, waiver) of the following conditions:

- (a) the approval by the Executive of the Share Buy-back pursuant to the Share Buy-backs Code (and such approval not having been withdrawn) and the condition(s) of such approval, if any, having been satisfied;
- (b) the Executive granting a waiver to Swire Pacific and Air China waiving any obligation on the part of Swire Pacific, Air China or the Air China Subsidiaries under Note 6(b) to Rule 26.1 of the Takeovers Code to make a mandatory general offer for all the Shares upon completion of the Share Buy-back; and
- (c) each of the warranties set out in the Buy-back Deed remaining true and accurate in all material respects.

The conditions set out in paragraphs (a) and (b) cannot be waived by any party. Either Qatar Airways or the Company may waive the condition set out in paragraph (c), in each case with respect to the warranties given by the other.

If any of the conditions are not satisfied or (where applicable) waived on or before 5:00 p.m. on the Long Stop Date, either Qatar Airways or the Company may, in its/their sole discretion, terminate the Buy-back Deed.

On 8th January 2026, the Executive granted the MGO Waiver. Accordingly, as at the Latest Practicable Date, the condition set out in paragraph (b) above has been satisfied given that the MGO Waiver has been granted to Swire Pacific and none of Air China and the Air China Subsidiaries will trigger any obligation to make a mandatory general offer for all the Shares under Rule 26.1 upon completion of the Share Buy-back.

None of the other conditions have been satisfied as at the Latest Practicable Date.

Completion

Subject to the prior and continued satisfaction (or waiver) of the conditions, completion of the Share Buy-back shall take place on the third business day immediately following the date on which the last of the conditions set out in paragraphs (a) to (c) above is satisfied or such other date as the Company and Qatar Airways may agree.

The Company intends to hold the Buy-back Shares as treasury shares. Please refer to the section headed “PUBLIC FLOAT AND CAPITAL MANAGEMENT”.

LETTER FROM THE BOARD

IRREVOCABLE UNDERTAKINGS

As at the Latest Practicable Date:

- (a) Swire Pacific holds 2,896,753,089 Shares, representing approximately 43.09% of the issued Shares, out of which 144,837,650 Shares are subject to the Securities Lending Agreement and do not form part of the IU Shares; and
- (b) Air China is indirectly interested in 1,822,436,334 Shares, representing approximately 27.11% of the issued Shares.

On 5th November 2025, and as amended and restated on 5th January 2026 for the Air China Irrevocable Undertaking, each of the IU Shareholders executed an Irrevocable Undertaking in favour of the Company, pursuant to which, subject to the granting of a waiver by the Executive to Swire Pacific and Air China waiving any obligation on the part of Swire Pacific, Air China or the Air China Subsidiaries under Note 6(b) to Rule 26.1 of the Takeovers Code to make a mandatory general offer for all the Shares upon completion of the Share Buy-back (if required):

- (a) Swire Pacific has irrevocably undertaken to the Company to cast all votes in respect of the IU Shares held by it in favour of any resolution(s) put to the Shareholders at any general meeting to be convened in connection with the Share Buy-back to approve the Buy-back Deed and the Share Buy-back; and
- (b) Air China has irrevocably undertaken to the Company to, and procure the Air China Subsidiaries and its and their respective nominees (if any) to, cast all votes in respect of the IU Shares held by it or them in favour of any resolution(s) put to the Shareholders at any general meeting to be convened in connection with the Share Buy-back to approve the Buy-back Deed and the Share Buy-back.

Upon completion of the Share Buy-back, assuming that there is no other change in the issued share capital of the Company, the shareholding of Swire Pacific will increase from approximately 43.09% as at the Latest Practicable Date to approximately 47.65% (i.e. an increase exceeding the 2% “creeper” threshold under Rule 26.1 of the Takeovers Code), while the shareholding of Air China will increase from approximately 27.11% as at the Latest Practicable Date to approximately 29.98% (i.e. below the 30% “trigger” threshold under Rule 26.1 of the Takeovers Code). On 8th January 2026, the Executive granted the MGO Waiver.

Each of the IU Shareholders has also undertaken that, during the term of its Irrevocable Undertaking, it (and, in the case of Air China, the Air China Subsidiaries and its and their respective nominees (if any)) will not sell, transfer, dispose of, charge, pledge or otherwise encumber or grant any option or other right over or otherwise deal with any of the IU Shares or any interest in the IU Shares (whether conditionally or unconditionally), or otherwise enter into any agreement or arrangement with any person, whether conditionally or unconditionally, to do any of such acts.

LETTER FROM THE BOARD

Each Irrevocable Undertaking shall terminate at the earlier of (i) immediately following the conclusion of the EGM, and (ii) such other date as may be agreed between the relevant IU Shareholder and the Company.

During the Relevant Period, save for the disposal of 108,080,000 Shares by Easerich Investments Inc., one of the Air China Subsidiaries, at the price of HK\$12.22 per Share pursuant to the share placing agreement dated 5th January 2026, none of the IU Shareholders had dealt for value in any shares, convertible securities, warrants, options or derivatives of the Company.

REASONS FOR AND BENEFITS OF THE SHARE BUY-BACK

The Company was approached by Qatar Airways, which expressed its intention to dispose of all of its shareholding in the Company. Qatar Airways beneficially owns 643,076,181 Shares as at the Latest Practicable Date, representing approximately 9.57% of the issued Shares.

When deciding to propose the Share Buy-back and in arriving at the terms of the Share Buy-back, the Board had taken into consideration the following factors:

- (a) the consideration for the Share Buy-back was determined by reference to the volume weighted average price per Share for the five trading days up to and including 3rd November 2025 less 3% discount. In the light of the above, it is a good opportunity for the Company to enhance its earnings per Share;
- (b) the total consideration for the Share Buy-back amounts to HK\$6,969,273,804. Taking into account the resources of the Group, the total consideration for the Share Buy-back, as well as the future funding needs of the Group, the market conditions, the operational needs of the Group and the aviation industry generally, the Group will have cash sufficient to fund its operations following completion of the Share Buy-back; and
- (c) the Share Buy-back would achieve an orderly exit for Qatar Airways and minimise any potential significant market volatility which may be caused by the disposal of Qatar Airways' Shares in the market.

Taking into account the above, the Directors are of the view that the terms and conditions of the Share Buy-back Deed are fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

No Director has a material interest in the Deed of Undertaking, the Share Buy-back, the Buy-back Deed or the transactions contemplated thereunder. Accordingly, no Director was required to abstain from voting at the Board meeting approving the Deed of Undertaking, the Share Buy-back, the Buy-back Deed and the transactions contemplated thereunder.

LETTER FROM THE BOARD

SHAREHOLDING STRUCTURE

As at the Latest Practicable Date:

- (a) there are 6,722,856,511 Shares in issue;
- (b) save for the Bonds in the aggregate principal amount of HK\$30 million, which are convertible into 4,043,126 Shares at the adjusted conversion price of HK\$7.42 per Share, there are no outstanding warrants, options, derivatives or securities convertible into Shares and the Company has not entered into any agreement for the issue of such warrants, options, derivatives or securities convertible into Shares;
- (c) Qatar Airways beneficially owns, controls or has direction over 643,076,181 Shares (representing approximately 9.57% of the issued Shares as at the Latest Practicable Date);
- (d) save as disclosed in the section headed “EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY” below, Qatar Airways is not, having made all reasonable inquiries, aware of any party acting in concert with it which legally or beneficially owns, controls or has direction over any Shares;
- (e) Qatar Airways does not hold any securities, warrants or options convertible into or derivatives in respect of the Shares, and Qatar Airways is not, having made all reasonable inquiries, aware of any party acting in concert with it holding any such interests; and
- (f) Qatar Airways has not borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company, and Qatar Airways is not, having made all reasonable inquiries, aware of any party acting in concert with it having done so.

Qatar Airways has not acquired or disposed of any voting rights of the Company or dealt for value in any shares, convertible securities, warrants, options or derivatives in respect of the securities in the Company in the Relevant Period, and Qatar Airways is not, having made all reasonable inquiries, aware of any parties acting in concert with it having done so.

EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

Upon completion of the Share Buy-back, the Buy-back Shares will be transferred to the Company and held as treasury Shares. The percentage interest of all other Shareholders in the issued Shares (excluding treasury Shares, if any) will be proportionally increased.

LETTER FROM THE BOARD

Set out below for illustrative purposes is the shareholding structure of the Company as at the Latest Practicable Date and immediately after completion of the Share Buy-back, assuming there is no other change in the shareholdings of the Company before completion of the Share Buy-back:

	As at the Latest Practicable Date		Immediately after the completion of the Share Buy-back (excluding treasury Shares)	
	No. of Shares	%	No. of Shares	%
Qatar Airways and parties acting in concert with it				
Qatar Airways ⁽¹⁾	643,076,181	9.57	-	-
HSBC Life (International) Limited ⁽⁴⁾ (“INHK”)	19,000	0.00028	19,000	0.00031
IU Shareholders				
– Swire Pacific ⁽²⁾⁽³⁾	2,896,753,089	43.09	2,896,753,089	47.65
– Air China ⁽²⁾	<u>1,822,436,334</u>	<u>27.11</u>	<u>1,822,436,334</u>	<u>29.98</u>
Other Independent Shareholders				
	<u>1,360,571,907</u>	<u>20.24</u>	<u>1,360,571,907</u>	<u>22.38</u>
Total	6,722,856,511	100	6,079,780,330	100

Notes: As at the Latest Practicable Date:

- (1) Qatar Airways owns a total of 643,076,181 Shares as beneficial owner.
- (2) Under Section 317 of the SFO, each of Air China, China National Aviation Company Limited and Swire Pacific, being a party to the shareholders' agreement in relation to the Company dated 8th June 2006, is deemed to be interested in a total of 4,719,189,423 Shares, comprising:
 - a. 2,896,753,089 Shares directly held by Swire Pacific;
 - b. 1,822,436,334 Shares indirectly held by Air China and its subsidiaries, China National Aviation Company Limited, Most Known Investments Limited, Super Supreme Company Limited and Total Transform Group Limited, comprising the following Shares held by their wholly-owned subsidiaries: 472,248,545 Shares held by Angel Paradise Ltd., 351,574,615 Shares held by Custain Limited, 205,974,626 Shares held by Easerich Investments Inc., 310,870,873 Shares held by Grand Link Investments Holdings Ltd., 339,343,616 Shares held by Motive Link Holdings Inc. and 142,424,059 Shares held by Perfect Match Assets Holdings Ltd.
- (3) 144,837,650 Shares are subject to the Securities Lending Agreement.
- (4) HSBC is the financial adviser to Qatar Airways in respect of the Share Buy-back. Accordingly, HSBC and members of the HSBC Group (other than those which are exempt principal traders and/or exempt fund managers in their capacity as such, in each case recognised by the Executive as such for the purpose of the Takeovers Code and the Share Buy-backs Code) are presumed to be acting in concert with Qatar Airways in relation to the Company, in accordance with class (5) of the definition of “acting in concert” under the Takeovers Code and the Share Buy-backs Code (and accordingly except in respect of Shares (or options, warrants or derivatives in respect of them) held by exempt principal traders or

LETTER FROM THE BOARD

exempt fund managers, in each case recognised by the Executive as such for the purpose of the Takeovers Code and the Share Buy-backs Code, and excluding Shares (or options, warrants or derivatives in respect of them) held on behalf of non-discretionary investment clients of the HSBC Group). As at the Latest Practicable Date, INHK held 19,000 Shares. INHK is a member of the HSBC Group (and is neither an exempt principal trader nor an exempt fund manager) and, accordingly, it is presumed to be acting in concert with Qatar Airways in relation to the Company in accordance with class (5) of the definition of “acting in concert” under the Takeovers Code and the Share Buy-backs Code, and will abstain from voting on the resolution to be proposed at the EGM for approving the Buy-back Deed and the Share Buy-back.

(5) All percentages in the above table are approximations and subject to rounding.

PROFIT FORECAST

Reference is made to the November Traffic Figures Announcement. The Profit Forecast contained in the November Traffic Figures Announcement constitutes a profit forecast under Rule 10 of the Takeovers Code and should be reported on by the financial adviser and auditors of the Company in accordance with Rule 10 of the Takeovers Code. The Profit Forecast is extracted as follows:

“Projecting the 2025 full-year result to exceed last year’s performance”

“The Group projects a strong second-half financial result driven by increased capacity, solid passenger load factors and resilient cargo demand. This is partially offset by losses made by HK Express mainly due to various factors that negatively impacted travel demand to Japan.

The results from the Group’s associates, the majority of which are recognised three months in arrears, are expected to improve in the second half of 2025 as compared to the first half.

Additionally, the Group’s second-half result includes Other Income of approximately HK\$0.9 billion arising from a non-recurring gain on a supplier settlement agreement.

With respect to the Cathay Group’s consolidated 2025 full-year financial result, the second half of the year has historically been the stronger of the two halves for the Group and this has been the case this year as it was in 2024. Overall, the Group’s full-year consolidated financial result is expected to exceed last year’s solid performance.”

The Profit Forecast has been reported on by Somerley Capital Limited as the Independent Financial Adviser and KPMG as the auditors of the Company, and their reports have been included in this circular. Please refer to Appendix III headed “Letter from the Independent Financial Adviser on the Profit Forecast” and Appendix IV headed “Letter from KPMG on the Profit Forecast” of this circular for the relevant reports.

LETTER FROM THE BOARD

FINANCIAL EFFECTS OF THE SHARE BUY-BACK

NAV per Share

Assuming that the Share Buy-back had taken place on 30th June 2025 and that the Buy-back Shares had been bought back in full, the Company's unaudited net assets attributable to the Shareholders per Share (excluding treasury Shares) as at that date would have decreased by approximately 3.9% from approximately HK\$8.02 per Share to approximately HK\$7.71 per Share as a result of the Buy-back Price being higher than the NAV per Share as of 30th June 2025.

Earnings per Share

Assuming that the Share Buy-back had taken place on 1st January 2024 and that the Buy-back Shares had been bought back in full, the Share Buy-back would have resulted in an increase in the Group's basic earnings per Share (excluding treasury Shares) by approximately 11.1% based on the audited consolidated income statement of the Company for the year ended 31st December 2024.

Total liabilities and working capital

As the consideration for the Share Buy-back will be settled in cash by the Company from its internal resources and existing credit lines at completion, there will be an impact on the total liabilities and working capital in the amount of the cash consideration, as well as the gearing position of the Group. To the extent the Company draws from existing credit lines to settle all or part of the consideration for the Share Buy-back, the Company's total liabilities will increase by the amount drawn from such credit lines. To the extent the Company utilises its internal resources to settle all or part of the consideration for the Share Buy-back, the Company's working capital will decrease by the same amount. In either case, settlement of the consideration for the Share Buy-back will result in an increase in the gearing position of the Group. The cash payment for the consideration represents approximately 36.5% of the available unrestricted funds of the Group as at 31st December 2024; and approximately 32.4% of the available unrestricted funds of the Group as at 30th June 2025.

