



CATHAY

ANNUAL REPORT 2025

Cathay Pacific Airways Limited

Stock Code: 00293



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Traditional Chinese and Simplified Chinese translations of this Annual Report are available upon request from the Company’s Registrars.

CATHAY PACIFIC AIRWAYS LIMITED

Cathay Pacific Airways Limited (the “Company”) was founded in Hong Kong in 1946. It has been deeply committed to its home base for eight decades and remains so, making substantial investments to develop Hong Kong as one of the world’s leading international aviation centres. The Company and its subsidiaries (“Cathay”, the “Cathay Group” or the “Group”) offer products and services across four principal lines of business – Cathay Pacific, Cathay Cargo, Lifestyle and Hong Kong Express Airways Limited (“HK Express”).

As at 31st December 2025, Cathay Pacific and HK Express combined offered scheduled passenger services to more than 100 destinations worldwide, including 24 in the Chinese Mainland. Furthermore, the Group serves an additional 176 passenger destinations through codeshare agreements. Cathay Pacific is a founding member of the **oneworld** global alliance, whose combined network serves more than 900 destinations worldwide.

As at 31st December 2025, Cathay Cargo offered scheduled freighter services to 41 destinations worldwide, in addition to utilising belly capacity on the Group’s passenger flights. AHK Air Hong Kong Limited (“Air Hong Kong”) offered scheduled and charter freighter services to 17 destinations.

The Group had 237 aircraft as at 31st December 2025 and has 103 new passenger and freighter aircraft on order.

The Company had 179 passenger and cargo aircraft as at 31st December 2025. HK Express, a low-cost airline based in Hong Kong offering scheduled services within Asia, is a wholly owned subsidiary of the Company and had 44 aircraft as at 31st December 2025. Air Hong Kong, an express all-cargo carrier offering scheduled and charter services in Asia, is a wholly owned subsidiary of the Company operating 14 aircraft as at 31st December 2025.

The Group’s other businesses include its catering, laundry, ground-handling and cargo terminal companies.

As at 31st December 2025, the Company owned 15.09% of Air China Limited (“Air China”), the national flag carrier and a leading provider of passenger, cargo and other airline-related services in the Chinese Mainland.

As at 31st December 2025, the Group owned an equity interest totalling 21.01% of Air China Cargo Co., Ltd. (“Air China Cargo”), which is a leading provider of air cargo services in the Chinese Mainland.

The Cathay Group’s corporate headquarters are located at Hong Kong International Airport. As at 31st December 2025, the Cathay Group employed more than 33,000 people worldwide, of whom around 28,000 were employed in Hong Kong. Shares of the Company are listed on The Stock Exchange of Hong Kong Limited, as are the shares of its substantial shareholders Swire Pacific Limited (“Swire Pacific”) and Air China.

FINANCIAL AND OPERATIONAL HIGHLIGHTS

GROUP FINANCIAL STATISTICS

		2025	2024	Change
Results				
Revenue	HK\$ million	116,766	104,371	+11.9%
Profit attributable to the shareholders of the Cathay Group	HK\$ million	10,828	9,888	+9.5%
Earnings per ordinary share				
– Basic	HK cents	165.5	149.2	+10.9%
– Diluted	HK cents	161.8	133.2	+21.5%
Dividend per ordinary share	HK\$	0.84	0.69	+21.7%
Profit margin	%	9.3	9.5	-0.2%pt
Financial position				
Funds attributable to the shareholders of the Cathay Group	HK\$ million	60,110	52,500	+14.5%
Net borrowings ^(a)	HK\$ million	46,812	57,941	-19.2%
Available unrestricted liquidity	HK\$ million	25,435	19,073	+33.4%
Ordinary shareholders' funds per ordinary share	HK\$	8.9	8.2	+8.5%
Net debt/equity ratio ^(a)	Times	0.78	1.10	-0.32 times

OPERATING STATISTICS

		2025	2024	Change
The Company				
Available tonne kilometres (ATK)	Million	28,773	24,836	+15.9%
Revenue tonne kilometres (RTK)	Million	20,461	17,362	+17.8%
Cost per ATK (with fuel) ^(b)	HK\$	3.32	3.40	-2.4%
Fuel consumption per million ATK	Barrels	1,327	1,289	+2.9%
Fuel consumption per million RTK	Barrels	1,865	1,844	+1.1%
Cost per ATK (without fuel) ^(b)	HK\$	2.32	2.36	-1.7%
ATK per HK\$'000 staff cost	Unit	1,788	1,853	-3.5%
ATK per employee	'000	1,133	1,081	+4.8%
Aircraft utilisation	Hours per day	11.3	9.4	+20.2%
Average age of fleet	Years	12.8	11.8	+1.0 year
GHG emissions	Million tonnes of CO ₂ e	15.3	12.8	+19.5%
GHG emissions per ATK	Grammes of CO ₂ e	532	517	+2.9%
Total recordable injury frequency rate	No. of injuries/200,000 hours worked	6.0	10.3	-41.7%
Cathay Pacific				
Available seat kilometres (ASK)	Million	140,681	111,789	+25.8%
Revenue passenger kilometres (RPK)	Million	119,875	93,016	+28.9%
Passenger revenue per ASK	HK cents	51.5	56.0	-8.0%
Revenue passengers carried	'000	28,871	22,827	+26.5%
Passenger load factor	%	85.2	83.2	+2.0%pt
Passenger yield	HK cents	60.4	67.3	-10.3%
On-time performance (passenger)	%	75.3	72.9	+2.4%pt
Cathay Cargo				
Available freight tonne kilometres (AFTK)	Million	15,373	14,193	+8.3%
Revenue freight tonne kilometres (RFTK)	Million	9,037	8,503	+6.3%
Cargo revenue per AFTK	HK\$	1.58	1.69	-6.5%
Cargo carried	'000 tonnes	1,677	1,532	+9.5%
Cargo load factor	%	58.8	59.9	-1.1%pt
Cargo yield	HK\$	2.69	2.82	-4.6%
HK Express				
Available seat kilometres (ASK)	Million	18,157	13,764	+31.9%
Revenue passenger kilometres (RPK)	Million	14,446	11,481	+25.8%
Passenger revenue per ASK	HK cents	35.2	43.5	-19.1%
Revenue passengers carried	'000	7,912	6,100	+29.7%
Passenger load factor	%	79.6	83.4	-3.8%pt
Passenger yield	HK cents	44.2	52.2	-15.3%
On-time performance	%	84.3	79.1	+5.2%pt
Average age of fleet	Years	7.3	7.1	+0.2 year

(a) Adjusted net borrowings and the net debt/equity ratio excluding leases without asset transfer components are HK\$36,352 million (2024: HK\$47,097 million) and 0.60 (2024: 0.90) respectively.

