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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

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

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### **(1) PROPOSED CAPITAL REDUCTION AND (2) NOTICE OF EXTRAORDINARY GENERAL MEETING**

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

A notice convening the EGM of Cathay Pacific to be held at the Ballroom, Level 3, JW Marriott Hotel Hong Kong, Pacific Place, 88 Queensway, Hong Kong on Wednesday, 11th October 2023 at 11:00 a.m. is set out on pages EGM-1 to EGM-2 of this circular. A form of proxy for use at the EGM is also enclosed. Such form of proxy is also published on the websites of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) and Cathay Pacific (<http://www.cathaypacific.com>).

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

18th September 2023

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## DEFINITIONS

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

“Board”	The board of Directors.
“Cathay Pacific” or the “Company”	Cathay Pacific Airways Limited, a company incorporated in Hong Kong, whose ordinary shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (Stock Code: 293).
“Companies Ordinance”	The Companies Ordinance (Chapter 622 of the Laws of Hong Kong).
“Court”	The Court of First Instance of the High Court of Hong Kong.
“Director(s)”	The director(s) of the Company.
“EGM”	The extraordinary general meeting of Cathay Pacific to be held at the Ballroom, Level 3, JW Marriott Hotel Hong Kong, Pacific Place, 88 Queensway, Hong Kong on Wednesday, 11th October 2023 at 11:00 a.m. or any adjournment thereof to consider and, if thought fit, approve the Proposed Capital Reduction and related matters.
“Gazette”	The Government of Hong Kong Gazette.
“Group”	The Company together with 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.
“Latest Practicable Date”	13th September 2023, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information referred to herein.
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.
“Ordinary Share(s)”	The ordinary share(s) of the Company.

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## DEFINITIONS

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“Ordinary Shareholder(s)”	The holder(s) of the Ordinary Share(s).
“Preference Share(s)”	The preference share(s) of the Company.
“Preference Shareholder”	Aviation 2020 Limited, the holder of the Preference Shares.
“Preference Shares Capital Account”	The share capital (Preference Shares) account in the financial statements of the Company.
“Preference Shares Reserves (Account)”	A reserves account to be created in the financial statements of the Company to which HK\$19,500 million will be credited on the completion of the Proposed Capital Reduction.
“Proposed Capital Reduction”	The proposed reduction of all of the credit standing to the Preference Shares Capital Account of the Company, being HK\$19,500 million.
“Registrar of Companies”	The Registrar of Companies in Hong Kong.
“Share Registrar”	The share registrar of Cathay Pacific, being Computershare Hong Kong Investor Services Limited.
“Shareholder(s)”	The Ordinary Shareholder(s) and Preference Shareholder.
“Solvency Statement”	The solvency statement to be made by all Directors in relation to the Proposed Capital Reduction in accordance with the Companies Ordinance.
“Special Resolution”	The special resolution of the Ordinary Shareholders to approve the Proposed Capital Reduction and related matters at the EGM, the particulars of which are set out in the notice of the EGM set out in this circular.

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# LETTER FROM THE BOARD

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## 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

***Non-Executive Directors:***

MA, Chongxian (*Deputy Chair*)  
BRADLEY, Guy Martin Coutts  
MCCALLUM, Gordon Douglas  
SUN, Yuquan  
SWIRE, Merlin Bingham  
WANG, Mingyuan  
XIAO, Feng  
ZHANG, Zhuo Ping

***Registered office:***

33rd Floor, One Pacific Place  
88 Queensway  
Hong Kong

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

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

18th September 2023

*To the Ordinary Shareholders*

Dear Sir or Madam,

**(1) PROPOSED CAPITAL REDUCTION  
AND  
(2) NOTICE OF EXTRAORDINARY GENERAL MEETING**

**INTRODUCTION**

Reference is made to the Company's announcement dated 9th August 2023 regarding the Proposed Capital Reduction.

The purpose of this circular is to provide you with information regarding the Special Resolution to be proposed at the EGM with respect to the Proposed Capital Reduction.

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## LETTER FROM THE BOARD

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### PROPOSED CAPITAL REDUCTION

The Board proposes to implement the Proposed Capital Reduction by cancelling the credit standing in the Preference Shares Capital Account of the Company (being HK\$19,500 million).

The credit in the amount of HK\$19,500 million arising from the Proposed Capital Reduction will be applied to the Preference Shares Reserves Account and be regarded as a realised profit pursuant to Section 214 of the Companies Ordinance available for set off against any accumulated losses and/or make distribution to the shareholders of the Company and be used to redeem all of the Preference Shares. The Company plans to redeem all of the Preference Shares by the end of July 2024, subject to market conditions and the Group's business operations at the relevant time.