The Company considers that such impact will not have a material adverse effect on the working capital requirement or gearing level which in the opinion of the Directors are from time to time appropriate for the Group.

Based on the above, the Company considers that the Share Buy-back will have no material adverse effect on the Group's net assets per Share, basic earnings per Share, total liabilities or working capital.

LETTER FROM THE BOARD

SHAREHOLDING OF AND DEALING IN SECURITIES BY DIRECTORS

As at the Latest Practicable Date, none of the Directors or any person acting in concert with any of them had any interests or short positions in the shares, convertible securities, warrants, options or other derivatives of the Company.

During the Relevant Period, there had been no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which any Director or any person acting in concert with any of them had borrowed or lent.

During the Relevant Period, none of the Directors or any persons acting in concert with any of them had dealt for value in any shares, convertible securities, warrants, options or derivatives of the Company.

GENERAL INFORMATION

The Company

The Company is a company incorporated in Hong Kong with limited liability, whose shares are listed on the Stock Exchange.

As well as operating scheduled airline services, the Group is engaged in other related areas including airline catering, ground-handling, cargo terminal operations and loyalty and reward programmes. The airline operations are principally to and from Hong Kong, which is where most of the Group's other activities are also carried out.

Qatar Airways

Qatar Airways is a company organised under the laws of the State of Qatar.

Qatar Airways is principally engaged in business as a commercial airline.

Qatar Airways has been a Shareholder since it first attained a shareholding of approximately 9.99% of the issued Shares in 2018.

IMPLICATIONS UNDER THE SHARE BUY-BACKS CODE AND THE TAKEOVERS CODE

The Share Buy-back constitutes an off-market share buy-back by the Company under the Share Buy-backs Code. The Company has made an application to the Executive for approval of the Share Buy-back pursuant to Rule 2 of the Share Buy-backs Code. The Executive's approval, if granted, will be conditional upon, among other things, approval of the Share Buy-back by at least three-fourths of the votes cast on a poll by the Independent Shareholders present in person or by proxy at a general meeting of the Company.

LETTER FROM THE BOARD

The Company has consulted the Executive on the Takeovers Code and the Share Buy-backs Code implications of the Share Buy-back. The Executive has confirmed that Swire Pacific and Air China (and the Air China Subsidiaries) will be considered as “disinterested shareholders” under Rule 2 of the Share Buy-backs Code and may vote at the EGM in relation to the Share Buy-back. On 8th January 2026, the Executive granted the MGO Waiver.

OTHER ARRANGEMENTS

As at the Latest Practicable Date:

- (a) save for the Irrevocable Undertakings, none of the Company, Qatar Airways or, to the extent Qatar Airways is aware after having made all reasonable inquiries, any party acting in concert with it has secured an irrevocable commitment to vote in favour of or against the Buy-back Deed and/or the Share Buy-back;
- (b) save for the Deed of Undertaking, none of the Company, Qatar Airways or, to the extent Qatar Airways is aware after having made all reasonable inquiries, any party acting in concert with it has any arrangement (whether by way of option, indemnity or otherwise) under Note 8 to Rule 22 of the Takeovers Code in relation to the Shares or the shares of Qatar Airways which might be material to the Buy-back Deed and/or the Share Buy-back;
- (c) none of the Company, Qatar Airways or, to the extent Qatar Airways is aware after having made all reasonable inquiries, any party acting in concert with it has any agreement or arrangement to which Qatar Airways or, to the extent Qatar Airways is aware after having made all reasonable inquiries, any party acting in concert with it is a party which relates to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Buy-back Deed and/or the Share Buy-back;
- (d) there is no understanding, arrangement or agreement or special deal (as defined under Rule 25 of the Takeovers Code) between Qatar Airways or, to the extent Qatar Airways is aware after having made all reasonable inquiries, any party acting in concert with it on the one hand, and the Company or any party acting in concert with it on the other hand; and
- (e) there is no understanding, arrangement or agreement or special deal (as defined under Rule 25 of the Takeovers Code) between (i) any Shareholder; and (ii)(a) Qatar Airways or, to the extent Qatar Airways is aware after having made all reasonable inquiries, any party acting in concert with it; or (b) the Company, its subsidiaries or associated companies.

LETTER FROM THE BOARD

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

Following consultation with the Executive in connection with the Irrevocable Undertakings, the Independent Board Committee will comprise all the independent non-executive Directors, namely Bernard Chan, Lily Cheng, Christoph Mueller and Wang Xiao Bin, all of whom do not have any direct or indirect interest in the Share Buy-back. Each of the non-executive Directors, who has been nominated by either Swire Pacific or Air China (each an IU Shareholder), will not form part of the Independent Board Committee.

The letter of recommendation from the Independent Board Committee to the Independent Shareholders is set out on pages 23 to 24 of this circular.

Somerley Capital Limited has been appointed as the Independent Financial Adviser with the approval of the Independent Board Committee to advise the Independent Board Committee and the Independent Shareholders in this regard and in particular as to whether the Share Buy-back is, or is not, fair and reasonable so far as the Independent Shareholders are concerned and is in the interests of the Independent Shareholders and as to voting. The letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders is set out on pages 25 to 52 of this circular.

PUBLIC FLOAT AND CAPITAL MANAGEMENT

Public Float

The Company has a public float of approximately 29.80% of the issued Shares as at the Latest Practicable Date, which includes the Buy-back Shares. Upon completion of the Share Buy-back and assuming that there is no other change in shareholding of the Company, the public float of the Company will be reduced to approximately 22.38% of the issued Shares (excluding treasury Shares, if any) which is below the minimum prescribed percentage of 25% under Rule 8.08 of the Listing Rules.

The Company has applied to the Stock Exchange and the Stock Exchange has granted the Public Float Waiver, subject to the condition that the details and rationale of the Public Float Waiver are disclosed by way of an announcement. Subsequently and up to the Latest Practicable Date, the Company issued an aggregate of 283,447,261 Shares upon the exercise of conversion rights attached to the Bonds, as a result of which the public float of the Company increased from approximately 25.04% as at the date of the Public Float Waiver to approximately 29.80% as at the Latest Practicable Date.

The Stock Exchange has granted the Public Float Waiver on the basis of the reasons set out in the Company's application which include, among others, (a) the unique nature of the Share Buy-back, (b) the Company's market capitalisation satisfies the threshold for a minimum public float waiver ordinarily applied to a new listing, and (c) the reduction is not expected to have a material impact on the market liquidity in the Shares as Qatar Airways has not actively traded the Shares since it first attained a shareholding of approximately 9.99% of the issued Shares in 2018 and the "de facto" public float of the Company available in the market has been significantly lower than 25% since then but the Company has continued to maintain an open and liquid market in the Shares.

LETTER FROM THE BOARD

For further information regarding the Company's management of its capital structure, please refer to the Announcement.

EGM AND PROXY ARRANGEMENT

The EGM will be held at 2:30 p.m. on Thursday, 12th February 2026 at Ballroom, Level 5, Island Shangri-La Hong Kong, Pacific Place, Supreme Court Road, Central, Hong Kong for the Independent Shareholders to consider and, if thought fit, approve the Share Buy-Back. A notice convening the EGM is set out on pages 71 to 72 of this circular. Only the Independent Shareholders will be entitled to vote at the EGM.

As required by the Share Buy-backs Code, Qatar Airways (which beneficially holds in aggregate 643,076,181 Shares, representing approximately 9.57% of the issued Shares as at the Latest Practicable Date) and the parties acting in concert with it will abstain from voting on the resolution to be proposed at the EGM for approving the Buy-back Deed and the Share Buy-back. Save for Qatar Airways and parties acting in concert with it, no Shareholder is required to abstain from voting on the resolution approving the Buy-back Deed and the Share Buy-back. Shares held by any member of the HSBC Group acting in the capacity of an exempt principal trader shall not be voted at the EGM in accordance with the requirement of Rule 35.4 of the Takeovers Code, unless otherwise confirmed with the Executive.

Pursuant to Rule 2 of the Share Buy-Backs Code, all votes of the Independent Shareholders on the resolution at the EGM will be taken by poll.

All forms of proxy must be deposited with the Company's share registrars, 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. In calculating the period mentioned for depositing the form of proxy, no account is to be taken of any part of a day that is a public holiday. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM (or any adjourned thereof) should you so wish.

RECORD DATE

The record date for the purpose of determining the entitlements to attend and vote at the EGM will be Thursday, 12th February 2026. The register of members will be closed from Monday, 9th February 2026 to Thursday, 12th February 2026, both days inclusive. In order to be entitled to attend and vote at the EGM, all transfers should be lodged with the Company's share registrars, Computershare Hong Kong Investor Services Limited, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Friday, 6th February 2026.

LETTER FROM THE BOARD

RECOMMENDATION

The Directors (including the independent non-executive Directors who are members of the Independent Board Committee), having taken into account the advice of the Independent Financial Adviser, consider that the Share Buy-Back is fair and reasonable so far as the Independent Shareholders are concerned and is in the interests of the Independent Shareholders. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the relevant resolution to be proposed at the EGM to approve the Buy-back Deed and the Share Buy-back.

Your attention is drawn to the letter of recommendation from the Independent Board Committee to the Independent Shareholders set out on pages 23 to 24 of this circular and the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders set out on pages 25 to 52 of this circular, which contain their respective recommendation and advice in respect of the Share Buy-Back. The Independent Shareholders are advised to read the aforesaid letters before deciding as to how to vote on the relevant resolution to be proposed at the EGM.

ADDITIONAL INFORMATION

Your attention is also drawn to the information set out in the appendices to this circular.

Shareholders and potential investors in the Company should be aware that the proposed Share Buy-back is subject to the conditions set out in this circular, and consequently the proposed Share Buy-back may or may not proceed. Accordingly, Shareholders and potential investors in the Company are advised to exercise caution when dealing in the Shares and the other securities of the Company.

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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of the letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Share Buy-Back and the Buy-back Deed for the purpose of inclusion in this circular.



14th January 2026

To the Independent Shareholders

Dear Sir or Madam,

POSSIBLE OFF-MARKET SHARE BUY-BACK

We refer to the circular issued by the Company dated 14th January 2026 (the “Circular”) of which this letter forms part. Capitalised terms used herein shall have the same meanings as defined in the Circular unless the context requires otherwise.

We have been appointed by the Board as the Independent Board Committee to consider and advise the Independent Shareholders as to whether, in our opinion, the Share Buy-Back is fair and reasonable so far as the Independent Shareholders are concerned and to advise the Independent Shareholders on how to vote at the EGM.

Somerley Capital Limited, with our approval, has been appointed as the Independent Financial Adviser to advise us in this respect. Details of the advice from Somerley Capital Limited, together with the principal factors and reasons taken into consideration in arriving at such advice, are set out in their letter on pages 25 to 52 of the Circular. Your attention is also drawn to the letter from the Board set out on pages 7 to 22 of the Circular and the additional information set out in the appendices to the Circular.

Having considered the terms of the Share Buy-Back, the advice from the Independent Financial Adviser and the principal factors and reasons taken into consideration by the Independent Financial Adviser, we are of the opinion that the Share Buy-back is fair and reasonable so far as the Independent Shareholders are concerned, and is in the interests of the Independent Shareholders.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Buy-back Deed and the Share Buy-Back.

Yours faithfully,
For and on behalf of the Independent Board Committee of
CATHAY PACIFIC AIRWAYS LIMITED

CHAN, Bernard Charnwut, JP
Independent non-executive Director

CHENG, Lily Ka Lai
Independent non-executive Director

MUELLER, Christoph Romanus
Independent non-executive Director

WANG, Xiao Bin
Independent non-executive Director

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter of advice from Somerley Capital Limited to the Independent Board Committee and the Independent Shareholders in respect of the Share Buy-back and the Buy-back Deed, which has been prepared for the purpose of inclusion in this circular.



SOMERLEY CAPITAL LIMITED
20th Floor
China Building
29 Queen's Road Central
Hong Kong

14th January 2026

To: the Independent Board Committee and the Independent Shareholders

Dear Sirs,

POSSIBLE OFF-MARKET SHARE BUY-BACK

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Share Buy-back. Details of the Share Buy-back are set out in the circular of the Company dated 14th January 2026 (the “Circular”), of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

On 5th November 2025, Qatar Airways executed the Deed of Undertaking in favour of the Company, pursuant to which Qatar Airways has irrevocably undertaken to the Company to execute the Buy-back Deed in relation to an off-market share buy-back by the Company of the 643,076,181 Shares owned by Qatar Airways, representing approximately 9.57% of the issued Shares as at the Latest Practicable Date, at the Buy-back Price of HK\$10.8374 for each Buy-back Share and at a total consideration of approximately HK\$7.0 billion. Upon completion of the Share Buy-back, the Buy-back Shares will be transferred to the Company and held as treasury Shares.

The Share Buy-back constitutes an off-market share buy-back by the Company under the Share Buy-backs Code. The Company has made an application to the Executive for approval of the Share Buy-back pursuant to Rule 2 of the Share Buy-backs Code. The Executive’s approval, if granted, will be conditional upon, among other things, approval of the Share Buy-back by at least three-fourths of the votes cast on a poll by the Independent Shareholders present in person or by proxy at a general meeting of the Company.

The Company has consulted the Executive on the Takeovers Code and the Share Buy-backs Code implications of the Share Buy-back. The Executive has confirmed that Swire Pacific and Air China (and the Air China Subsidiaries) will be considered as “disinterested

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

shareholders” under Rule 2 of the Share Buy-backs Code and may vote at the EGM in relation to the Share Buy-back. On 8th January 2026, the Executive has granted the MGO Waiver, waiving the obligation on the part of Swire Pacific under the Takeovers Code to make a mandatory general offer for all the Shares upon completion of the Share Buy-back.

The Independent Board Committee, comprising all the independent non-executive Directors, namely Bernard Chan, Lily Cheng, Christoph Mueller and Wang Xiao Bin, has been formed to advise the Independent Shareholders on (i) whether the Share Buy-back is fair and reasonable so far as the Independent Shareholders are concerned; and (ii) how the Independent Shareholders should vote in respect of the resolution to be proposed at the EGM to approve the Buy-back Deed and the Share Buy-back. Each of the non-executive Directors, who has been nominated by either Swire Pacific or Air China (each an IU Shareholder), will not form part of the Independent Board Committee. With the approval of the Independent Board Committee, we, Somerley Capital Limited, have been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

During the past two years, we have acted as the independent financial adviser to the Company in relation to private independent opinions on certain transactions. The past engagements were limited to providing independent advisory services to the Company, for which Somerley Capital Limited received normal professional fees. Accordingly, we do not consider the above engagements give rise to any conflict of interest for us in acting as the Independent Financial Adviser in this case. As at the Latest Practicable Date, there were no relationships or interests between (a) Somerley Capital Limited and (b) the Company, Swire Pacific, Air China, Qatar Airways, their respective substantial shareholders, subsidiaries and associates, or any party acting, or presumed to be acting with any of them that could reasonably be regarded as a hindrance to our independence as defined under Rule 13.84 of the Listing Rules to act as the Independent Financial Adviser. Apart from normal professional fees paid or payable to us in connection with this appointment, and except as disclosed above, no arrangement exists whereby we will receive any fees or benefits from the Company, Swire Pacific, Air China, Qatar Airways, their respective substantial shareholders, subsidiaries or associates, or any party acting, or presumed to be acting with any of them.