(b) Cost per ATK represents total operating costs divided by ATK for the period.

FINANCIAL AND OPERATIONAL HIGHLIGHTS

FLEET PROFILE^(a)

Aircraft type	Number at 31st December 2025			Average age	Orders ^{(c)(i)}			Expiry of leases without asset transfer ^(b)							
	Owned	Leased ^(b)			Total	'26	'27	'28 and beyond	Total	'26	'27	'28	'29	'30	'31 and beyond
		With asset transfer	Without asset transfer												
The Company (Passenger aircraft):															
A321/A320-200neo	5	6	5	16	3.1	3 ^(d)	8 ^(d)	3 ^(d)	14						5
A330-300	41	1	1	43	17.3						1				
A330-900								30	30						
A350-900	20	8	2	30	7.7						2				
A350-1000	11	7		18	6.1										
777-300	17			17	24.2										
777-300ER	26		9	35	13.2										9
777-9							9	26 ^(e)	35						
The Company (Freighter):															
A350F								6	6						
747-400ERF	6			6	17.0										
747-8F	14			14	12.9										
Total of the Company	140	22	17	179	12.8	3	17	65	85	–	–	3	–	–	14
HK Express:															
A320-200	3 ^(f)		3	6	17.8						2	1			
A320-200neo			10	10	6.8	2 ^{(d)(g)}	2 ^{(d)(g)}	4 ^{(d)(g)}	8			2	2	1	5
A321-200	2 ^(f)		10	12	10.5					2					8
A321-200neo	7 ^(f)	9 ^(f)		16	1.3	3 ^{(d)(g)}	6 ^{(d)(g)}	1 ^{(d)(g)}	10						
Total	12	9	23	44	7.3	5	8	5	18	2	–	4	3	1	13
Air Hong Kong^(h):															
A330-243F			4	4	11.9					2					2
A330-300P2F			10	10	14.2					3		4	3		
Total	–	–	14	14	13.6	–	–	–	–	5	–	4	3	2	–
Grand total	152	31	54	237	11.8	8	25	70	103	7	–	11	6	3	27

(a) The table does not reflect aircraft movements after 31st December 2025.

(b) Leases without asset transfer components are accounted for in a similar manner to leases with asset transfer components under accounting standards. The majority of leases without asset transfer components in the above table are within the scope of HKFRS 16 Leases ("HKFRS 16").

(c) The Group believes that based on its available unrestricted liquidity as at 31st December 2025, as well as its ready access to both loan and debt capital markets, it will have sufficient financing capacity to fund this material investment in the fleet.

(d) Final number subject to reallocation between the Company and HK Express.

(e) The Group exercised purchase right to acquire 14 Boeing 777-9 aircraft in August 2025.

(f) The aircraft are sub-leased to HK Express.

(g) Final split between Airbus A320-200neo and A321-200neo is subject to adjustment in accordance with future operational requirements.

(h) The contractual arrangements relating to the freighters operated by Air Hong Kong do not constitute leases in accordance with HKFRS 16.

(i) The Group also has the right to acquire 89 additional aircraft.

CHAIR'S STATEMENT

I am pleased to report that 2025 marked our third consecutive year of solid financial performance. This is an excellent achievement that reflects the commitment of our teams and provides us with a solid foundation from which we can continue to sustainably grow our business for our customers, our people, our shareholders and Hong Kong.

The past three years of solid profits have enabled us to strengthen our balance sheet and complete a number of buybacks, including of the preference shares, warrants, convertible bonds and, most recently, Qatar Airways' shareholding in Cathay. These buybacks reflect our confidence in our long-term business prospects.

Also facilitated by our strengthened balance sheet is our commitment of well over HK\$100 billion in investments into our fleet, cabin and lounge products and digital innovation, to elevate the customer experience and strengthen the Hong Kong international aviation hub. In August 2025, we exercised purchase rights for an additional 14 Boeing 777-9 aircraft, bringing our total commitment to 35 such aircraft. Overall, we have more than 100 new narrowbody, regional widebody, long-haul widebody and large freighter aircraft in our delivery pipeline as part of our all-encompassing plan to renew and expand our fleet.

FINANCIAL RESULTS

The Cathay Group, including airlines, subsidiaries and associates, reported an attributable profit of HK\$10,828 million in 2025 (2024: HK\$9,888 million). The earnings per ordinary share in 2025 were HK165.5 cents (2024: HK149.2 cents). The financial result was driven by increased capacity, solid passenger load factors and resilient cargo demand. This was partially offset by passenger yield normalisation and losses made by HK Express.

Our airlines and subsidiaries reported an attributable profit of HK\$9,996 million for the full year of 2025 (2024: HK\$8,849 million). The net results from associates, the majority of which are recognised three months in arrears, were a full-year profit of HK\$447 million (2024: HK\$288 million).

The attributable profit for 2025 included a non-recurring gain of approximately HK\$878 million under Other Income, arising from a settlement agreement from an aircraft parts management joint venture with Hong Kong Aircraft Engineering Company Limited (HAECO).

Our full-year result has allowed us to announce a second interim dividend payment to ordinary shareholders of HK\$0.64 per ordinary share. This will be paid on 7th May 2026 to ordinary shareholders registered at the close of business on the record date, 2nd April 2026. Ordinary shares of the Company will be traded ex-dividend as from 31st March 2026.