### Conditions

The Proposed Capital Reduction is subject to the satisfaction of the following conditions:

- (i) all the Directors making a Solvency Statement;
- (ii) the passing by the Ordinary Shareholders of the Special Resolution at the EGM;
- (iii) the publication of a notice of capital reduction in the Gazette and certain newspapers in accordance with the Companies Ordinance;
- (iv) the delivery to the Registrar of Companies for registration of a copy of the Solvency Statement and other relevant documents in relation to the Proposed Capital Reduction in accordance with the Companies Ordinance;
- (v) either (a) there being no application to the Court for cancellation of the Special Resolution by creditors or members of the Company within five (5) weeks of the date of the Special Resolution to approve the Proposed Capital Reduction; or (b) if there is any such application, the Court (or any relevant appeal court) making an order to confirm the Special Resolution; and
- (vi) the delivery to the Registrar of Companies for registration and/or the registration by the Registrar of Companies (as applicable) of the relevant documents within the prescribed timeframe in accordance with the Companies Ordinance.

As at the Latest Practicable Date, none of the above conditions have been fulfilled.

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## LETTER FROM THE BOARD

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### **Reasons for the Proposed Capital Reduction**

The Board is of the opinion that the Proposed Capital Reduction will facilitate the Company's redemption of all the Preference Shares. The credit arising from the Proposed Capital Reduction will be applied to the Preference Shares Reserves Account, and the Company will use such reserve to redeem all of the Preference Shares. The Company plans to redeem all of the Preference Shares by the end of July 2024, subject to market conditions and the Group's business operations at the relevant time. The Company will only proceed with a redemption of the Preference Shares if the Board considers that such redemption at the relevant time will not result in any material adverse effect on the financial position of the Group. Please refer to the Company's announcement dated 9th August 2023 for details of the proposed redemption of the Preference Shares.

Further, taking into account the effects as described in the section headed "Proposed Capital Reduction – Effects of the Proposed Capital Reduction" of this circular, the Board believes that the Proposed Capital Reduction is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### **Effects of the Proposed Capital Reduction**

Save for the expenses to be incurred by the Company in relation to the Proposed Capital Reduction, the implementation of the Proposed Capital Reduction will not, of itself, alter the consolidated net asset value, underlying assets, liabilities, business, operations, management or financial position of the Company or the interests of the Shareholders as a whole. The Board believes that the Proposed Capital Reduction alone will not have any adverse effect on the financial position of the Group.

## LETTER FROM THE BOARD

Set out below, for illustrative purpose only, is an extract of the statement of financial position of the Company showing the proposed movement in the equity of the Company before and after the Proposed Capital Reduction taking effect, based on the Company's unaudited position as at 30th June 2023 as if the Proposed Capital Reduction had been completed on 30th June 2023:

	<b>Immediately before the Proposed Capital Reduction as at 30 June 2023</b>	<b>Immediately after the Proposed Capital Reduction taking effect and the application of credit arising from the Proposed Capital Reduction to the Preference Shares Reserves Account</b>
	<i>HK\$ million</i>	<i>HK\$ million</i>
Share Capital	48,322	28,822
– Ordinary Shares	28,822	28,822
– Preference Shares	19,500	–
Preference Shares Reserves	–	19,500
Other Reserves	23,290	23,290
	23,290	23,290
<b>Total Equity of the Company</b>	<b>71,612</b>	<b>71,612</b>

*Note:* This table does not take into account expenses that will be incurred by the Company in relation to the Proposed Capital Reduction.

Further, except for the expenses to be incurred by the Company in relation thereto, which are expected to be insignificant in the context of the net asset value of the Company, the net asset value of the Company will remain unchanged before and after the Proposed Capital Reduction becoming effective. The Proposed Capital Reduction will not result in any change in the relative rights of the Shareholders.



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## LETTER FROM THE BOARD

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### **Expected Completion of the Proposed Capital Reduction**

Assuming that all of the above conditions are fulfilled, it is expected that the Proposed Capital Reduction would become effective upon the registration by the Registrar of Companies of the Return of Reduction of Share Capital (by Special Resolution supported by the Solvency Statement) required under the Companies Ordinance.

### **EGM AND CLOSURE OF REGISTER OF MEMBERS**

The Proposed Capital Reduction will require approval from the Ordinary Shareholders by way of the Special Resolution at the EGM. The EGM will be convened and held for the purpose of considering and, if thought fit, approving the Special Resolution in relation to the Proposed Capital Reduction.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the Latest Practicable Date, no Ordinary Shareholder has a material interest in the Proposed Capital Reduction and accordingly, no Ordinary Shareholder will be required to abstain from voting on the Special Resolution.