In formulating our opinion and recommendation, we have relied on the information and facts supplied, and the opinions expressed, by the Directors and the management of the Company and have assumed that they are true, accurate and complete in all material aspects and will remain so up to the time of the EGM. We have reviewed (i) the Deed of Undertaking and the draft Buy-back Deed (agreed form), (ii) the annual reports of the Company for the years ended 31st December 2024 and 2023, (iii) the interim report of the Company for the six months ended 30th June 2025, and (iv) relevant information as set out in the Circular, including the Directors’ statements set out in the section headed “Material Change” in Appendix I to the Circular. We have also reviewed the share price performance and trading liquidity of the Shares since the beginning of 2025. We have sought and received confirmation from the Directors that all material relevant information has been supplied to us and that no material facts have been omitted from the information supplied and opinions expressed to us. We have no reason to believe that any material information has been omitted or withheld from us, or to doubt the

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

truth, accuracy or completeness of the information provided. We have relied on such information and consider that the information we have received is sufficient for us to reach an informed view. We have, however, not conducted any independent investigation into the business, affairs and financial position of the Company, Swire Pacific, Air China, Qatar Airways, their respective substantial shareholders, subsidiaries or associates, or any party acting or presumed to be acting in concert with any of them, nor have we carried out any independent verification of the information supplied. We have also assumed that all information and representations contained or referred to in the Circular were true, accurate and complete up to the time of the EGM. Shareholders will be informed as soon as possible if we become aware of any material change to such information and representations.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion and recommendation on the Share Buy-back, we have taken into account the following principal factors and reasons:

1. Information on the Group and Qatar Airways

The Group

The Company is incorporated in Hong Kong with limited liability. The Shares are listed on the Main Board of the Stock Exchange (Stock Code: 293) and the Company had a market capitalisation of approximately HK\$84.4 billion as at the Latest Practicable Date.

As at the Latest Practicable Date, Swire Pacific and Air China held 2,896,753,089 and 1,822,436,334 Shares (representing approximately 43.09% and 27.11% of the issued Shares, respectively) and they were deemed to be interested in approximately 70.20% of the issued Shares.

As a leading premium travel lifestyle brand based in Hong Kong, the Group offers products and services mainly through its (i) premium full-service airline Cathay Pacific, (ii) cargo business Cathay Cargo, (iii) low-cost airline Hong Kong Express Airways Limited (“**HK Express**”), and (iv) service provider Lifestyle. Other businesses of the Group include catering, laundry, ground-handling and cargo terminal companies. As at 30th June 2025, the Group had 234 owned and leased aircraft, offering scheduled services to more than 100 destinations worldwide. Furthermore, the Group serves an additional 155 destinations through codeshare agreements.

The aviation industry, including the Group, encountered significant challenges during the COVID-19 pandemic and the consequential travel restrictions and quarantine requirements imposed worldwide. Under these circumstances, the Company completed a HK\$39.0 billion recapitalisation proposal in 2020, comprised of: (i) the issuance of preference shares and warrants to Aviation 2020 Limited; (ii) a rights issue; and (iii) a bridge loan facility extended by Aviation 2020 Limited.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In 2023 and 2024, the Hong Kong aviation industry witnessed a sustained recovery from the pandemic, during which the Group recorded substantial net profits attributable to ordinary Shareholders of approximately HK\$9.1 billion and HK\$9.6 billion respectively. In 2024, the Group transported over 28 million passengers, reflecting an approximately 30.7% year-on-year increase, and handled over 1.5 million tonnes of cargo, up by approximately 11% from 2023.

Against the background of the Group's improving performance, the Company redeemed and cancelled all its preference shares, with the principal amount of HK\$19.5 billion, by July 2024. In September 2024, the Company repurchased its outstanding warrants at a consideration of approximately HK\$1.5 billion. In late 2024 and early 2025, the Company repurchased part of its convertible bonds due 2026 (i.e. the Bonds) with a principal amount of approximately HK\$4.6 billion.

In 2025, the Group continues to demonstrate steady and positive development. On 6 August 2025, the Company announced the acquisition of 14 Boeing 777-9 aircraft, to enable future growth and progressively replace a portion of the Company's existing fleet of long-haul widebody aircraft. In the first eleven months of 2025, Cathay Pacific and HK Express recorded approximately 27.0% and 30.4% year-on-year increases in passengers carried respectively, while Cathay Cargo recorded approximately 9.8% year-on-year increase in cargo carried.

Qatar Airways

As the national flag carrier of Qatar, Qatar Airways is a company organised under the laws of the State of Qatar and it primarily operates passenger and cargo air transport services to over 170 global destinations from its base at Hamad International Airport in Doha. Both Qatar Airways and the Company are members of the "oneworld" global alliance.

In 2017, Qatar Airways acquired an approximately 9.61% of the then issued Shares from Kingboard Chemical Holdings Limited (now known as Kingboard Holdings Limited), a company listed on the Main Board of the Stock Exchange, for approximately HK\$5.2 billion in cash. Subsequently, Qatar Airways acquired additional Shares, and participated in the rights issue of the Company in 2020 as described above. As at the Latest Practicable Date, Qatar Airways held 643,076,181 Shares, representing approximately 9.57% of the issued Shares.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

2. Financial information of the Group

Financial performance

The following table sets out a summary of the consolidated statements of profit or loss of the Group for the three years ended 31st December 2022, 2023 and 2024, and for the six months ended 30th June 2024 and 2025, as extracted from the Company's 2023 and 2024 annual reports and 2025 interim report:

	For the six months ended				
	30th June		For the year ended 31st December		
	2025 HK\$ million (unaudited)	2024 HK\$ million (unaudited)	2024 HK\$ million (audited)	2023 HK\$ million (audited)	2022 HK\$ million (audited and restated)
Total revenue	54,309	49,604	104,371	94,485	51,036
Operating expenses	(48,383)	(43,697)	(91,194)	(81,486)	(47,565)
Operating profit before non-recurring items	5,926	5,907	13,177	12,999	3,471
Non-recurring items (Note)	–	109	751	2,126	–
Operating profit after non-recurring items	5,926	6,016	13,928	15,125	3,471
Profit/(loss) for the period/year	3,651	3,613	9,888	9,790	(6,622)
Profit/(loss) for the period/year attributable to ordinary Shareholders	3,651	3,372	9,607	9,067	(7,237)
Earnings/(loss) per ordinary Share					
Basic (HK cents)	56.7	52.4	149.2	140.8	(112.4)
Diluted (HK cents)	54.8	47.0	133.2	125.8	(112.4)
Dividends per ordinary Share (HK cents)	20.0	20.0	69.0	43.0	Nil

Note: Non-recurring items in 2023 and 2024 were mainly related to gains on deemed partial disposals of the Group's associates, being Air China and Air China Cargo Co., Ltd. ("Air China Cargo"), as a result of Air China and Air China Cargo issuing new shares to investors on certain occasions in 2023 and 2024.

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Recovering from the negative impact of COVID-19 and the removal of travel restrictions and quarantine requirements in Hong Kong in early 2023, the revenue of the Group showed a substantial increase in 2023, and a further growth in 2024. Total revenue of the Group in 2024 rose by approximately 10.5% annually to approximately HK\$104.4 billion, which was mainly driven by elevated cargo demand, higher passenger volumes and cargo capacity, lower fuel prices and higher cost efficiencies. The increase in total revenue was partially offset by the continued normalization of passenger yields, as flight supply expanded to meet anticipated market demand and substantially recovered from the adverse impact of COVID-19 on air transport. In the first half of 2025, total revenue of the Group rose further by approximately 9.5% year-on-year to approximately HK\$54.3 billion, mainly attributable to higher capacity and traffic and partially offset by reduction in passenger and cargo yields.

Operating expenses of the Group mainly comprise (i) staff costs, (ii) landing, parking and route expenses, (iii) fuel expenses, including hedging gains or losses, and (iv) aircraft maintenance, depreciation and rentals. Operating expenses were much lower in 2022 due to the negative impact of COVID-19 on air transport but increased from operating more flights in 2023 and 2024. In the first half of 2025, operating expenses of the Group increased by approximately 10.7% year-on-year, largely in line with the growth in total revenue.

After the substantial losses incurred during the pandemic, the Group turned around to a profit attributable to ordinary Shareholders in 2023 of approximately HK\$9.1 billion, and recorded a further increase to approximately HK\$9.6 billion in 2024. The increase in profit during the past two years was mainly due to the significant increase in total revenue, improvement in operating profit and the turnaround from sharing of losses of associates to the sharing of profits of associates in 2024. The difference between profit or loss attributable to ordinary Shareholders and the profit or loss during the above periods under review mainly represented dividends attributable to holders of the Company's preference shares, which were fully redeemed in 2024. In the first half of 2025, the Group continued to record a steady profit growth. Profit attributable to ordinary Shareholders increased by approximately 8.3% year-on-year to approximately HK\$3.7 billion.

On 22nd December 2025, the Company published the November Traffic Figures Announcement, disclosing that (i) the Group's expected results of the second half of 2025 exceeding the results of the first half of 2025; and (ii) the Group's expected results of the full year of 2025 exceeding the results of the full year of 2024 (collectively, the "**Statement**"). As stated in the same announcement, the Group projected a strong second-half financial result driven by increased capacity, solid passenger load factors and resilient cargo demand, partially offset by losses made by HK Express mainly due to negatively impacted travel demand to Japan. It was also stated in the November Traffic Figures Announcement that results from the Group's associates are expected to improve in the second half of 2025 as compared to the first half, and that the Group's second-half results included a non-recurring gain of approximately HK\$0.9 billion on a supplier settlement agreement. The Statement constitutes a profit forecast under Rule 10 of the Takeovers Code and has been reported on by us and the auditors of the Company in accordance with Rule 10 of the Takeovers Code, the relevant reports of which are set out in Appendix III and IV to the Circular respectively.

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As set out in its 2024 annual report, the Company's dividend policy is to distribute approximately half of its consolidated profit after tax, excluding non-cash exceptional items, subject to consideration of various factors, such as the Company's own profitability and financial position, trading conditions and the prevailing and forecast economic environment. Following the return to profitability in 2023 and 2024, the Company declared dividends of HK\$0.43 and HK\$0.69 per ordinary Share for the financial years 2023 and 2024 respectively. On 6th August 2025, the first interim dividend of HK\$0.20 per ordinary Share was declared, totalling approximately HK\$1.3 billion. The Shares have been traded ex-dividend from 3rd September 2025, and the interim dividend was paid on 9th October 2025 to the ordinary Shareholders.

Financial position

The following table sets out a summary of the consolidated statements of financial position of the Group as at 31st December 2022, 2023 and 2024 and as at 30th June 2025, as extracted from the Company's 2023 and 2024 annual reports and 2025 interim report:

	As at			
	30th June		As at 31st December	
	2025	2024	2023	2022
	HK\$ million (unaudited)	HK\$ million (audited)	HK\$ million (audited)	HK\$ million (audited and restated)
Property, plant and equipment	116,085	116,457	116,088	118,855
Intangible assets	14,375	14,420	14,539	14,800
Investments in associates	16,497	16,371	16,046	16,492
Trade and other receivables	7,895	7,326	6,252	6,921
Liquid funds	8,912	10,534	15,530	18,277
Other assets	6,538	6,136	5,660	5,569
Total assets	170,302	171,244	174,115	180,914
Interest-bearing liabilities	65,254	68,475	68,294	77,106
Trade and other payables	18,503	18,477	17,238	11,199
Contract liabilities	21,080	18,562	15,475	13,819
Other liabilities	13,804	13,223	13,075	14,981
Total liabilities	118,641	118,737	114,082	117,105

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	As at		As at 31st December	
	30th June 2025	2024	2023	2022
	HK\$ million (unaudited)	HK\$ million (audited)	HK\$ million (audited)	HK\$ million (audited and restated)
Share capital	28,841	28,841	28,828	48,322
Reserves	22,813	23,659	31,198	15,481
Funds attributable to the shareholders of the Group	51,654	52,500	60,026	63,803
Non-controlling interests	7	7	7	6
Total equity	51,661	52,507	60,033	63,809

Property, plant and equipment of the Group, mainly representing aircraft and related equipment, constituted a majority of the Group's total assets. The Group's liquid funds of approximately HK\$8.9 billion as at 30th June 2025 mainly consisted of funds with investment managers of approximately HK\$3.8 billion, cash and cash equivalents of approximately HK\$3.3 billion and short-term deposits maturing beyond three months when placed of approximately HK\$1.8 billion.

As at 30th June 2025, the Group had interest-bearing liabilities of approximately HK\$65.3 billion, comprising (i) loans and other borrowings of approximately HK\$37.3 billion, which includes the liability component of the remaining Bonds, and (ii) lease liabilities of approximately HK\$28.0 billion, mainly in respect of aircraft and related equipment, other equipment and buildings. As at the Latest Practicable Date, the Bonds remaining outstanding had a principal amount of approximately HK\$30 million, convertible into approximately 4.0 million shares.

As at 30th June 2025, funds attributable to the shareholders of the Group were approximately HK\$51.7 billion, or approximately HK\$8.02 per Share based on the 6,439,409,250 Shares in issue as at the end of June 2025.

As at 30th June 2025, the Group recorded net borrowings, calculated as the interest-bearing liabilities minus liquid funds, of approximately HK\$56.3 billion. The net debt/equity ratio, calculated as the net borrowings divided by the funds attributable to the shareholders of the Group, and the adjusted net debt/equity ratio (excluding leases without assets transfer components) decreased to approximately 1.09 times and 0.87 times, respectively, as at 30th June 2025. As at 30th June 2025, the Group had available unrestricted liquidity of approximately HK\$21.5 billion, comprising mainly liquid funds of approximately HK\$8.9 billion and committed undrawn facilities of approximately HK\$12.6 billion.

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As set out in the section headed “Indebtedness” in Appendix I to the Circular, as at 31st October 2025, the Group had (i) loans and other borrowings of approximately HK\$31.9 billion, and (b) lease liabilities of approximately HK\$26.9 billion.