Together with the first interim dividend that had already been paid, a total of HK\$0.84 per share or HK\$5,228 million will have been paid in ordinary share dividends in respect of 2025. The Company's dividend policy for ordinary shareholders is to distribute approximately half of its consolidated profit after tax, excluding non-cash exceptional items. This is subject to consideration of other factors, such as the strength of the Company's own statement of financial position, the Company's own profits, trading conditions and the prevailing and forecast economic environment.

LOOKING AHEAD

This year marks 80 years since Cathay's founding in 1946. We are immensely proud to have grown side by side with our home hub, Hong Kong, over the past eight decades. As we celebrate "80 Years Together", we look forward to continuing to connect Hong Kong and the Chinese Mainland with the world.

The prevailing global geopolitical environment is volatile, causing unexpected shifts in passenger and cargo traffic flows as well as jet fuel prices. Ongoing supply chain disruption and cost inflation continue to impact delivery of new aircraft, cabin products and parts. However, we have built a strong foundation which has made Cathay resilient, efficient and adaptable. This has put us in the best possible position to withstand current market turbulence, and we will remain agile as we continue to face external challenges.

We expect to grow passenger capacity by around 10% in 2026 as we add frequencies and destinations to our network, which will also contribute to increased cargo capacity. We remain highly confident in our future at the very centre of the Hong Kong international aviation hub.

APPRECIATION

I would like to extend my sincere appreciation to our teams, our customers and our shareholders whose invaluable support over the past three years has been essential to achieving our results and milestones. More than anything, it is the dedication and commitment of our people to providing exceptional service for our customers that places Cathay in the best position possible for long-term success.

Patrick Healy

Chair

Hong Kong, 11th March 2026

CHIEF EXECUTIVE OFFICER'S REVIEW AND OUTLOOK

REBUILDING QUANTITATIVELY AND QUALITATIVELY

The past three years have been a period of rapid rebuilding for the Cathay Group. Throughout this time, we have continued to add more destinations to our network, increase flights on popular routes, elevate the customer experience, and contribute to the passenger and cargo throughput at Hong Kong International Airport.

Having fully rebuilt our flights earlier in 2025, we launched services to 20 destinations last year as a Group, bringing our passenger network to more than 100 destinations worldwide. Our team also continued to grow, reaching more than 33,000 people by the end of 2025.

I am especially pleased that we have been recognised in multiple renowned industry awards and rankings over the past year. These recognitions are a credit to our team and reflect our ongoing commitment to raising the bar for our customers and strengthening Hong Kong's status as a world-class international aviation hub.

INVESTING FOR OUR CUSTOMERS AND HONG KONG

As part of our commitment to elevating the customer experience and strengthening the Hong Kong international aviation hub, we have committed well over HK\$100 billion into our fleet, cabin and lounge products and digital innovation.

Last year, Cathay Pacific continued to deploy more Boeing 777-300ER aircraft retrofitted with our award-winning Aria Suite, new Premium Economy and refreshed Economy cabins to more long-haul routes. Meanwhile, HK Express took delivery of four new narrowbody aircraft.

On the ground, we welcomed customers back to two of our newly redesigned flagship lounges – The Bridge at Hong Kong International Airport and the Cathay Pacific Lounge at Beijing Capital International Airport. These redesigned spaces form part of our wider lounge enhancement strategy in Hong Kong and other key cities in our network.

PERFORMANCE OF OUR FOUR BUSINESS LINES

Cathay Pacific's passenger revenue increased by 15.8% to HK\$72,454 million compared with 2024. Available seat kilometres (ASK) increased by 25.8%, while traffic, measured in revenue passenger kilometres (RPK) increased by 28.9%. Cathay Pacific carried a total of 28.9 million passengers in

2025, an average of 79,100 per day, which was 26.5% more than in 2024. Load factor was 85.2% compared with 83.2% in 2024, and yield decreased by 10.3% to HK60.4 cents.

Beyond adding more destinations and elevating the customer experience, we also focused on adding frequencies on Cathay Pacific's existing routes, most notably our Riyadh and Dallas-Fort Worth services, which increased to daily frequencies in response to customer demand.

Cathay Cargo's revenue in 2025 increased by 1.2% to HK\$24,279 million. Available freight tonne kilometres (AFTK) increased by 8.3%, owing to our increased passenger flight schedule providing more belly space for cargo. Traffic, measured in revenue freight tonne kilometres (RFTK), increased by 6.3%. Total tonnage increased by 9.5% to 1.7 million tonnes. Load factor was 58.8% compared with 59.9% in 2024, and yield decreased by 4.6% to HK\$2.69.

Despite considerable uncertainty caused by changes in global trade and supply chains, our cargo business demonstrated resilience and delivered a robust performance in 2025. By remaining vigilant and agile, we have been able to direct our capacity to serve demand where it was strongest. We also continued to focus on providing excellent service to our customers and on our special solutions, both of which demonstrate our "We Know How" brand promise.

We continued to grow Cathay Lifestyle business along with our active Cathay membership base. Last year, we announced a number of changes to our membership programme that will make for a smoother, simpler and better experience for our members once they take effect from January 2027. Other areas of the business will also continue to be developed, such as payment, insurance and lifestyle partnerships, as well as Cathay Holidays and the Cathay Shop.

Overall costs for Cathay before subsidiaries and associates increased compared with 2024 due to the increase in capacity. Non-fuel costs for 2025 increased by 13.8% to HK\$66,828 million compared with 2024. Net fuel costs increased by HK\$2,899 million (or 11.2%) compared with 2024.

Our wholly owned low-cost carrier HK Express's passenger revenue increased by 6.7% to HK\$6,394 million compared with 2024. Available seat kilometres (ASK) increased by 31.9%, while traffic, measured in revenue passenger kilometres (RPK) increased by 25.8%. HK Express carried a total of 7.9 million passengers in 2025, an average of 21,700 per day, which was 29.7% more than in 2024. Load factor was 79.6% compared with 83.4% in 2024, and yield decreased by 15.3% to HK44.2 cents.

HK Express reported a loss before net finance charges and taxation of HK\$996 million for 2025 (2024: HK\$204 million loss). Short-term factors affected its earnings, including changes in customer preferences for travel destinations, launching multiple new routes that will take time to mature, and some of its aircraft remaining grounded due to industry-wide Pratt & Whitney engine issues that continued without improvement.