The notice convening the EGM to be held at the Ballroom, Level 3, JW Marriott Hotel Hong Kong, Pacific Place, 88 Queensway, Hong Kong on Wednesday, 11th October 2023 at 11:00 a.m. is set out on pages EGM-1 to EGM-2 of this circular.

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

The register of members of Cathay Pacific will be closed from Friday, 6th October 2023 to Wednesday, 11th October 2023 (both dates inclusive) for the purpose of determining the identity of the Ordinary Shareholders entitled to attend and vote at the EGM. No transfers of shares in Cathay Pacific will be registered during this book closure period.

In order to be entitled to attend and vote at the EGM, all transfer forms accompanied by the relevant share certificates must be lodged with the Share Registrar at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Thursday, 5th October 2023.

### **RECOMMENDATION**

Taking into account the effects as described in the section headed "Proposed Capital Reduction – Effects of the Proposed Capital Reduction" of this circular, the Board believes that the Proposed Capital Reduction is fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend that the Ordinary Shareholders vote in favour of the Special Resolution at the EGM.

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## LETTER FROM THE BOARD

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### ADDITIONAL INFORMATION

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

**The Proposed Capital Reduction is subject to the satisfaction of conditions and therefore it may or may not become effective. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.**

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

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# NOTICE OF EXTRAORDINARY GENERAL MEETING

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## CATHAY PACIFIC AIRWAYS LIMITED

## 國泰航空有限公司

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 293)**

### NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting (the “**Meeting**”) of the holders of ordinary shares of Cathay Pacific Airways Limited (the “**Company**”) will be held at the Ballroom, Level 3, JW Marriott Hotel Hong Kong, Pacific Place, 88 Queensway, Hong Kong on Wednesday, 11th October 2023 at 11:00 a.m. for the purpose of considering 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 18th September 2023 of which this notice forms part.

#### **SPECIAL RESOLUTION**

**THAT:**

- (a) conditional only upon the satisfaction of either one of the conditions set out in paragraph (b) of this special resolution and subject to any conditions imposed in accordance with paragraph (c) of this special resolution, the reduction of all the credit (being HK\$19,500 million) standing in the share capital (Preference Shares) account in the financial statements of the Company (the “**Proposed Capital Reduction**”) be and is hereby approved and the Directors be and are hereby authorised to credit the reduced share capital to the Preference Shares Reserves Account, and such reserve arising from the Proposed Capital Reduction is to be regarded as a realised profit pursuant to Section 214 of the Companies Ordinance which shall be available for set off against any accumulated losses and/or make distribution to the shareholders of the Company (including to redeem the Preference Shares of the Company) in the future when appropriate or as the Directors may think fit;
- (b) the approval and authorisation set out in paragraph (a) of this special resolution shall be conditional upon either (i) there being no application (the “**Application**”) to the Court of First Instance of the High Court of Hong Kong (the “**Court**”) for cancellation of the approval of the Proposed Capital Reduction, set out in this special resolution, by members of the Company or creditors of the Company within five weeks of the date of this special resolution; or (ii) if any such Application is made, the Court (or any relevant appeal court) making an order to confirm this special resolution;

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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- (c) if such an Application is made and the Court makes an order to confirm this special resolution upon the Application, the approval and authorisation in paragraph (a) of this special resolution shall be subject to any conditions that may be imposed by the Court (or any relevant appeal court); and
  
- (d) any one of the Directors be and is hereby authorised to submit or file all such relevant documents with the relevant regulatory authorities for approval, endorsement and/or registration as appropriate, and to do or authorise the doing of all such acts and things and to execute all such further documents or deeds as s/he may, in his/her absolute discretion, consider necessary, appropriate, desirable or expedient for the purpose of, or in connection with, the implementation of or giving effect to or the completion of any matters relating to the Proposed Capital Reduction.

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

Hong Kong, 18th September 2023

*Notes:*

- (1) Any member entitled to attend and vote at the Meeting convened by the above notice is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a member of the Company.
  
- (2) All proxies must be deposited with the Share Registrar, Computershare Hong Kong Investor Services Limited, 17M Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, not less than 48 hours before the time appointed for the Meeting or any adjourned meeting thereof.
  
- (3) The register of members will be closed from Friday, 6th October 2023 to Wednesday, 11th October 2023, both days inclusive. In order to be entitled to attend and vote at the Meeting, all transfers should be lodged with the Share Registrar, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Thursday, 5th October 2023.
  
- (4) The resolution set out in this notice will be voted on by poll.
  
- (5) Holders of Ordinary Shares 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.