Cash flows

The following table sets out a summary of the consolidated statements of cash flows of the Group for the three years ended 31st December 2022, 2023 and 2024, and for the six months ended 30th June 2025, as extracted from the Company’s 2023 and 2024 annual reports and 2025 interim report:

	For the six months ended				
	30th June		For the year ended 31st December		
	2025 HK\$ million (unaudited)	2024 HK\$ million (unaudited)	2024 HK\$ million (audited)	2023 HK\$ million (audited)	2022 HK\$ million (audited)
Net cash inflow from operating activities	11,153	10,613	23,541	26,408	17,836
Net cash outflow from investing activities	(4,267)	(4,082)	(6,082)	(2,668)	(2,760)
Net cash outflow from financing activities	(9,130)	(4,779)	(19,384)	(23,178)	(16,236)

The Group recorded healthy net cash inflow from operating activities in recent financial years to fund its investing and financing activities, with over HK\$20 billion of net cash inflow in years 2023 and 2024, and over HK\$11 billion of net cash inflow in the first half of 2025, due to the improvements in business operations and financial performance as discussed above. Net cash outflow from investing activities increased by approximately 128.0% and 4.5% year-on-year to approximately HK\$6.1 billion and HK\$4.3 billion in 2024 and the first half of 2025 respectively, mainly related to the acquisition of aircraft and related equipment. As discussed in the section above headed “1. Information on the Group and Qatar Airways”, the Company has been repaying various indebtedness raised during the pandemic, including the redemption of preference shares and repurchase of warrants and a part of the Bonds, and has resumed the distribution of dividends to ordinary Shareholders, which caused an elevated level of net cash outflow from financing activities during the above periods.

Prospects

According to the press releases (the “**Press Releases**”) published by Airport Authority Hong Kong regarding Hong Kong International Airport (“**HKIA**”), air traffic at HKIA experienced a robust growth in 2024, with passenger numbers increased by approximately 34.3% year-on-year to approximately 53.1 million, while total cargo throughput registered an annual growth of approximately 14.0% to approximately 4.9 million tonnes. In the first eleven months of 2025, air traffic at HKIA continued to grow steadily, the passenger volume and cargo

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throughout further increased to over 55 million and 4.6 million tonnes, representing increases of approximately 15.3% and 2.7% year-on-year, respectively. The increases were facilitated by the completion and opening of the Three-runway System at HKIA in late 2024 and the increases in transfer/transit passengers and visitors.

As announced on 21st January 2025, the Group has successfully rebuilt its passenger and cargo businesses over the past two years, reaching 100% of pre-pandemic flight levels from January 2025. As mentioned in the Company's 2025 interim report, as at 30th June 2025, the Group offers scheduled services to more than 100 destinations worldwide, and will continue to add more flights and destinations for its customers, in addition to introducing more customer experience enhancements.

The Group is exposed to a wide range of risks, some of which are beyond the Group's control, including the risk arising from the global geopolitical events that may lead to, among others, closure or restriction of access to airspace or airports, increase in the price of commodities and volatility in the global economy and financial markets. Ongoing trade conflicts may also post challenges and uncertainties for the Group's cargo business in the near term. These in turn may affect the financial performance of the Group.

Nevertheless, the management of the Group remain confident in and committed to the development of the Hong Kong international aviation hub, demonstrated by the Group's investments totalling over HK\$100 billion into its fleet, cabin and lounge products, and digital leadership. According to the Press Releases, when fully operational, the Three-runway System will expand handling capacity at HKIA to serve 120 million passengers and handle 10 million tonnes of cargo annually in about 10 years. This represents more than a two-fold increase from the 53.1 million passengers served and the 4.9 million tonnes of cargo handled in 2024. In terms of air cargo, HKIA has consistently been named the world's busiest cargo airport since 2010. The Hong Kong Government and Airport Authority Hong Kong have been considering adopting various initiatives to consolidate HKIA's cargo transport leading position. For example, Airport Authority Hong Kong has been working closely with the world's leading international express service providers to develop and launch new hub facilities at HKIA, and with PRC authorities/partners to develop the air-to-sea intermodal cargo transshipment mode, such as HKIA Logistics Park in Dongguan, which was launched in December 2023. As the flag carrier of Hong Kong, Cathay Pacific, HK Express and Cathay Cargo are expected to benefit from the growth potential and opportunities brought by the Three-runway System and the co-operation with other cities of the Greater Bay Area as discussed above.

3. Reasons for and benefits of the Share Buy-back

It was disclosed in the Announcement that the Company was approached by Qatar Airways informing the Company of an intention to dispose of its shareholding in the Company, being approximately 643,076,181 Shares or approximately 9.57% of the issued Shares as at the Latest Practicable Date. When considering the Share Buy-back, the Board has taken into account the benefits of an orderly exit and avoiding the potentially undesirable results if the Shares held by Qatar Airways were to be disposed without the Company's involvement. Such

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alternatives may include the selling of such substantial stake by Qatar Airways to one or more third parties. It would be unclear as to whether such third party(ies) would hold the Shares for long-term investment purpose or for short-term speculation, which may lead to unwanted volatility in the market prices of the Shares.

Another alternative would be for Qatar Airways to sell its Shares on-market on the Stock Exchange. Given the substantial size of Qatar Airways' Shares valued at approximately HK\$7.0 billion based on the Buy-back Price, such on-market disposal may create substantial downward pressure on the market prices of the Shares, as further analysed in the section below headed "5. Analysis of historical share price performance and trading volume".

We consider the Share Buy-back to be a strategic move by the Company to avoid the potentially undesirable results explained above. At the same time, it creates an opportunity to acquire the Shares at a small discount to recent market prices and to enhance earnings per Share, as further analysed in this letter.

4. Principal terms of the Deed of Undertaking and the Buy-back Deed

Set out below is a summary of the principal terms of the Deed of Undertaking and the Buy-back Deed (agreed form). Further details of the Deed of Undertaking and the Buy-back Deed are set out in the letter from the Board.

The Deed of Undertaking

Subject Matter

Qatar Airways (as the Seller) has irrevocably undertaken to the Company (as the Purchaser) that it shall, subject to (a) the publication of the Announcement within three business days of the date of the Deed of Undertaking; and (b) the approval of the Buy-back Deed and the Share Buy-back by at least three-fourths of the votes cast on a poll by the Independent Shareholders present in person or by proxy at the EGM, duly execute the Buy-back Deed as soon as reasonably practicable after the conclusion of the EGM.

The Deed of Undertaking shall terminate at 5:00 p.m. on 4th May 2026 or on such other date as may be agreed between Qatar Airways and the Company.

The Buy-back Deed (agreed form)

Subject Matter

Qatar Airways (as the Seller) agrees to sell or procure the sale of, and the Company (as the Purchaser) agrees to buy back, the Buy-back Shares (being an aggregate of 643,076,181 Shares), representing approximately 9.57% of the issued Shares as at the Latest Practicable

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Date and all of the Shares currently owned by Qatar Airways in the Company, respectively. Upon completion of the Share Buy-back, Qatar Airways will not own any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company.

The consideration for the Share Buy-back was determined following commercial arms' length negotiations between the Company and Qatar Airways taking into account the prevailing market conditions. The Buy-back Price for each Buy-back Share (being HK\$10.8374 for each Buy-back Share) was determined between the Company and Qatar Airways by reference to the volume weighted average price ("VWAP") per Share for the five trading days up to and including 3rd November 2025 less a 3% discount. The consideration will be settled in cash by the Company from its internal resources and existing credit lines at completion.

The total consideration for the Share Buy-back is HK\$6,969,273,804. Other than the consideration for the Share Buy-back, the Company has not paid, and will not pay, any consideration or benefit in any form to Qatar Airways and/or any parties acting in concert with it in connection with the Share Buy-back.

Conditions

The Company will enter into the Buy-back Deed only if it is approved by at least three-fourths of the votes cast on a poll by the Independent Shareholders present in person or by proxy at the EGM duly convened and held in accordance with the Company's Articles of Association, the Share Buy-backs Code and the Companies Ordinance. It is the Company's intention to execute the Buy-back Deed as soon as reasonably practicable following the conclusion of the EGM if the requisite approval from the Independent Shareholders has been obtained.

The completion of the Share Buy-back will be subject to and conditional upon the prior and continued satisfaction (or, where applicable, waiver) of the following conditions:

- (a) the approval by the Executive of the Share Buy-back pursuant to the Share Buy-backs Code (and such approval not having been withdrawn) and the condition(s) of such approval, if any, having been satisfied;
- (b) the Executive granting a waiver to Swire Pacific and Air China waiving any obligation on the part of Swire Pacific, Air China or the Air China Subsidiaries under Note 6(b) to Rule 26.1 of the Takeovers Code to make a mandatory general offer for all the Shares upon completion of the Share Buy-back; and
- (c) each of the warranties set out in the Buy-back Deed remaining true and accurate in all material respects.

The above conditions (a) and (b) cannot be waived by any party. Either Qatar Airways or the Company may waive condition (c) above, in each case with respect to the warranties given by the other.

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If any of the conditions are not satisfied or (where applicable) waived on or before 5:00 p.m. on the Long Stop Date, either Qatar Airways or the Company may, in its/their sole discretion, terminate the Buy-back Deed.

As at the Latest Practicable Date, the condition (b) above has been satisfied. None of the other conditions have been satisfied as at the Latest Practicable Date.

Completion

Subject to the prior and continued satisfaction (or waiver) of the conditions, completion of the Share Buy-back shall take place on the third business day immediately following the date on which the last of the conditions set out in the conditions (a) to (c) above is satisfied or such other date as the Company and Qatar Airways may agree.

The Company intends to hold the Buy-back Shares as treasury Shares following completion of the Share Buy-back. The Company's decision to hold the Buy-back Shares in treasury is to provide flexibility to, but not a commitment on, the Company to cancel, sell or transfer such Shares.

Irrevocable Undertakings

On 5th November 2025 and as amended and restated on 5th January 2026 for the Air China Irrevocable Undertaking, each of Swire Pacific and Air China (collectively, the IU Shareholders) executed an Irrevocable Undertaking, pursuant to which, subject to the granting of the MGO Waiver (if required), the IU Shareholders have irrevocably undertaken to the Company to cast, and/or to procure the casting of, all votes in respect of the IU Shares (totalling approximately 4,574.4 million Shares, or approximately 68.0% of the issued Shares as at the Latest Practicable Date, or approximately 75.2% of the Shares eligible to be voted at the EGM) held by them in favour of the resolution at the EGM to approve the Buy-back Deed and the Share Buy-back.

Our comments

The total consideration of the Share Buy-back, being approximately HK\$7.0 billion, is expected to be financed by the Company's internal resources and existing credit lines at completion. While this is not insubstantial compared to the available unrestricted liquidity of the Group of approximately HK\$21.5 billion as at 30th June 2025, it is stated in the letter from the Board that the Group will have cash sufficient to fund its operations following completion of the Share Buy-back. Please also refer to the section below headed "7. Financial Impact" for our further analysis of impact of the Share Buy-back on the earnings, net assets, gearing and working capital of the Group.

We note that the Buy-back Price was determined based on a 3% discount to the VWAP per Share for the five trading days up to and including 3rd November 2025, two trading days prior to the publication of the Announcement. The use of the VWAP of the Shares for the five

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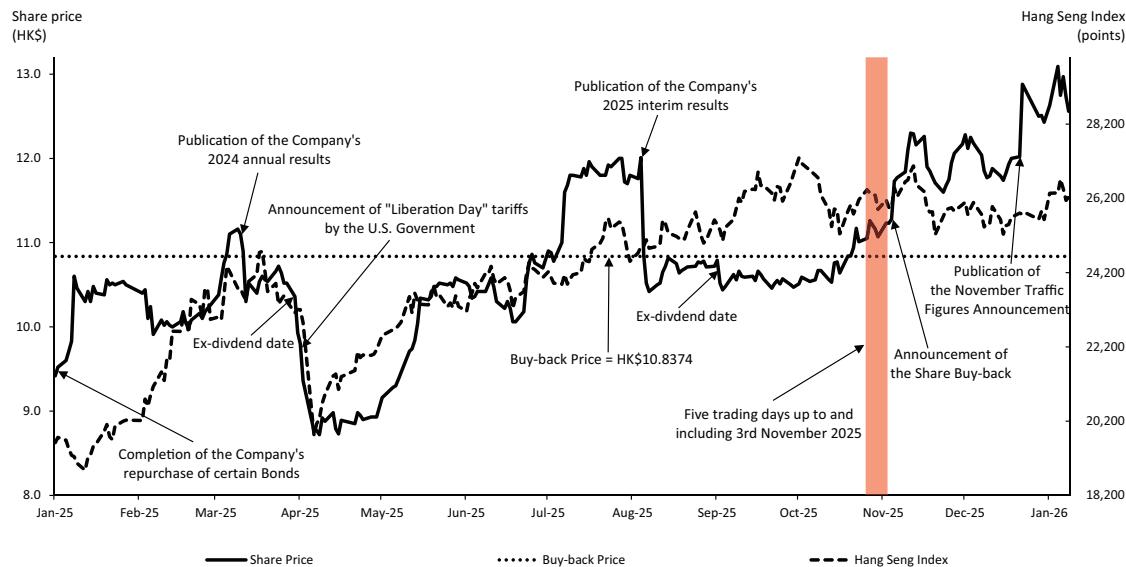
trading days smooths daily fluctuations in the market price of the Shares. We also note from the announcement of the Company dated 30th August 2024 regarding the Company's repurchase of warrants that the repurchase price in that case was also determined based on, among others, 5-trading-day VWAP of the Shares before the date of the relevant agreement.

Please refer to the sections below headed "5. Analysis of historical share price performance and trading volume" and "6. Analysis of comparable transactions" for our analysis on the reasonableness of the Buy-back Price.

5. Analysis of historical share price performance and trading volume

(i) Historical share price performance

Set out below is the movement of the daily closing prices of the Shares as quoted on the Stock Exchange during the period from the beginning of 2025 to the Latest Practicable Date (the "**Review Period**"), and compares such prices to the movements of the Hang Seng Index during the Review Period. We consider the Review Period to be of a sufficient duration, as it covers the period when market prices of the Shares had reflected the most recently published audited annual results and unaudited interim results of the Group.



Source: website of the Stock Exchange and Bloomberg

During the Review Period, the market price of the Shares largely followed the trend of the Hang Seng Index (except for the movements as described below), and had been trading within a price range of HK\$8.72 to HK\$13.09. On 2nd January 2025, the Company announced the completion of its repurchase of part of the Bonds. The closing price of the Shares increased by approximately 7.8% from HK\$9.83 to HK\$10.60 on 9th January 2025, the day that the Company held an analyst briefing regarding the Group's strategy, operating performance highlights and outlook.