PERFORMANCE OF OTHER SUBSIDIARIES AND ASSOCIATES

Air Hong Kong reported a profit before net finance charges and taxation of HK\$954 million for 2025 (2024: HK\$957 million). Its results have been consistently solid.

Results from our airline services subsidiaries improved in 2025 compared with 2024, as more capacity was added to the market.

Results from associates, recognised three months in arrears, improved compared with 2024. This was primarily driven by improved financial results for Air China Cargo due to the increased scale of its freighter fleet and solid performance in air cargo services, cargo terminal services and integrated logistics solutions.

OUTLOOK

After our successful rebuild over the past three years, all our available aircraft are fully resourced and flying. Following record-high levels in recent years, our recruitment and training are now in a steady state in line with our growth plans. We will take delivery of eight new narrowbody aircraft in 2026 and expect to grow our passenger capacity at a rate of around 10% in 2026.

For HK Express, we are taking a long-term view and a path to sustained profitability can be expected based on the low-cost carrier business model, as it continues to grow and increase its efficiencies in the coming years. We have been taking measures to elevate the resilience of the business and are starting to see some positive impact, with the first two months of 2026 getting off to an encouraging start.

For Cathay Pacific, our focus will be on increasing frequencies on our existing routes as well as adding new destinations such as Seattle at the end of March. We will also be introducing an all-new flat-bed Business class cabin product – Aria Studio – offering direct aisle access, as well as a new Economy cabin, onboard our regional Airbus A330-300s at the end of this year. This will be followed by a new, world-leading First class experience arriving on our Boeing 777-9s in 2027.

We have also listened to our customers' feedback and will be enhancing our existing offerings. Onboard our narrowbody Airbus A321neo aircraft, we will be reducing the number of seats in the Economy cabins, providing each seat with additional space and reinforcing our commitment to delivering the most comfortable and enjoyable experience for our customers.

On the ground, our flagship Hong Kong lounge The Wing, First will reopen soon following an extensive redesign. Thereafter, we will celebrate the opening of our first ever Cathay Pacific lounge in New York later this year.

For Cathay Cargo, we have had a solid start in the first two months of 2026. We shall continue to adjust to changing market dynamics through close dialogue with our customers and we will remain agile, leveraging our strong global network to deploy capacity to meet demand, while continuing to focus on further developing our core strengths.

GRATITUDE

I would like to say thank you to our team and our customers for their continued support over the years. At the heart of Cathay is our team's commitment to delivering world-class service to our customers, as we continue to strive towards becoming our customers' most loved service brand.

Recognising our team for work well done is a core part of our culture at Cathay and we are pleased to be providing them with a total of around 11 weeks of eligible pay in the form of a discretionary bonus and profit sharing in respect of 2025, in addition to a salary increase introduced at the beginning of 2026.

As Cathay celebrates "80 Years Together", we are excited to mark this occasion with our team, customers and the community. The special events and activities taking place throughout 2026 celebrate our deep roots in Hong Kong, being proudly part of China, and 80 years of connecting the world.

Ronald Lam

Chief Executive Officer

Hong Kong, 11th March 2026



PURPOSE

WHY WE EXIST

WE MOVE PEOPLE FORWARD IN LIFE

VISION

WHERE WE ARE HEADING

OUR CUSTOMERS' MOST LOVED SERVICE BRAND

CULTURE

HOW WE WORK TOGETHER

THOUGHTFUL

We champion and deliver what matters most to our customers

We believe that a happy team leads to happy customers

We act lawfully, ethically and responsibly

PROGRESSIVE

We are forward-thinking, encouraging innovation and learning

We thrive as an inclusive team and value diverse views

We are agile and ready to adapt to achieve our goals

CAN-DO

We overcome challenges together with positivity and determination

We empower and enable our team to excel

We relentlessly create value and improve efficiency

STRATEGY

HOW WE ACHIEVE THE VISION

OUR UNIQUE POSITION

Deep roots in Hong Kong

Proudly part of China

Connecting the world

OUR LINES OF BUSINESS

World's best premium airline

World's best premium travel lifestyle brand

Asia's best low cost carrier

World's best air cargo carrier

OUR AREAS OF LEADERSHIP

Safety & operational excellence

Digital

Sustainability

REVIEW OF OPERATIONS

Cathay Pacific

CATHAY PACIFIC

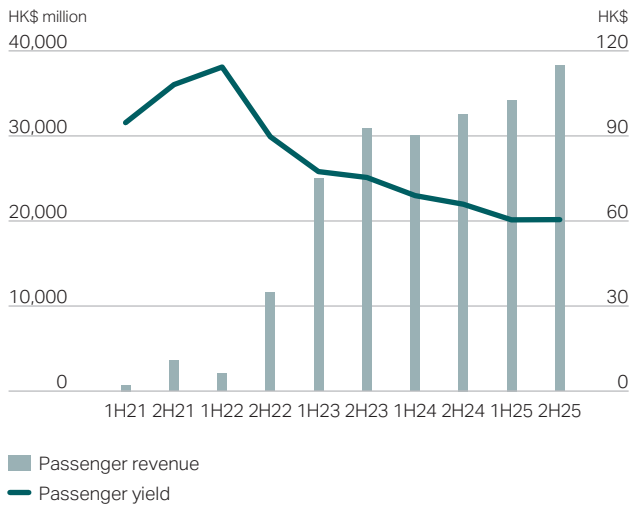
Cathay Pacific is the Group's premium, full-service airline and the home carrier of Hong Kong. Cathay Pacific's strategic vision is to be the world's best premium airline, underpinned by our purpose to move people forward in life.