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Following a drop in market price in early February to a level close to HK\$10 during which we did not note any significant announcement published by the Company, the price of the Shares rose again in early March. On 12th March 2025, the Company announced its 2024 annual results, reporting revenue of approximately HK\$104.4 billion and a profit attributable to ordinary Shareholders of approximately HK\$9.6 billion for the year, as well as declaring a second interim dividend of HK\$0.49 per ordinary Share. Subsequently, prices of the Shares fluctuated between HK\$10.30 and HK\$10.90 in the remainder of March 2025 and closed at HK\$10.36 on 31st March 2025. The ex-dividend date of the second interim dividend was 1st April 2025.

On 2nd April 2025 (U.S. time), the U.S. Government announced the implementation of trade tariffs on imports from a variety of foreign countries, particularly China. Prices of the Shares declined by approximately 10.6% on a cumulative basis in the following two trading days. The decline was broadly consistent with the selloff in the Hong Kong stock market, where the Hang Seng Index decreased by approximately 14.5% during those two trading days. The Share Price reached the lowest point during the Review Period at HK\$8.72 on 9th April 2025.

In the second quarter of 2025, negotiations between the U.S. Government and its major trading partners regarding trade tariffs remained ongoing. During this period, prices of the Shares gradually recovered, rising significantly in early July and closed at HK\$12.01 on 5th August 2025.

On 6th August 2025, the Company announced its 2025 interim results, reporting revenue of approximately HK\$54.3 billion and a profit attributable to ordinary Shareholders of approximately HK\$3.7 billion for the first half of 2025, as well as declaring a first interim dividend of HK\$0.20 per ordinary Share, with an ex-dividend date of 3rd September 2025. Following publication of the Company's 2025 interim results, the price of the Shares dropped by approximately 9.7% and closed at HK\$10.85 on the same day. The Shares subsequently traded within a narrow range between HK\$10.00 and HK\$11.00, until a general upward trend starting in mid-October 2025. The Shares closed at HK\$11.23 on the Last Trading Day.

On 5th November 2025, the Company announced the Share Buy-back. The prices of the Shares increased by approximately 4.0% and closed at HK\$11.73 on the following trading day. Subsequently, the Share price has traded in range of between HK\$11.60 and HK\$12.30, before the publication of the November Traffic Figures Announcement. Following the publication of the November Traffic Figures Announcement on 22nd December 2025, which disclosed, among others, that the Group's expected results of the full year of 2025 to exceed that in 2024, price of the Shares increased by approximately 7.2% and closed at HK\$12.88 on 23rd December 2025. The closing price of the Shares subsequently moved in a narrow range of between HK\$12.43 and HK\$13.09 and closed at HK\$12.56 on the Latest Practicable Date.

We note that the Buy-back Price of HK\$10.8374 is higher than the closing prices of the Shares for 165 trading days during the Review Period in 2025, especially during the second quarter of 2025 when the prices of the Shares were negatively affected by the abovementioned

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announcement of trade tariffs by the U.S. Government, before gradually recovering during the same quarter. On the other hand, during the period from 3rd September 2025 (the ex-dividend date of the Company's 2025 interim dividend) to the Last Trading Day, the period before the Announcement that reflects the latest published financial information of the Group and the effect of interim dividend payment, the average closing price of the Shares was approximately HK\$10.72, or approximately 1.1% lower than the Buy-back Price, which we do not consider a material difference from the Buy-back Price. We note the Buy-back Price represents an approximately 14.8% discount to the average closing price of the Shares of approximately HK\$12.72 during the period from 23rd December 2025 (the day after the publication of the November Traffic Figures Announcement) to the Latest Practicable Date, the period that reflects the latest news regarding the Group's expectation of the full-year results of 2025. Please also refer to the section below headed "6. Analysis of comparable transactions" regarding our analysis of the discounts in this transaction and other share buy-back transactions in the market.

We further note that on 6th January 2026 (before trading hours), Air China announced that it had entered into a share placing agreement with a placing agent to place 108,080,000 Shares, or approximately 1.6% of the issued Shares (the "**Placing**"), at the price of HK\$12.22 per share, and the Placing was completed as of the Latest Practicable Date. On the Latest Practicable Date, the Buy-back Price represents an approximately 13.7% discount to the closing price of the Shares of HK\$12.56. In our opinion, such discount represents a favourable factor to the Independent Shareholders.

(ii) Trading liquidity

Set out below are the monthly total trading volumes of the Shares and the percentages of the monthly total trading volumes of the Shares to the issued Shares, public float and "de facto" public float ("**free float**", excluding the Shares held by Swire Pacific, Air China and Qatar Airways) of the Company during the Review Period:

	Monthly total trading volumes of the Shares (Note 1)	Percentage of the monthly total trading volumes of the Shares to the issued Shares (Note 2)	Percentage of the monthly total trading volumes of the Shares to public float of the Company (Note 3)	Percentage of the monthly total trading volumes of the Shares to free float of the Company (Note 4)
2025				
January	163,210,119	2.5%	10.1%	16.8%
February	164,782,993	2.6%	10.2%	17.0%
March	292,267,306	4.5%	18.1%	30.2%
April	205,343,986	3.2%	12.7%	21.2%

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Monthly total trading volumes of the Shares	Percentage of the monthly total trading volumes of the Shares to the issued Shares (Note 1)	Percentage of the monthly total trading volumes of the Shares to the public float of the Company (Note 2)	Percentage of the monthly total trading volumes of the Shares to free float of the Company (Note 3)	Percentage of the monthly total trading volumes of the Shares to free float of the Company (Note 4)
May	177,219,155	2.8%	11.0%	18.3%
June	142,142,927	2.2%	8.8%	14.7%
July	180,868,335	2.8%	11.2%	18.7%
August	298,977,048	4.5%	16.2%	24.8%
September	130,391,265	1.9%	6.9%	10.5%
October	151,628,449	2.3%	8.0%	12.2%
November	162,067,265	2.4%	8.6%	13.0%
December	116,423,106	1.7%	6.1%	9.3%
From 1st January to the Latest Practicable Date	159,180,673	2.4%	7.9%	11.7%

Notes:

- (1) Source: Bloomberg and website of the Stock Exchange.
- (2) The calculation is based on the monthly total trading volumes of the Shares divided by the issued Shares at the end of each month or at the Latest Practicable Date, as applicable.
- (3) The calculation is based on the monthly total trading volumes of the Shares divided by the total number of Shares held by the public (as defined in Rule 8.24 of the Listing Rules) (in this case, refers to Shareholders other than Swire Pacific and Air China) at the end of each month or at the Latest Practicable Date, as applicable.
- (4) The calculation is based on the monthly total trading volumes of the Shares divided by the total number of Shares held by the free float (in this case, refers to Shareholders other than Swire Pacific, Air China and Qatar Airways) at the end of each month or at the Latest Practicable Date, as applicable. The exclusion of the Shares held by Qatar Airways from the calculation of “free float”, despite such shares being counted as public float, is based on the fact that Qatar Airways has not actively traded the Shares since it first attained a shareholding of approximately 9.99% of the issued Shares in 2018.

As shown in the table above, the monthly trading volumes of the Shares in 2025 represented approximately 1.7% to 4.5% of the issued Shares, equivalent to approximately 6.1% to 18.1% of the Shares constituting the public float of the Company or approximately 9.3% to 30.2% of the Shares constituting the free float of the Company. Broadly speaking, bearing in mind that Swire Pacific, Air China and Qatar Airways do not actively trade their holdings, the Shares have been reasonably actively traded during the Review Period, with an average daily trading volume of approximately 9.3 million Shares, representing approximately 0.1% of the issued Shares and approximately 0.5% and 0.7% of the public float and the free float of the Company respectively as at the Latest Practicable Date.

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We note that Qatar Airways has not actively traded any of its Shares in the market since 2018. While we regard the Shares as reasonably actively traded as discussed above, the 643,076,181 Shares held by Qatar Airways, equivalent to approximately 9.57% of the issued Shares as at the Latest Practicable Date, represent approximately 69 times of the average daily trading volume of the Shares during the Review Period. It follows that if Qatar Airways were to decide to sell its entire holding of the Shares via on-market transactions, it would likely require a long period of time. Given a transaction of this size, such on-market disposal, even if conducted carefully, would, in our view, be likely to create a substantial downward pressure on the market price of the Shares, and potentially a considerable disturbance to the trading of the Shares. A potentially disorderly market would not be in the interests of the Company and the Independent Shareholders as a whole. On this basis, we concur with the Company's view that the Share Buy-back would achieve an orderly exit for Qatar Airways and minimise any potential significant market volatility which may be caused by the disposal of Qatar Airways' Shares in the market.

(iii) Comparisons of value

Set out below are comparisons of the Buy-back Price of HK\$10.8374 for each Buy-back Share against the simple average closing prices of the Shares, as quoted on the Stock Exchange, and the VWAP of the Shares, as sourced from Bloomberg, for periods of the last 20 trading days prior to and including the Last Trading Day and 3rd November 2025.

Number of trading days	Premium/ (Discount)		Premium/ (Discount)	
	Simple average closing prices	over/(to) the Buy-back Price (HK\$)	over/(to) the Buy-back Price (HK\$)	over/(to) the Buy-back Price (HK\$)
<i>Prior to and including the Last Trading Day</i>				
On the Last Trading Day	11.28	(3.9%)	11.22	(3.4%)
For the last 5 trading days	11.19	(3.2%)	11.18	(3.1%)
For the last 10 trading days	11.14	(2.7%)	11.12	(2.5%)
For the last 20 trading days	10.91	(0.7%)	10.89	(0.5%)
<i>Prior to and including 3rd November 2025</i>				
For the last 5 trading days	11.15	(2.8%)	11.17	(3.0%)

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Based on the table above, the Buy-back Price of HK\$10.8374 is lower than the simple average closing prices of the Shares on the Last Trading Day and for the last 5, 10 and 20 trading days with discounts of approximately 0.7% to 3.9%. On a VWAP basis, the size of the discount or premium for the corresponding periods remains broadly consistent. The Buy-back Price represents a discount of approximately 13.7% to the closing price of the Shares of HK\$12.56 on the Latest Practicable Date.

In our opinion, prices of the Shares based on average up to the last 20 trading days adequately reflect the prevailing market and commercial conditions and the Group's most recent operating performance as set out in its 2025 interim report and various traffic figure updates since then. As shown in the table above, the Buy-back Price represents slight discounts to the average market prices of the Shares, which we consider to be a moderately favourable factor to the Independent Shareholders. Our further analysis on the Buy-back Price and the off-market buy-back transaction precedents in Hong Kong are set out in the section below headed "6. Analysis of comparable transactions".

6. Analysis of comparable transactions

Unlike on-market share buy-backs which have become fairly standard in Hong Kong, off-market share buy-backs (from a single seller) are less common. We have compared the Share Buy-back with the off-market share buy-back transactions of companies listed on the Main Board of the Stock Exchange announced and completed between 1st January 2015 and the date immediately prior to the Latest Practicable Date, with a total cash consideration of not less than HK\$500 million (the "**Buy-back Precedents**"). In our view, the Buy-back Precedents represent an exhaustive list that we were able to identify from the website of the Stock Exchange, based on the above selection criteria.

The table below illustrates the premiums or discounts represented by the respective per share buy-back price compared to the respective simple average closing prices per share on the last trading day and for the last 5, 10 and 20 trading days:

Date of the announcement	Company (stock code)	Total cash consideration (HK\$ million)	Premiums/(discounts) of the per share buy-back price over/(to) the simple average closing prices per share			
			on the last trading day	5 trading days	10 trading days	20 trading days
6th February 2017	Consun Pharmaceutical Group Limited (1681.HK)	561	1.8%	2.0%	1.0%	0.6%
4th May 2018	Sun Hung Kai & Co. Limited (86.HK)	689	(1.0%)	(1.7%)	(1.6%)	(2.9%)
23rd January 2019	Dah Sing Financial Holdings Limited (440.HK)	592	(1.5%)	(1.5%)	(1.1%)	(0.6%)

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Date of the announcement	Company (stock code)	Total cash consideration (HK\$ million)	Premiums/(discounts) of the per share buy-back price over/(to) the simple average closing prices per share			
			on the last trading day	5 trading days	10 trading days	20 trading days
13th December 2021	3SBio Inc. (1530.HK) ("3SBio") (Note 1)	855	0.0%	0.6%	1.0%	0.1%
28th January 2022	The Bank of East Asia, Limited (23.HK) ("BEA") (Note 2)	2,904	(7.2%)	(6.9%)	(6.0%)	(3.3%)
			<i>Maximum</i>	1.8%	2.0%	1.0%
			<i>Minimum</i>	(7.2%)	(6.9%)	(6.0%)
			<i>Average</i>	(1.6%)	(1.5%)	(1.3%)
			<i>Median</i>	(1.0%)	(1.5%)	(1.1%)
	The Company	6,969	(3.9%)	(3.2%)	(2.7%)	(0.7%)

Source: Bloomberg and website of the Stock Exchange

Notes:

- (1) In the case of 3SBio, the total cash consideration comprised the amounts paid by 3SBio and a holding company of a trust of 3SBio's share award scheme, both at the same buy-back price for each buy-back share and with the same vendor. The aggregate cash consideration was satisfied by the internally generated funds of, and/or external financing obtained by, 3SBio.
- (2) In the case of BEA, the buy-back price for each buy-back share of BEA was based on the higher of (a) HK\$11.19; and (b) the lower of: (i) 95% of the volume weighted average price per share of BEA for the five trading days immediately following the date of its off-market share buy-back announcement and (ii) HK\$11.78. The above calculation was based on the final buy-back price of HK\$11.78 per buy-back share, calculated based on the formula above.
- (3) The analysis above is based on market prices of the relevant shares up to and including the last trading day prior to the publication of the respective off-market share buy-back announcement.
- (4) Unadjusted share prices have been used in the above analysis.
- (5) Certain percentage figures included in the above analysis have been subject to rounding adjustments.

Based on the table above, the average and median discounts of the Buy-back Precedents to their respective simple average closing prices on the last trading day, and for last 5, 10 and 20 trading days range from approximately 1.2% to 1.6% and approximately 0.6% to 1.5% respectively. The Buy-back Price of HK\$10.8374 reflects in discounts of approximately 0.7% to 3.9% to the simple average closing prices of the Shares for periods up to the last 20 trading days, higher than most of the average and median discounts, and well within the corresponding range, of the Buy-back Precedents.

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7. Financial impact

Upon completion of the Share Buy-back, the Consideration will be directly deducted from equity, with a corresponding deduction from the Group's liquid funds and/or increase in the Group's borrowings.

Earnings

As stated in the letter from the Board, the consideration of the Share Buy-back will be financed by a combination of the Company's internal resources and existing credit lines at completion. Assuming that the Share Buy-back had taken place on 1st January 2024, that the Buy-back Shares had been bought back in full, the Share Buy-back would have resulted in an increase in the Group's basic earnings per Share of approximately 11.1%, based on the audited consolidated statement of profit or loss of the Group for the year ended 31st December 2024.