In 2025, Cathay Pacific maintained its focus on adding more flights and destinations, and enhancing the customer experience both in the air and on the ground. The airline launched passenger services to eight destinations including Adelaide, Brussels, Changsha, Dallas-Fort Worth, Hyderabad, Munich, Rome and Urumqi, while increasing frequencies on many other routes across its global network. Customer experience enhancements continued throughout the year, including the reopening of The Bridge at Hong Kong

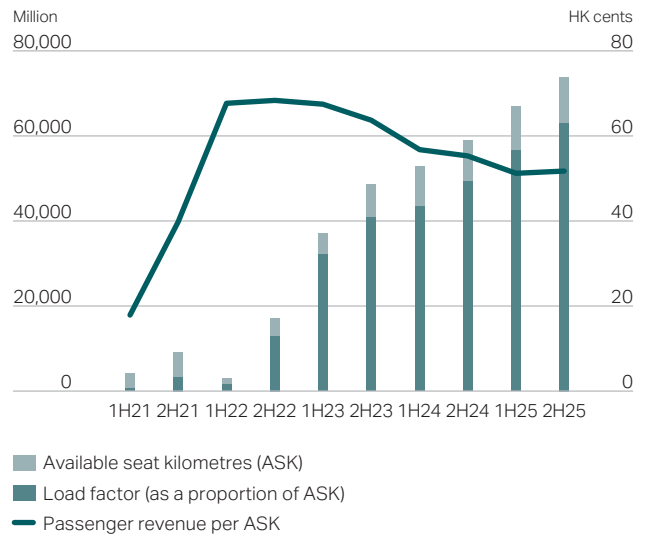
International Airport (HKIA) and the newly redesigned lounge at Beijing Capital International Airport. These were complemented by new dining collaborations and other service enhancements that further elevated our customers' journeys. Cathay Pacific's commitment to excellence was also recognised globally, including being named among the top three world's best airlines in the 2025 Skytrax World Airline Awards.

Passenger revenue increased by 15.8% to HK\$72,454 million in 2025 compared with 2024, while revenue passenger kilometre (RPK) traffic increased by 28.9%. Cathay Pacific carried 28.9 million passengers in 2025, an average of 79,100 passengers per day and 26.5% more than in 2024. Available seat kilometres (ASK), increased by 25.8%. Load factor increased by 2.0 percentage points to 85.2%, while yield decreased by 10.3% to HK60.4 cents.

Passenger revenue and yield trend



Passenger capacity, load factor and efficiency



REVIEW OF OPERATIONS

Cathay Pacific

AVAILABLE SEAT KILOMETRES (ASK), LOAD FACTOR AND YIELD CHANGE BY REGION FOR CATHAY PACIFIC PASSENGER SERVICES FOR 2025 WERE AS FOLLOWS:

	ASK (million)			Load factor (%)			Yield
	2025	2024	Change	2025	2024	Change	Change
Americas	42,203	31,020	+36.1%	87.5	88.3	-0.8%pt	-16.9%
Southeast Asia and Oceania	36,013	30,527	+18.0%	82.8	79.8	+3.0%pt	-6.4%
Europe	26,040	20,565	+26.6%	89.2	89.0	+0.2%pt	-0.6%
North Asia	25,773	22,196	+16.1%	80.2	76.4	+3.8%pt	-11.4%
South Asia, Middle East and Africa	10,652	7,481	+42.4%	86.6	80.4	+6.2%pt	-8.2%
Overall	140,681	111,789	+25.8%	85.2	83.2	+2.0%pt	-10.3%

MARKETS

HOME MARKET – HONG KONG AND GREATER BAY AREA (GBA)

- We continued to add more flights and intermodal transport options to provide greater choice for our customers travelling to and from Hong Kong and the wider Greater Bay Area.
- We saw a solid increase in traffic from the Greater Bay Area utilising our codeshare ferry services and bonded shuttle buses to and from the SkyPier Terminal at HKIA, particularly during exhibitions, trade shows and mega events. To enhance the travel experience, we offered convenient one-stop upstream check-in services for passengers at the Canton Fair.
- In November 2025, we completed the rollout of Cathay Pacific's dedicated check-in counters across all six ferry ports, further enhancing the well-established network of more than 50 ferry services operating between the SkyPier Terminal and the wider Greater Bay Area.

AMERICAS

- In April 2025, we launched direct flights to Dallas-Fort Worth International Airport for the first time, which increased from four flights per week to daily from October 2025 in response to strong demand.
- In September 2025, we announced the launch of non-stop flights to Seattle starting 30th March 2026, further expanding our network in the important North America market.
- As at 31st December 2025, Cathay Pacific's scheduled passenger services covered eight destinations in the Americas.

SOUTHEAST ASIA AND OCEANIA

- Local holidays across Southeast Asia, such as Lebaran, Songkran and Vesak, drove strong travel demand, with popular destinations extending beyond Hong Kong to various Northeast Asian markets.
- Our direct flights to Brisbane and Perth increased to double-daily from October 2025.
- In November 2025, we resumed our seasonal service between Hong Kong and Adelaide with three return flights per week. This, along with our Christchurch seasonal service, was well received by customers, supported by solid transit traffic.
- As at 31st December 2025, Cathay Pacific's scheduled passenger services covered 21 destinations in Southeast Asia and Oceania.

EUROPE

- We continued to strengthen our European network with the addition of three new routes. In June 2025, Cathay Pacific returned to Rome with a summer seasonal service and launched direct passenger flights to Munich for the first time. This was followed by direct flights to Brussels in August 2025.
- For the 2025 summer season, we increased frequencies on several key routes, including increasing our Manchester and Milan services to daily and adding an extra weekly flight to our seasonal Barcelona service.
- As at 31st December 2025, Cathay Pacific's scheduled passenger services covered 12 destinations in Europe.

REVIEW OF OPERATIONS

Cathay Pacific

NORTH ASIA

- We continued to enhance connectivity between Hong Kong and the Chinese Mainland with more flights and destinations.
- In April 2025, we launched passenger services to Urumqi, connecting our home city with an important Belt and Road hub in Northwestern China.
- In November 2025, we welcomed the launch of our direct daily flights to Changsha, further expanding our Chinese Mainland network.
- For the 2025 winter season, we increased frequencies on some of our key Chinese Mainland routes including an additional daily flight to Beijing, Chengdu and Guangzhou, and an additional weekly flight to Shanghai Hongqiao.
- As at 31st December 2025, Cathay Pacific's scheduled passenger services covered 28 destinations in North Asia.