Should the forgone interest income or the additional interest charges arising from the use of liquid funds or borrowings to finance the Share Buy-back be taken into consideration, we have analysed the estimated financial effects of the Share Buy-back on the Group before and upon completion of the Share Buy-back. These analyses, which are for illustrative purposes only, are based on the Group's most recent full year financial performance and position, and on the assumptions that the Share Buy-back will be fully financed (i) by the Group's liquid funds ("Scenario 1") and/or (ii) by borrowings ("Scenario 2").

The following table sets out the estimated financial effects of the Share Buy-back on the basic earnings per Share for the year ended 31st December 2024 and upon completion of the Share Buy-back under both Scenario 1 and Scenario 2, assuming that the Share Buy-back had taken place on 1st January 2024.

		For the year ended 31st December 2024 (Note 1)	Upon completion under Scenario 1	Upon completion under Scenario 2
Profit attributable to ordinary Shareholders (HK\$ million)	A	9,607	9,245 (Note 2)	9,182 (Note 3)
Weighted average number of ordinary Shares in issue in 2024 (million)	B	6,438	5,795 (Note 4)	5,795 (Note 4)
Basic earnings per ordinary Share (HK cents)	A/B	149.2	159.5	158.4

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Notes:

- (1) Extracted from the annual report of the Group for the year ended 31st December 2024.
- (2) Based on the reported profit attributable to ordinary Shareholders of approximately HK\$9,607 million, minus the forgone interest income generated from the Group's liquid funds of approximately HK\$362 million (being the total consideration of the Share Buy-back of approximately HK\$6,969 million times the implied average rate of finance income generated from the Group's liquid funds of approximately 5.2%, based on the 2024 reported income from liquid funds of approximately HK\$776 million divided by the 2024 average liquid funds of approximately HK\$14,968 million, which is the average of the Group's liquid funds as at the end of December 2023, June 2024 and December 2024, being approximately HK\$15,530 million, HK\$18,839 million and HK\$10,534 million respectively), assuming the Consideration will be fully financed by the Group's liquid funds.
- (3) Based on the reported profit attributable to ordinary Shareholders of approximately HK\$9,607 million, minus the interest charges incurred from the Group's drawdown of incremental borrowings of approximately HK\$425 million (being the total consideration of the Share Buy-back of approximately HK\$6,969 million times the implied average rate of finance charges incurred from the Group's borrowings of approximately 6.1%, based on the 2024 reported finance charges incurred for the bank loans and overdrafts and other borrowings of approximately HK\$2,441 million divided by the 2024 average bank and other borrowings of approximately HK\$40,134 million, which is the average of the Group's bank and other borrowings as at the end of December 2023, June 2024 and December 2024, being approximately HK\$39,295 million, HK\$40,511 million and HK\$40,597 million respectively), assuming the Consideration will be fully financed by the Group's borrowings.
- (4) Based on the weighted average number of 6,438,120,562 ordinary Shares in issue in 2024, minus the 643,076,181 Buy-back Shares under the Share Buy-back.

Based on the above assumptions and for illustrative purposes only, the Share Buy-back would have resulted in estimated enhancement in basic earnings per ordinary Share by approximately 6.9% and 6.2% from approximately HK149.2 cents to approximately HK159.5 cents and HK158.4 cents in 2024 under Scenario 1 and 2 respectively.

Funds attributable to the Shareholders

The following table sets out the estimated financial effects of the Share Buy-back on the funds attributable to the Shareholders and net asset value per Share as at 30th June 2025 and upon completion of the Share Buy-back, assuming the Share Buy-back had taken place on 30th June 2025:

		As at 30th June 2025	Upon completion of the Share Buy-back (Note 1)
Funds attributable to the Shareholders (HK\$ million)	A	51,654	44,685
Number of ordinary Shares in issue (million)	B	6,439	5,796
Net asset value per Share (HK\$)	A/B	8.02	7.71

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Notes:

- (1) Extracted from the interim report of the Group for the six months ended 30th June 2025.
- (2) Based on the reported funds attributable to the Shareholders of approximately HK\$51,654 million, minus the payment of the total consideration of the Share Buy-back of approximately HK\$6,969 million.
- (3) Based on the 6,439,409,250 ordinary Shares in issue as at 30 June 2025, minus the 643,076,181 Buy-back Shares under the Share Buy-back.

Based on the above assumptions and for illustrative purposes only, the Share Buy-back would have resulted in an estimated reduction in net asset value per Share by approximately 3.9% from approximately HK\$8.02 to approximately HK\$7.71 (before taking into account the transaction costs associated with the Share Buy-back). This is mainly due to the Buy-back Price of HK\$10.8374 per Share being higher than the attributable Shareholders' funds of approximately HK\$8.02 per Share. We consider the above reduction in net asset value per Share to be acceptable given that, in our opinion, the Group's valuation is tied more to its earnings than its asset base and bearing in mind the increase in basic earnings per Share and the other non-financial benefits of the Share Buy-back set out above.

Gearing

The following table sets out the estimated financial effects of the Share Buy-back on the gearing ratio of the Group as at 30th June 2025 and upon completion of the Share Buy-back, assuming the Share Buy-back had taken place on 30th June 2025:

		As at 30th June 2025	Upon completion of the Share Buy-back
Net borrowings (HK\$ million)	A	56,342	63,311 (Note 2)
Net borrowings (excluding leases without assets transfer components) (HK\$ million)	B	44,820	51,789 (Note 3)
Funds attributable to the Shareholders (HK\$ million)	C	51,654	44,685 (Note 4)
Net debt/equity ratio	A/C	1.09	1.42
Adjusted net debt ratio (excluding leases without assets transfer components)	B/C	0.87	1.16

Notes:

- (1) Extracted from the interim report of the Group for the six months ended 30th June 2025.

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- (2) Based on the reported net borrowings of approximately HK\$56,342 million, adding the use of liquid funds and/or incremental borrowings of approximately HK\$6,969 million for financing the total consideration of the Share Buy-back.
- (3) Based on the reported net borrowings (excluding leases without assets transfer components) of approximately HK\$44,820 million, adding the use of liquid funds and/or incremental borrowings of approximately HK\$6,969 million for financing the total consideration of the Share Buy-back.
- (4) Based on the reported funds attributable to the Shareholders of approximately HK\$51,654 million, minus the reduction in share capital and reserves of approximately HK\$6,969 million upon the completion of the Share Buy-back.

Based on the above assumptions and for illustrative purposes only, the Share Buy-back would have resulted in increases in net debt/equity ratio and adjusted net debt/equity ratio (excluding leases without assets transfer components) as at the end of June 2025, to approximately 1.42 times and 1.16 times respectively (before taking into account the transaction costs associated with the Share Buy-back). Nevertheless, the above net debt/equity ratios are still well below the Group's borrowing covenants of 2.0 times.

Working capital

The Group has been generating substantial net cash inflows from operating activities in the past two years, amounting to approximately HK\$26,408 million and HK\$23,541 million in 2023 and 2024, and approximately HK\$11,153 million in the first half of 2025, respectively. In August 2024, the Group announced new investment commitments of more than HK\$100 billion over the next seven years following the Three-Runway System's commencement at the HKIA. In this respect, we note that as at 30th June 2025, the Group has outstanding capital commitments totalling approximately HK\$115.8 billion, representing mainly expected investment on the expansion and modernisation of its aircraft fleet and related equipment. In order to examine the sufficiency of the Group's future liquidity and cash flow, we have obtained and discussed with the management of the Group the future cash flow projections of the Group, which take into account the effect of the Share Buy-back, and the expected financial performance and future capital expenditure requirements of the Group. We note that the Group is expected to continue generating substantial cash inflows from its operations and to maintain a reasonable level of liquidity and its net debt/equity ratio below the Group's borrowing covenants of 2.0 times. As disclosed in the Announcement, the Company's capital management objectives are to maintain an efficient mix of debt and equity in order to achieve a low cost of capital, whilst retaining financial flexibility to pursue business opportunities and adequate access to liquidity to mitigate the effect of unforeseen events on cash flows.

Based on the above, and the balance of available unrestricted liquidity to the Group of approximately HK\$21.5 billion as at 30th June 2025, comprising mainly liquid funds of approximately HK\$8.9 billion and committed undrawn facilities of approximately HK\$12.6 billion, we concur with the view of the management that barring unforeseen circumstances, the Share Buy-back will not materially affect the Group's gearing and working capital required for present and anticipated business levels for passenger services and cargo services.

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8. Change in shareholdings

The table below illustrates the shareholding structure of the Company (i) as at the Latest Practicable Date and (ii) immediately after completion of the Share Buy-back (excluding treasury Shares), assuming that there is no other change in the shareholdings of the Company before completion of the Share Buy-back, as disclosed in the letter from the Board:

Name of Shareholders	As at the Latest Practicable Date		Immediately after the completion of the Share Buy-back (excluding treasury Shares)		
	Number of Shares	% of total issued Shares	Number of Shares	% of total issued Shares	%
Qatar Airways and parties acting in concert with it					
Qatar Airways (<i>Note 1</i>)	643,076,181	9.57	–	–	–
HSBC Life (International) Limited	19,000	0.00028	19,000	0.00031	
Independent Shareholders					
Swire Pacific (<i>Notes 2 and 3</i>)	2,896,753,089	43.09	2,896,753,089	47.65	
Air China (<i>Note 2</i>)	1,822,436,334	27.11	1,822,436,334	29.98	
	4,719,189,423	70.20	4,719,189,423	77.63	
Other Independent Shareholders	1,360,571,907	20.24	1,360,571,907	22.38	
Total Public float	6,722,856,511	100.00	6,079,780,330	100.00	
	2,003,667,088	29.80	1,360,590,907	22.38	

Notes: As at the Latest Practicable Date:

- (1) Qatar Airways owns a total of 643,076,181 Shares as beneficial owner.
- (2) Under Section 317 of the SFO, each of Air China, China National Aviation Company Limited and Swire Pacific, being a party to the shareholders' agreement in relation to the Company dated 8 June 2006, is deemed to be interested in a total of 4,719,189,423 Shares, comprising:
 - a. 2,896,753,089 Shares directly held by Swire Pacific;
 - b. 1,822,436,334 Shares indirectly held by Air China and its subsidiaries.
- (3) 144,837,650 Shares are subject to the Securities Lending Agreement.
- (4) All percentages in the above table are approximations and subject to rounding.

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Upon completion of the Share Buy-back, the Buy-back Shares will be transferred to the Company and held as treasury Shares. The shareholding of all other Shareholders in the issued Shares (excluding treasury Shares, if any) will be proportionally increased. Based on the above table, the shareholding of Swire Pacific and Air China in the Company would increase to approximately 47.65% and 29.98% respectively, while the holdings of other Independent Shareholders would increase from approximately 20.24% to approximately 22.38%, immediately after completion of the Share Buy-back.

Based on the above, the increase in shareholding of Swire Pacific will exceed the 2% “creeper” threshold under Rule 26.1 of the Takeovers Code, while the shareholding of Air China will increase to approximately 29.98% (i.e. below the 30% “trigger” threshold under Rule 26.1 of the Takeovers Code). On 8th January 2026, the Executive granted the MGO Waiver, waiving any obligation of Swire Pacific to make a mandatory general offer for all the Shares upon completion of the Share Buy-back.

The public float of the Company would decrease from approximately 29.80% (which includes the Shares currently held by Qatar Airways) as at the Latest Practicable Date to approximately 22.38% immediately after completion of the Share Buy-back, which falls below the minimum prescribed percentage of 25% required under the Listing Rules. Against this background, the Company has applied to, and the Stock Exchange has granted, the Public Float Waiver. We concur with the Company’s view that the reduction in the public float of the Company is not expected to have a material impact on the market liquidity in the Shares as Qatar Airways has not actively traded any of its Shares in the market since 2018. The Shares constituting the free float of the Company (excluding the Shares held by Swire Pacific, Air China and Qatar Airways) will be the same, being 1,360,590,907 Shares immediately before and after the completion of the Share Buy-back. The Shares have been reasonably actively traded on the Stock Exchange as analysed in the section above headed “5. Analysis of historical share price performance and trading volume”.

Based on our discussion with the management of the Group, the principal amount of the outstanding Bonds of approximately HK\$30 million as at the Latest Practicable Date can be expected to be converted into 4,043,126 Shares based on the adjusted conversion price of HK\$7.42 per Share. The treasury Shares to be held by the Company after completion of the Share Buy-back may potentially be applied for the abovementioned upon exercise of the conversion rights of the outstanding Bonds. We concur that holding the Buy-back Shares as the treasury Shares following the Share Buy-back would provide the Company with flexibility in managing its capital structure and addressing the liquidity of the Shares when necessary.

DISCUSSION

Qatar Airways first acquired shares of the Company in 2017, and subsequently increased its stake to approximately 9.99% of the issued Shares in 2018. Since then, Qatar Airways has not changed its shareholding in the Company based on public disclosure, except for its participation in the rights issue of the Company as part of the recapitalisation proposal in 2020. The Company was approached by Qatar Airways concerning an intention to dispose of its

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Shares. Having considered the benefits of an orderly exit and the potentially undesirable results if the Shares held by Qatar Airways were to be disposed without the Company's involvement, we concur with the Directors that the Share Buy-back would achieve a satisfactory commercial and management outcome for this situation.

The buy-back of a 9.57% interest reduces the public float of the Company as a holding of this size technically counts as a holding by "the public". However, as a practical matter, Qatar Airways' Shares have not been traded in the market since 2018. The Stock Exchange has granted a waiver regarding the public float as discussed above. Consequently, we do not consider the technical reduction of the public float to be a significant factor in our opinion set out below.

The increase in shareholding of Swire Pacific in the Company will technically trigger an obligation for them to make a mandatory general offer for all the Shares upon completion of the Share Buy-back. On 8th January 2026, the Executive granted the MGO Waiver, waiving such obligation.

Under the Companies Ordinance, the Company may not enter into a contingent purchase contract relating to the Shares prior to obtaining the requisite approval from its shareholders. Accordingly, the Deed of Undertaking was signed by Qatar Airways on 5th November 2025 in favour of the Company. If the requisite approval is obtained from the Independent Shareholders at the EGM, the Company intends to execute the Buy-back Deed as soon as reasonably practicable.

Pursuant to the Buy-Back Deed, the Company will buy back all the approximately 643 million Shares held by Qatar Airways, representing approximately 9.57% of the issued Shares as at the Latest Practicable Date, at a price of HK\$10.8374 per Buy-back Share, which was determined by reference to a discount of 3% to the five trading day VWAP per Share up to and including 3rd November 2025. The above level of discount is in line with the Buy-back Precedents, as discussed in Section 6 above. The determination of the Buy-back Price based on a discount to the five trading day average market prices smooths any daily price fluctuation while taking into account the most recent market prices of the Shares. On this basis, we consider the Buy-back Price to be fair and reasonable. The Buy-back Price represented a discount of approximately 13.7% to the closing price of the Shares of HK\$12.56 on the Latest Practicable Date.

The Consideration of approximately HK\$7.0 billion is to be financed by the Company's internal resources and existing credit lines at completion, which would have the effect of increasing the Group's gearing. We have reviewed the cash flow projections of the Group, on which basis that the Group is expected to maintain a reasonable level of liquidity and its net debt/equity ratio below the Group's borrowing covenants of 2.0 times. It is stated in the letter from the Board that the Group will have cash levels sufficient to fund its operations following completion of the Share Buy-back.

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On the basis discussed in Section 7 above, the Share Buy-back is expected to increase basic earnings per Share by approximately 6 to 7%, based on the Company's 2024 full-year results and assuming the Share Buy-back had taken place at the beginning of 2024. We consider the potential increase in earnings per Share to be a significant benefit of the Share Buy-back. The Share Buy-back would result in a slight reduction in net asset value per Share, which we consider to be acceptable, bearing in mind that in our opinion the Company is not principally valued by reference to net assets per Share.

The Share Buy-back requires approval from at least three fourths of the votes cast on a poll by the Independent Shareholders present in person or by proxy at the EGM. In this connection we note that Swire Pacific and Air China have irrevocably undertaken to have the IU Shares voted in favour of the resolution at the EGM to approve the Buy-back Deed and the Share Buy-back. The IU Shares held by them represent approximately 75.2% of the Shares eligible to be voted at the EGM.

OPINION

Having taken into account the above principal factors and reasons, we consider that the Share Buy-back is fair and reasonable so far as the Independent Shareholders are concerned, and is in the interests of the Independent Shareholders.

Although the Share price (and so the discount/premium on the Share Buy-back) may change in the period up to the EGM, within a reasonable range, we consider the advantage as regards the increase in basic earnings per Share holds good and is also an important justification for the Share Buy-back.

Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Buy-back Deed and the Share Buy-back.

Yours faithfully,
for and on behalf of
SOMERLEY CAPITAL LIMITED
M. N. Sabine
Chairman

Mr. M. N. Sabine is a licensed person registered with the Securities and Futures Commission of Hong Kong and a responsible officer of Somerley Capital Limited, which is licensed under the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities. He has over forty years of experience in the corporate finance industry.

1. SUMMARY OF FINANCIAL INFORMATION OF THE GROUP

The following is a summary of the consolidated financial information of the Group for each of the six months ended 30th June 2025 and three financial years ended 31st December 2024 as extracted from the interim report and respective annual reports of the Company:

	For the six months ended 30th June 2025		For the year ended 31st December 2024		<i>(audited and (unaudited)</i>
	HK\$M	HK\$M	HK\$M	HK\$M	
	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>	<i>restated)</i>	
Total revenue	54,309	104,371	94,485	51,036	
Operating expenses	(48,383)	(91,194)	(81,486)	(47,565)	
Operating profit before non-recurring items	5,926	13,177	12,999	3,471	
Gain on deemed partial disposals of associates	–	578	1,929	–	
Net reversal of impairment and other gains or charges	–	173	197	–	
Operating profit	5,926	13,928	15,125	3,471	
Net finance charges	(1,477)	(3,056)	(2,733)	(2,909)	
Share of profits/(losses) of associates	(128)	331	(1,534)	(6,677)	
Profit/(loss) before taxation	4,321	11,203	10,858	(6,115)	
Taxation	(670)	(1,315)	(1,068)	(507)	
Profit/(loss) for the year/period Attributable to:	3,651	9,888	9,790	(6,622)	
Ordinary shareholders of the Group	3,651	9,607	9,067	(7,237)	
Preference shareholder of the Group	–	281	722	614	
Non-controlling interests	–	–	1	1	
Profit/(loss) per Share					
Basic (HK cents)	56.7	149.2	140.8	(112.4)	
Diluted (HK cents)	54.8	133.2	125.8	(112.4)	

	For the six months ended 30th June		For the year ended 31st December		
	2025	2024	2023	2022	
	HK\$M	HK\$M	HK\$M	HK\$M	
	(unaudited)	(audited)	(audited)	(audited and restated)	
Total comprehensive income for the year/period	2,309	9,429	7,937	(8,440)	
Attributable to:					
Ordinary shareholders of the Group	2,309	9,148	7,214	(9,055)	
Preference shareholder of the Group	–	281	722	614	
Non-controlling interests	–	–	1	1	
Dividend per Share (HK\$)	0.20	0.69	0.43	–	
Amount of dividend distributed to ordinary shareholders	3,155	4,056	–	–	

2. CONSOLIDATED FINANCIAL STATEMENTS

The financial information of the Group for each of the three years ended 31st December 2024 are disclosed in the respective annual reports of the Company, which have been published on the websites of the Company and the Stock Exchange as follows and are incorporated by reference into this circular:

The unaudited financial statements of the Group for the six months ended 30th June 2025 are set out from pages 27 to 45 in the Interim Report 2025 of the Company, which was published on 22nd August 2025. The Interim Report 2025 is also posted on the Company's website (<https://www.cathaypacific.com>). Please also see below a quick link to the Interim Report 2025:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0822/2025082201011.pdf>

The audited consolidated financial statements of the Group for the year ended 31st December 2024 are set out from pages 71 to 141 in the Annual Report 2024 of the Company, which was published on 7th April 2025. The Annual Report 2024 is also posted on the Company's website (<https://www.cathaypacific.com>). Please also see below a quick link to the Annual Report 2024:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0407/2025040701135.pdf>

The audited consolidated financial statements of the Group for the year ended 31st December 2023 are set out from pages 75 to 153 in the Annual Report 2023 of the Company, which was published on 2nd April 2024. The Annual Report 2023 is also posted on the Company's website (<https://www.cathaypacific.com>). Please also see below a quick link to the Annual Report 2023:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0402/2024040204043.pdf>

The audited consolidated financial statements of the Group for the year ended 31st December 2022 are set out from pages 68 to 137 in the Annual Report 2022 of the Company, which was published on 3rd April 2023. The Annual Report 2022 is also posted on the Company's website (<https://www.cathaypacific.com>). Please also see below a quick link to the Annual Report 2022:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0403/2023040302330.pdf>

The consolidated financial statements of the Group for each of the three financial years ended 31st December 2024 were audited by KPMG and did not contain any modified opinion, emphasis of matter or material uncertainty related to going concern. There was no change in the Group's accounting policy during the three years ended 31st December 2024, which would result in the figures in its consolidated financial statements being not comparable to a material extent.

Save as disclosed above, the Group had no other material items of income or expense for each of the three years ended 31st December 2024.

3. INDEBTEDNESS STATEMENT

As at the close of business on 31st October 2025, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had (a) loans and other borrowings of approximately HK\$31,870 million, of which: (i) HK\$22,716 million were guaranteed and HK\$9,154 million were unguaranteed, and (ii) HK\$20,161 million were secured and HK\$11,709 million were unsecured; and (b) lease liabilities of approximately HK\$26,938 million.

As at 31st October 2025, the Group had (a) secured and guaranteed loans and other borrowings of approximately HK\$15,779 million, and (b) secured and unguaranteed loans and other borrowings of approximately HK\$4,382 million. Security, including charges over the aircraft concerned and relevant insurance policies, is provided to the leasing companies or other parties that provided the underlying finance leases and bank and other loans.

As at 31st October 2025, included in other liquid investments are debt securities of HK\$3 million which are pledged as part of long-term financing arrangements. The arrangements provide that these debt securities must be maintained at specified levels for the duration of the financing.

Contingent liabilities

As at 31st October 2025, the Group had the following contingent liabilities.

(a) Performance and financial guarantees outstanding as at 31st October 2025:

	HK\$ million
Associates	206

- (b) The Company operates in many jurisdictions and in certain of these there are disputes with the tax authorities. Provisions have been made to cover the expected outcome of the disputes to the extent that outcomes are likely and reliable estimates can be made. However, the final outcomes are subject to uncertainties and resulting liabilities may exceed provisions.
- (c) The Company remains the subject of antitrust proceedings in various jurisdictions. The proceedings are focused on issues relating to pricing and competition. The Company is represented by legal counsel in connection with these matters.

The proceedings and civil actions are ongoing and the outcomes are subject to uncertainties. The Company is not in a position to assess the full potential liabilities but makes provisions based on facts and circumstances in line with material accounting policy 22 in the Annual Report 2024 of the Company.

In November 2010, the European Commission issued a decision in its airfreight investigation finding that, amongst other things, the Company and a number of other international cargo carriers agreed cargo surcharge levels and that such agreements infringed European competition law. The European Commission imposed a fine of Euros 57.12 million on the Company. However, the European Commission's finding against the Company and the imposition of this fine was annulled by the General Court in December 2015 and the fine of Euros 57.12 million was refunded to the Company in February 2016. The European Commission issued a new decision against the Company and the other airlines involved in the case in March 2017. The same fine of Euros 57.12 million was imposed on the Company, which was paid by the Company in June 2017. The Company filed an appeal to the General Court against this decision, and on 30th March 2022 the General Court partially annulled the decision, and a refund of a portion of the fine, Euros 10 million, was paid to the Company in June 2022. The Company filed an appeal to the European Court of Justice in early June 2022 and a final European Court of Justice judgment is expected in the first quarter of 2026.

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

Save as disclosed herein and apart from intra-group liabilities, the Group did not, at the close of business on 31st October 2025, have any other outstanding bank overdrafts or loans, or other similar indebtedness, mortgages, charges, or guarantees or other material contingent liabilities.

4. MATERIAL CHANGE

As at the Latest Practicable Date, the Directors confirm that save and except as disclosed below, there had been no material change in the financial or trading position or outlook of the Group since 31st December 2024, being the date to which the latest published audited consolidated financial statements of the Group were made up, up to and including the Latest Practicable Date.

- (a) As disclosed in the Announcement and this circular, on 5th November 2025, Qatar Airways executed the Deed of Undertaking in favour of the Company, pursuant to which Qatar Airways has irrevocably undertaken to the Company to execute the Buy-back Deed in relation to an off-market share buy-back by the Company of the 643,076,181 Shares owned by Qatar Airways, representing approximately 9.57% of the issued Shares, at the Buy-back Price of HK\$10.8374 for each Buy-back Share and at a total consideration of approximately HK\$7.0 billion. The financial effects of the Share Buy-back are disclosed in the section headed “FINANCIAL EFFECTS OF THE SHARE BUY-BACK” in the letter from the Board in this circular.
- (b) As disclosed in the Company's announcement dated 6th August 2025 and circular dated 27th August 2025, Cathay Pacific Aircraft Services Limited (“CPAS”), a wholly-owned subsidiary of the Company, (a) exercised the purchase rights under the aircraft purchase agreement dated 20th December 2013 entered into by CPAS and Boeing Company to purchase 14 Boeing 777-9 aircraft; and (b) secured the right to acquire up to 7 additional Boeing 777-9 aircraft from Boeing Company.
- (c) Following the exercise of certain conversion rights attached to the Bonds commencing from August 2025 with an aggregate principal amount of HK\$2,134 million, the outstanding principal amount of the Bonds as at the Latest Practicable Date was HK\$30 million, convertible into 4,043,126 Shares.

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

As disclosed in the Annual Report 2024 of the Company, for the year ended 31st December 2024, the Group's total revenue was HK\$104,371 million, representing an increase of 10.5% from 2023.

The Group is fully committed to the Hong Kong international aviation hub, and is investing well over HK\$100 billion into its fleet, cabin and lounge products, and digital innovation to strengthen its home hub and elevate the customer experience. This includes orders for more than 100 narrowbody, regional widebody, long-haul widebody and large freighter aircraft.

The Group's passenger airlines Cathay Pacific and HK Express have launched or announced more than 20 new destinations in 2025. The Group now flies to more than 100 passenger destinations globally, exemplifying the strong connectivity Hong Kong has with the Chinese Mainland and the world. All of the Group's available aircraft are fully resourced and flying. Following the record-high recruitment of recent years, its recruitment and training have now reverted to more normal levels, in line with its long-term growth trajectory.

The Group will continue to add more flights and destinations for its customers, in addition to introducing more customer experience enhancements.

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Share Buy-Backs Code for the purpose of giving information with regard to the Group. The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this circular have been arrived at after due and careful consideration and there are no other facts not contained in this circular, the omission of which would make any statement in this circular misleading.

2. SHARE CAPITAL, SHARE OPTIONS AND CONVERTIBLE SECURITIES

As at the Latest Practicable Date,

- (a) the issued share capital of the Company comprised 6,722,856,511 Shares;
- (b) save for the Bonds in the aggregate principal amount of HK\$30 million, there were no outstanding warrants, options or securities convertible into Shares; and
- (c) all the Shares in issue ranked *pari passu* in all respects, including as to capital, dividends and voting.

During the two years preceding the date of the Announcement and up to the Latest Practicable Date, the Company redeemed its preference shares as follows:

Date	
4th December 2023	97,500,000 preference shares
31st July 2024	97,500,000 preference shares

The preference shares were redeemed at the redemption price of HK\$100 per preference share plus any unpaid preference share dividend. Please refer to the announcements of the Company dated 9th August 2023 and 5th July 2024 for further details.

On 30th August 2024, the Company entered into a warrant repurchase agreement with Aviation 2020 Limited (“**Aviation 2020**”) for the Company’s repurchase of all of the warrants from Aviation 2020 (the “**Warrants Repurchase**”) for a total consideration of approximately HK\$1,532 million. The Warrants Repurchase was completed on 13th September 2024, and all the warrants were cancelled. Please refer to the announcements of the Company dated 30th August 2024 and 13th September 2024 for further details.

As at 2nd January 2025, the Company repurchased HK\$4,558 million in aggregate principal amount of the Bonds and all such Bonds were cancelled on the same day. Please refer to the Company’s announcements dated 14th November 2024, 15th November 2024, 20th December 2024 and 2nd January 2025 for further details.

Save as disclosed above, there was no re-organisation of capital of the Company during the two financial years preceding the date of the Announcement and up to the Latest Practicable Date.

During the two years preceding the date of the Announcement and up to 31st December 2025, the Company issued an aggregate of 284,956,192 Shares upon the exercise of conversion rights by the bondholders attached to the Bonds in the principal amount of HK\$2,146 million. Since the end of the financial year ended 31st December 2025 and up to the Latest Practicable Date, the Company has not issued any Shares pursuant to the exercise of conversion rights by the bondholders attached to the Bonds.

Save as disclosed above, there was no issuance of Shares since the end of the financial year ended 31st December 2025 and up to the Latest Practicable Date.

Since the end of the financial year ended 31st December 2025 and during the 12 months immediately preceding the date of this circular, the Company has not bought back any Shares.

3. MARKET PRICES

The table below sets out the closing prices of the Shares on the Stock Exchange (i) at the end of each of the calendar months during the Relevant Period; (ii) on the Last Trading Day; and (iii) on the Latest Practicable Date.