SOUTH ASIA, MIDDLE EAST AND AFRICA

- In March 2025, we resumed our non-stop service between Hong Kong and Hyderabad, further enhancing our India network.
- We increased frequency of our Hong Kong-Riyadh service from four return flights per week to daily from October 2025 amidst robust demand.
- As at 31st December 2025, Cathay Pacific's scheduled passenger services covered 11 destinations in South Asia, the Middle East and Africa.

CUSTOMER EXPERIENCE ENHANCEMENTS

- In 2025, we continued to elevate the dining experience for our customers in the air and on the ground. This included: collaborating with Michelin-starred Cantonese restaurant Yat Tung Heen on new menus for our Premium Economy and Economy passengers; partnering with acclaimed restaurant Mott 32 to bring customers an elevated dining experience at our First class lounges at HKIA; and introducing our "Chinese Classics" dining offerings for Business class passengers on selected flights from Hong Kong to the Chinese Mainland, complementing our "Hong Kong Flavours" and "International Favourites" options.

- As part of our global lounge enhancement plan, in May 2025 we reopened The Bridge at HKIA following a redesign of the lounge, and converted The Deck into an interim First class lounge. These enhancements ensure that customers continue to enjoy a premium lounge experience in Hong Kong during the renovations of The Wing, First – which will reopen in the second quarter of 2026 – followed by The Wing, Business in 2027.
- In August 2025, we were delighted to welcome our members and customers back to our newly redesigned flagship lounge at Beijing Capital International Airport, providing them with an elevated experience before their flights. This lounge complements our other lounges in the Chinese Mainland, including at Shanghai Pudong International Airport and the Shekou Cruise Home Port in Shenzhen.
- In December 2025, we reopened our lounge at Paris Charles de Gaulle Airport with refreshed interiors.
- We also look forward to opening our first-ever dedicated lounge in New York in summer 2026 after we move to John F. Kennedy International Airport's state-of-the-art Terminal 6 building.
- Our Boeing 777-300ER retrofit programme continues, bringing our new Aria Suite Business class, new Premium Economy and refreshed Economy cabins to more routes. These new cabins are currently available on flights between Hong Kong and Frankfurt, London Heathrow, Melbourne, Milan, San Francisco, Sydney and Vancouver, as well as selected regional destinations. Customers can look forward to these cabins coming to more long-haul routes in 2026, including Los Angeles launching in the summer season.
- We remain on track to deliver a brand-new cabin and flat-bed Business class product onboard selected regional Airbus A330-300 aircraft in 2026 and beyond. For our other regional A330-300 and Boeing 777-300 aircraft, we rolled out refinements to the design of our current regional Business class seats in 2025, featuring an updated look and features.
- In August 2025, Cathay Pacific achieved a new customer experience milestone becoming one of the very few airlines worldwide to offer both 100% seatback inflight entertainment and 100% high-speed inflight connectivity across its entire fleet.

REVIEW OF OPERATIONS

Cathay Pacific

- In 2025, Cathay Pacific extended complimentary Wi-Fi to Cathay Gold members travelling in all cabins and Cathay members travelling in Premium Economy. Complimentary Wi-Fi is already offered to First and Business class passengers, and Cathay Diamond members.
- Since 1st December 2025, we have introduced group boarding across all our flights globally to reduce gate and cabin congestion, help our cabin crew manage boarding more efficiently, and deliver a smoother customer experience.
- Cathay Pacific won two accolades at TheDesignAir Awards 2025 – Design Airline of the year 2025 and Design Airline of the Year, Asia – for the airline’s continued efforts in championing the customer experience and delivering a residentially inspired passenger experience.
- Cathay Pacific’s Aria Suite, developed in collaboration with JPA Design, was honoured with the Collaboration Excellence Award at the Red Cabin Trinity Awards 2025.
- Cathay Pacific’s inflight entertainment graphical user interface was recognised by two of the top global design awards for products and experience, receiving the Gold Award at the German Design Awards 2025 and a Red Dot Design Award for its combination of cutting-edge design and technology.

AWARDS

- Cathay Pacific was named among the top three world’s best airlines in the 2025 Skytrax World Airline Awards, in addition to being named World’s Best Economy Class Airline and winning World’s Best Inflight Entertainment, among other achievements.
- Cathay Pacific was named among the top five best premium airlines in the world for 2025 by Airline Ratings. The airline was also recognised as a winner in Airline Ratings’ 2025 Sustainability Awards and received a 7-Star PLUS safety rating, the highest accolade in Airline Ratings’ globally recognised safety ranking system. The airline was also named among the world’s top two safest full-service airlines for 2026 by Airline Ratings.
- Cathay Pacific’s Aria Suite Business class seat won a Red Dot Design Award for its exceptional level of comfort, and the Cabin Design (Business & First Class) Award at the International Yacht & Aviation Awards 2025 for its seamless blend of innovation and human-centric design.
- At the Crystal Cabin Awards 2025, Cathay Pacific was named winner of the Passenger Comfort category with its new Aria Suite introducing a groundbreaking system that unifies the inflight entertainment and cabin environment control, and winner of the Judges’ Choice: Airline Innovation category for its innovative Gallery in the Skies art concept.
- Cathay Pacific received three iF Design Awards – two for its Inflight Entertainment System Design and Experience, and one for the Aria Suite.
- Cathay Pacific was named Best in Asia-Pacific for Premium Economy, Inflight Food & Beverage, and Airline Lounge in the Business Traveller Awards 2025.
- Cathay won the Grand Award for the third consecutive year at the HKACE Customer Service Excellence Awards. Collectively, the Cathay Group received 15 awards from HKACE, recognising the excellent service standards set by our cabin crew, customer care, airport, subsidiary and Cathay Academy teams.

REVIEW OF OPERATIONS

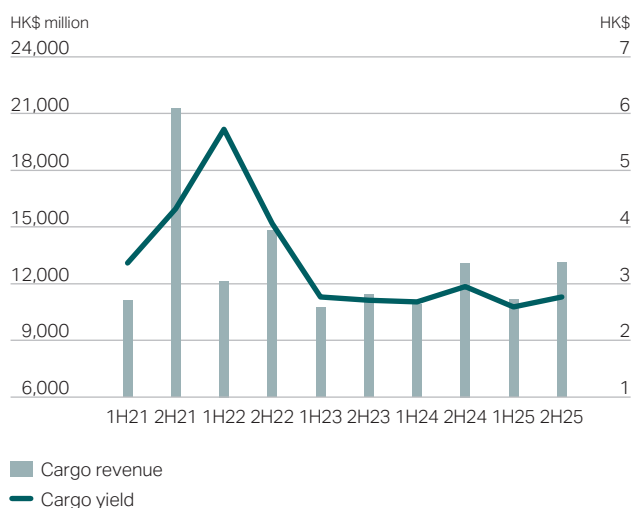
Cathay Cargo

CATHAY CARGO

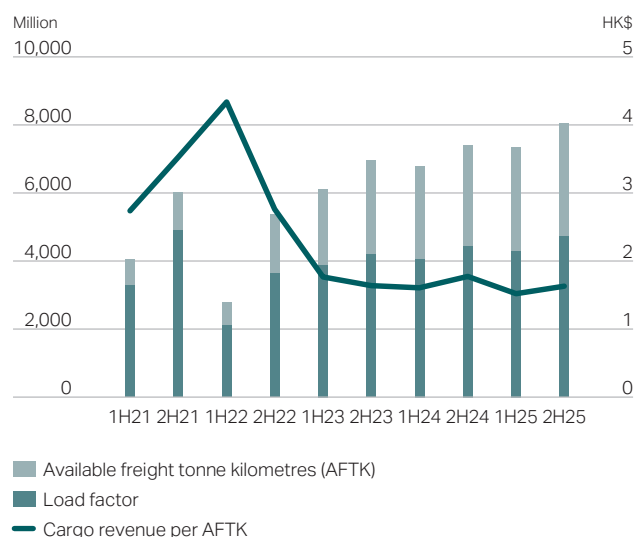
Cathay Cargo is the largest cargo operator at HKIA. Our strategic vision is to become the world's best air cargo carrier, underpinned by our purpose to deliver cargo that matters to the world.

Cargo revenue in 2025 was HK\$24,279 million, an increase of 1.2% compared with 2024. Capacity, measured in available freight tonne kilometres (AFTK), increased by 8.3% in 2025 compared with 2024. Revenue freight tonne kilometres (RFTK) traffic increased by 6.3%. Total tonnage increased by 9.5% to 1,677 thousand tonnes. Cargo yield decreased by 4.6% to HK\$2.69, while load factor averaged 58.8% (2024: 59.9%).

Cargo revenue and yield trend



Cargo capacity, load factor and efficiency



AVAILABLE FREIGHT TONNE KILOMETRES (AFTK), LOAD FACTOR AND YIELD CHANGE FOR 2025 WERE AS FOLLOWS:

	AFTK (million)			Load factor (%)			Yield
	2025	2024	Change	2025	2024	Change	Change
Cathay Cargo	15,373	14,193	+8.3%	58.8	59.9	-1.1%pt	-4.6%

REVIEW OF OPERATIONS

Cathay Cargo

HOME MARKET – HONG KONG AND GREATER BAY AREA (GBA)

- As the largest cargo carrier at HKIA, Cathay Cargo was proud to be a key contributor to it being named the world's busiest cargo airport for the 14th time since 2010.
- We offered over 100 return freighter flights a week to more than 40 destinations, in addition to utilising belly space on the Cathay Group's passenger flights to over 100 destinations worldwide from our Hong Kong hub.
- Despite challenges arising from geopolitical tensions, particularly trade tariffs between China and the United States and the removal of the de minimis exemption for shipments entering the United States, overall market demand in 2025 remained resilient.
- Overall tonnage from Hong Kong and the wider GBA recorded year-on-year growth, driven by healthy network demand, particularly on key lanes.
- E-commerce continued to be a significant driver of demand for capacity, though we observed some slowdown in demand for e-commerce from the United States after the removal of the de minimis exemption. We experienced robust demand for high-tech and AI-related components and products.
- Volumes on intermodal services — including air-sea and air-land — grew steadily. Notably, inbound perishable cargo rose significantly in the fourth quarter of 2025, supported by the innovative Air-Land Fresh Lane solution via the Hong Kong-Zhuhai-Macao Bridge.

AMERICAS

- As at 31st December 2025, we operated freighters to 12 destinations in the Americas, in addition to utilising belly space on Cathay Pacific's passenger flights.
- We ramped up freighter frequencies on transpacific routes from late August 2025 to meet growing demand during the air cargo peak season.
- Special solutions, notably Cathay Fresh, Cathay Pharma and Cathay Dangerous Goods, and cargo connecting to a Cathay flight via other non-Cathay flights and transportation solutions, were key contributors to demand from the Americas.
- We saw notable growth in live seafood shipments from Miami and Toronto to Hong Kong.

SOUTHEAST ASIA AND OCEANIA

- As at 31st December 2025, we operated freighters to nine destinations in Southeast Asia and Oceania, in addition to utilising belly space on the Cathay Group's passenger flights.
- Cargo volumes from the region continued to grow, driven by strong exports to the Americas and Hong Kong, with electronics, garments and spare parts from Malaysia, Singapore, Thailand and Vietnam driving capacity demand.
- Our Cathay Fresh solution recorded steady growth, particularly fresh produce from Indonesia and Thailand.
- We leveraged our Cathay Expert and Cathay Secure solutions to transport a number of terracotta figures and over 200 artefacts from Xi'an to Perth via Hong Kong in June 2025.