Date	Closing price per Share HK\$
30th May 2025	10.56
30th June 2025	10.70
31st July 2025	11.70
29th August 2025	10.71
30th September 2025	10.47
31st October 2025	11.07
Last Trading Day (i.e. 5th November 2025)	11.28
28th November 2025	12.06
31st December 2025	12.43
Latest Practicable Date (i.e. 9th January 2026)	12.56

During the Relevant Period, the highest closing price of the Shares as quoted on the Stock Exchange was HK\$13.09 on 5th January 2026 and the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$9.28 on 6th May 2025.

4. DIVIDENDS

For the two years preceding the date of the Announcement, the Company paid interim dividends of HK\$0.43 per Share on 2nd May 2024, HK\$0.2 per Share on 9th October 2024, HK\$0.49 per Share on 8th May 2025, and HK\$0.20 per Share on 9th October 2025.

As set out in the Annual Report 2024 of the Company, the Company's dividend policy for ordinary shareholders is to distribute approximately half of its consolidated profit after tax, excluding non-cash exceptional items. The application of such policy and final declarations are however subject to consideration of other factors, such as the strength of the Company's financial position, the Company's own profits, trading conditions and the prevailing and forecast economic environment.

5. DISCLOSURE OF INTERESTS**(a) Directors and Chief Executive**

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), (i) 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), (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, (iii) which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules adopted by the Company, to be notified to the Company and the Stock Exchange, or (iv) which were required to be disclosed pursuant to the Takeovers Code and Share Buy-backs Code.

(b) Substantial Shareholders

As at the Latest Practicable Date, so far as was known to the Directors or chief executive of the Company, persons or corporations who had interests in the shares or underlying shares of the Company of 10% or more which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO were as follows:

Name of Shareholder	Nature of interest	No. of Shares	%
Swire Pacific ⁽¹⁾⁽²⁾	Beneficial interest	2,896,753,089	43.09
	Attributable interest	1,822,436,334	27.11
Air China ⁽¹⁾	Interest in controlled corporation	1,822,436,334	27.11
	Attributable interest	2,896,753,089	43.09

Notes:

- (1) Under Section 317 of the SFO, each of Air China, China National Aviation Company Limited and Swire Pacific, being a party to the shareholders' agreement in relation to the Company dated 8th June 2006, is deemed to be interested in a total of 4,719,189,423 Shares, comprising:
 - a. 2,896,753,089 Shares directly held by Swire Pacific;
 - b. 1,822,436,334 Shares indirectly held by Air China and its subsidiaries, China National Aviation Company Limited, Most Known Investments Limited, Super Supreme Company Limited and Total Transform Group Limited, comprising the following Shares held by their wholly-owned subsidiaries: 472,248,545 Shares held by Angel Paradise Ltd., 351,574,615 Shares held by Custain Limited, 205,974,626 Shares held by Easerich Investments Inc., 310,870,873 Shares held by Grand Link Investments Holdings Ltd., 339,343,616 Shares held by Motive Link Holdings Inc. and 142,424,059 Shares held by Perfect Match Assets Holdings Ltd.
- (2) 144,837,650 Shares are subject to the Securities Lending Agreement.
- (3) All percentages in the above table are approximations and subject to rounding.

Save as disclosed above, as at the Latest Practicable Date, the Directors and chief executive of the Company were not aware of any other persons or corporations who had interests in the shares or underlying shares of the Company of 10% or more which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

6. MATERIAL LITIGATION

The Company operates in many jurisdictions and in certain of these there are disputes with the tax authorities. Provisions have been made to cover the expected outcome of the disputes to the extent that outcomes are likely and reliable estimates can be made. However, the final outcomes are subject to uncertainties and resulting liabilities may exceed provisions.

The Company remains the subject of antitrust proceedings in various jurisdictions. The proceedings are focused on issues relating to pricing and competition. The Company is represented by legal counsel in connection with these matters.

The proceedings and civil actions are ongoing and the outcomes are subject to uncertainties. The Company is not in a position to assess the full potential liabilities but makes provisions based on facts and circumstances in line with material accounting policy 22 in the 2024 Annual Report of the Company.

In November 2010, the European Commission issued a decision in its airfreight investigation finding that, amongst other things, the Company and a number of other international cargo carriers agreed cargo surcharge levels and that such agreements infringed European competition law. The European Commission imposed a fine of Euros 57.12 million on the Company. However, the European Commission's finding against the Company and the imposition of this fine was annulled by the General Court in December 2015 and the fine of Euros 57.12 million was refunded to the Company in February 2016. The European Commission issued a new decision against the Company and the other airlines involved in the case in March 2017. The same fine of Euros 57.12 million was imposed on the Company, which

was paid by the Company in June 2017. The Company filed an appeal to the General Court against this decision, and on 30th March 2022 the General Court partially annulled the decision, and a refund of a portion of the fine, Euros 10 million, was paid to the Company in June 2022. The Company filed an appeal to the European Court of Justice in early June 2022 and a final European Court of Justice judgment is expected in the first quarter of 2026.

Except as disclosed above, there were no litigation or claims of material importance pending or threatened against any member of the Group as at the Latest Practicable Date.

7. EXPERT QUALIFICATION AND CONSENT

The following is the qualifications of the experts who have given opinion or advice which is contained in this circular:

Name	Qualification
Somerley Capital Limited	a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
KPMG	certified public accountants

The above experts have given, and have not withdrawn, their written consent to the issue of this circular with the inclusion of their letters and the references to their name and/or their opinion and advice in the form and context in which they are included.

As at the Latest Practicable Date, Somerley Capital Limited did not have any shareholding, directly or indirectly, in any member of the 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 Group.

As at the Latest Practicable Date, Somerley Capital Limited did not have any interest, direct or indirect, in any assets which have been, since 31st December 2024 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired or disposed of by or leased to, any member of the Group, or which are proposed to be acquired or disposed of by or leased to, any member of the Group.

8. GENERAL

- (a) The registered address of the Company is at 31st Floor, One Pacific Place, 88 Queensway, Hong Kong.
- (b) The Company's share registrars is Computershare Hong Kong Investor Services Limited, 17M Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (c) In case of any discrepancy between the English version and the Chinese version of this circular, the English version shall prevail.

9. DOCUMENTS ON DISPLAY

Copies of the following documents are displayed on the website of the SFC (www.sfc.hk) and the website of the Company (<https://www.cathaypacific.com>) from the date of this circular up to and including the date of the EGM:

- (a) the Company's Articles of Association;
- (b) the annual reports of the Company for the two financial years ended 31st December 2024;
- (c) the letter from the Board, the text of which is set out on pages 7 to 22 of this circular;
- (d) the letter from the Independent Board Committee, the text of which is set out on pages 23 to 24 of this circular;
- (e) the letter from the Independent Financial Adviser, the text of which is set out on pages 25 to 52 of this circular;
- (f) the letter from the Independent Financial Adviser on the Profit Forecast, the text of which is set out on pages 66 to 67 of this circular;
- (g) the letter from KPMG on the Profit Forecast, the text of which is set out on pages 68 to 70 of this circular;
- (h) the written consent of the Independent Financial Adviser as referred to in the paragraph headed "7. Expert Qualification and Consent" in this appendix;
- (i) the written consent of KPMG as referred to in the paragraph headed "7. Expert Qualification and Consent" in this appendix;

- (j) the Deed of Undertaking;
- (k) the Buy-back Deed; and
- (l) the Irrevocable Undertakings.

**SOMERLEY CAPITAL LIMITED**

20th Floor
China Building
29 Queen's Road Central
Hong Kong

14th January 2026

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

Dear Sirs,

We refer to the announcement (the “**November Traffic Figures Announcement**”) of Cathay Pacific Airways Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 22nd December 2025. Capitalised terms used in this letter shall have the same meanings as defined in the November Traffic Figures Announcement unless otherwise specified.

We also refer to the statements (the “**Statement**”) made by directors of the Company (the “**Directors**”) in the November Traffic Figures Announcement as follows:

- “*Projecting the 2025 full-year result to exceed last year's performance*”
- “*The Group projects a strong second-half financial result driven by increased capacity, solid passenger load factors and resilient cargo demand. This is partially offset by losses made by HK Express mainly due to various factors that negatively impacted travel demand to Japan.*”

The results from the Group's associates, the majority of which are recognised three months in arrears, are expected to improve in the second half of 2025 as compared to the first half.

Additionally, the Group's second-half result includes Other Income of approximately HK\$0.9 billion arising from a non-recurring gain on a supplier settlement agreement.

With respect to the Cathay Group's consolidated 2025 full-year financial result, the second half of the year has historically been the stronger of the two halves for the Group and this has been the case this year as it was in 2024. Overall, the Group's full-year consolidated financial result is expected to exceed last year's solid performance.”

The Statement is repeated in the “Letter from the Board” contained in the circular (the “Circular”) issued by the Company to its Shareholders dated 14th January 2026.

The Statement is regarded as a profit forecast under Rule 10 of the Takeovers Code, and is therefore required to be reported on pursuant to Rule 10 of the Takeovers Code.

The Statement has been prepared by the management of the Company and reviewed by the Directors based on the unaudited consolidated results in the management accounts of the Group for the eleven months ended 30th November 2025 and a forecast of the consolidated results of the Group for the remaining one month ending 31st December 2025.

For the purpose of this letter, we have relied on the information and facts supplied, and the opinion expressed by the Directors and management of the Company, and have assumed that they are true, accurate and complete in all material aspects as at the date hereof. We have no reason to believe that any material information has been omitted or withheld, or to doubt the truth or accuracy of the information provided. We have, however, not carried out any independent verification of the information supplied nor verified the computations leading to the Statement.

We have discussed with you the bases upon which the Statement was prepared. We have also considered the report dated 14th January 2026 issued to you by KPMG, the auditors of the Company, the text of which is set out in Appendix IV to the Circular.

Based on the above, we are satisfied that the Statement, for which the Directors are solely responsible, has been made with due care and consideration.

Yours faithfully,
for and on behalf of
SOMERLEY CAPITAL LIMITED
M. N. Sabine
Chairman



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

14 January 2026

The Board of Directors
Cathay Pacific Airways Limited
31/F One Pacific Place
88 Queensway
HONG KONG

Our ref KY/PM/1644528

Dear Sirs

**Cathay Pacific Airways Limited (the “Company”) and its subsidiaries (the “Group”)
Profit Forecast for the year ending 31 December 2025**

We refer to the following profit forecast of the Group for the year ending 31 December 2025 (the “**Profit Forecast**”) which has been prepared by the directors of the Company (the “**Directors**”) disclosed in the announcement of the Company dated 22 December 2025 regarding the Company’s November 2025 traffic figures (the “**November 2025 Traffic Report**”) and repeated in the “Letter from the Board” contained in the Company’s circular dated 14 January 2026:

“Projecting the 2025 full-year result to exceed last year’s performance

The Group projects a strong second-half financial result driven by increased capacity, solid passenger load factors and resilient cargo demand. This is partially offset by losses made by HK Express mainly due to various factors that negatively impacted travel demand to Japan.

The results from the Group’s associates, the majority of which are recognised three months in arrears, are expected to improve in the second half of 2025 as compared to the first half.

Additionally, the Group’s second-half result includes Other Income of approximately HK\$0.9 billion arising from a non-recurring gain on a supplier settlement agreement.

With respect to the Cathay Group’s consolidated 2025 full-year financial result, the second half of the year has historically been the stronger of the two halves for the Group and this has been the case this year as it was in 2024. Overall, the Group’s full-year consolidated financial result is expected to exceed last year’s solid performance.”

Directors' Responsibilities

The Profit Forecast has been prepared by the management of the Company and reviewed by the Directors based on the unaudited consolidated results in the management accounts of the Group for the eleven months ended 30 November 2025 and a forecast of the consolidated results of the Group for the remaining one month ending 31 December 2025.

The Directors are solely responsible for the Profit Forecast.

Our Independence and Quality Management

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

Our firm applies Hong Kong Standard on Quality Management (HKSQM) 1 “Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements” which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

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

Opinion

In our opinion, so far as the accounting policies and calculations are concerned, the Profit Forecast has been properly compiled in accordance with the bases and assumptions adopted by the Directors as set out in the November 2025 Traffic Report and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in the annual report of the Company for the year ended 31 December 2024 and the interim report of the Company for the six months ended 30 June 2025.

Yours faithfully,

KPMG

Certified Public Accountants

Hong Kong

NOTICE OF EXTRAORDINARY GENERAL MEETING

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



NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of the shareholders of Cathay Pacific Airways Limited (the “**Company**”) will be held at Ballroom, Level 5, Island Shangri-La Hong Kong, Pacific Place, Supreme Court Road, Central, Hong Kong, on Thursday, 12th February 2026 at 2:30 p.m. to consider and, if thought fit, passing the following resolution as a special resolution 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 14th January 2026 (the “**Circular**”):

Special Resolution

1. THAT:

- (a) the terms of the Buy-back Deed (a copy of which is tabled at the EGM and marked “A” and initialled by the chairman of the EGM for identification purposes) proposed to be entered into between the Company and Qatar Airways in relation to an off-market share buy-back by the Company of the 643,076,181 Shares owned by Qatar Airways on the terms contained therein at an aggregate consideration of HK\$6,969,273,804 be and are hereby approved; and
- (b) any director or the company secretary of the Company be and is hereby authorised to do all such acts and things and execute all such documents for and on behalf of the Company as he/she may consider necessary, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to the Share Buy-Back, the Buy-back Deed and the transactions contemplated thereunder.

By Order of the Board

Joanna Lai

Company Secretary

Hong Kong, 14th January 2026

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

1. Any member entitled to attend and/or vote at the meeting convened by the above notice is entitled to appoint one or more proxies to attend and vote instead of him/her. A proxy need not be a member of the Company.
2. All forms of proxy must be deposited with the Company's share registrars, 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. In calculating the period mentioned for depositing the form of proxy, no account is to be taken of any part of a day that is a public holiday.
3. The register of members will be closed from Monday, 9th February 2026 to Thursday, 12th February 2026, both days inclusive. In order to be entitled to attend and vote at the EGM, all transfers should be lodged with the Company's share registrars, Computershare Hong Kong Investor Services Limited, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Friday, 6th February 2026.
4. The resolution 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 Company may announce further updates on the EGM arrangement on the Company's website (<https://www.cathaypacific.com>) as and when appropriate.
7. In case of any discrepancy between the English version and the Chinese version of this notice, the English version shall prevail.

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

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

Non-Executive Directors: Liu Tiexiang (Deputy Chair), Guy Bradley, Gordon McCallum, Sun Yuquan, Merlin Swire, Augustus Tang, Wang Mingyuan, Xiao Feng; and

Independent Non-Executive Directors: Bernard Chan, Lily Cheng, Christoph Mueller and Wang Xiao Bin.