REVIEW OF OPERATIONS

Cathay Cargo

EUROPE

- As at 31st December 2025, we operated freighters to five destinations in Europe, in addition to utilising belly space on Cathay Pacific's passenger flights.
- Overall demand remained solid, particularly for general cargo to Hong Kong.
- We added a seasonal freighter service to Madrid from mid-October to mid-December 2025 to meet rising demand during the traditional cargo peak.
- Perishables, particularly foodstuffs from the United Kingdom, and fresh salmon through the Netherlands gateway to Hong Kong, Japan and the Taiwan region, were a core growth driver of our Cathay Fresh solution from Europe.
- We saw a surge in demand for our Cathay Expert solution, driven by semi-conductor equipment, components and materials from France, Germany and Italy to Hong Kong and Japan.
- In February 2025, we transported around 70 elite horses that participated in the Longines International Horse Show from Liège and London to Hong Kong, demonstrating the care and expertise of our Cathay Live Animal solution.

NORTH ASIA

- As at 31st December 2025, we operated freighters to nine destinations in North Asia, in addition to utilising belly space on the Cathay Group's passenger flights.
- Export momentum from the Chinese Mainland remained strong, led by general cargo and high-tech electronics.
- Machinery movement continued to drive special cargo growth from the Taiwan region.
- In September 2025, we leveraged our Cathay Secure solution to transport 250 Egyptian artefacts from Shanghai to Hong Kong.

SOUTH ASIA, MIDDLE EAST AND AFRICA

- As at 31st December 2025, we operated freighters to six destinations in South Asia, the Middle East and Africa, in addition to utilising belly space on Cathay Pacific's passenger flights.
- Exports from India remained stable, and we also saw encouraging momentum from Nepal, Sri Lanka and South Africa, which contributed to the region's overall tonnage growth.
- Traffic to Hong Kong increased, driven by strong demand for high-tech electronics from India through our Cathay Secure solution.
- Our Cathay Fresh and Cathay Live Animal solutions saw solid growth, driven by shipments of fresh produce and live seafood to Hong Kong, the Taiwan region and North America.

AREAS OF FOCUS

CARGO COMMERCIAL

- Given uncertainties due to tariffs and restrictive trade policies, we continued to closely monitor market developments, adjust our freighter capacity and adapt our sales focus to support our customers.
- We enhanced the technology-enabled sales systems and tools our commercial teams use, providing them with better insights and analytics capabilities.
- We relaunched our Cathay Fresh, Cathay Live Animal and Cathay Dangerous Goods solutions to ensure our differentiated offerings stay ahead in the market, raise customer awareness and reinforce our brand positioning.
- Cathay Cargo became the first air cargo carrier to use the Air-Land Fresh Lane initiated by the governments of Guangdong and the Hong Kong SAR, enabling seamless imports of fruit, and live and chilled seafood across the Hong Kong-Zhuhai-Macao Bridge and into the wider Greater Bay Area via a new temperature-controlled customs facility in Zhuhai.

REVIEW OF OPERATIONS

Cathay Cargo

SERVICE AND OPERATIONAL EXCELLENCE

- We made steady progress in strengthening our proactive approach to safety and compliance. This includes working with industry partners to improve governance, such as launching our inaugural Cargo Security Awareness Campaign and renewing our IATA CEIV Lithium Batteries certification.
- We improved our hub efficiency at HKIA through targeted digitalisation and automation, including enhanced confirmation and approval workflows and smarter resource scheduling to cut special cargo approval processes from days to hours and improve turnaround times.

CARGO DIGITAL

- We continued to elevate our digital customer experience through enhancements to our website, where customers can check availability and prices, make bookings, track shipments and access various other customer services all in one place. In March 2025, we enhanced our online booking platform with new features including smart filtering options and access to booking summaries, booking details and extended booking history. In September 2025, we refreshed the post-login experience for better customer onboarding and account management.
- We also bolstered our service and operations through digital tools. We worked to digitalise our heavyweight shipment calculation and approval processes, optimising efficiency for oversized cargo handling. Furthermore, we expanded the Cargo Connect app globally beyond Hong Kong, enabling real-time coordination and streamlining service delivery for frontline teams.
- Cathay Cargo became the first carrier to introduce real-time customs clearance updates to customers using our digital platforms and IATA ONE Record API links, bringing greater visibility and efficiency to the air cargo shipment journey.

AWARDS

- Cathay Cargo was awarded Cargo Operator of the Year at Air Transport World's (ATW) 51st annual Airline Industry Achievement Awards in 2025, for the second time in three years.
- Cathay Cargo was also named Airline of the Year – Asia at the World Air Cargo Awards 2025, hosted by Air Cargo Week.
- Cathay Cargo was recognised at the 2025 Changi Airline Awards as one of the Top 5 Airlines by Cargo Carriage and Absolute Cargo Growth. These honours reflect the strong e-commerce demand and added belly capacity from Singapore, a key regional hub supported by our scheduled freighters.
- Cathay Cargo was named Sustainable Cargo Airline of the Year 2025 at the Freightweek Sustainability Awards, recognising our progress in advancing sustainability across the air cargo industry, and the dedication of our people and partners who embed environmental responsibility into everyday operations.

REVIEW OF OPERATIONS

Lifestyle

LIFESTYLE

Cathay's Lifestyle vision is to become a leading premium travel lifestyle brand by building deep, engaging relationships with customers, offering them curated travel lifestyle products and experiences throughout their lifetime. Through the Lifestyle business, we interact with customers beyond their journeys, foster loyalty, and leverage relationships for additional value. This includes Asia Miles, our established mileage business, and new product sales businesses such as hotels, retail, experiences and insurance. Both streams provide access to the Cathay membership programme and Asia Miles, allowing members to earn and use miles for full or partial payment.

CATHAY MEMBERSHIP PROGRAMME

MEMBERSHIP

- In 2025, our overall Cathay membership base grew by 27%.
- In October 2025, we announced an evolution of our membership programme to deliver a smoother, simpler and better experience. Key updates include smoother status progression, a standardised membership cycle and status points rollover. These changes will take effect on 1st January 2027, with a transition period starting 1st January 2026 to give members a full year in advance to prepare with ease.
- We launched the "Cathay Members – Rewards in the Air" campaign in October 2025 to boost brand awareness and engagement, attracting over 90,000 registered members by connecting air and ground experiences across digital and offline touchpoints.

- In the Chinese Mainland, we launched the first always-on one-click member sign-up function on Qunar OTA, making it easier for Cathay Pacific customers to sign up during the booking process. In August 2025, we also hosted our first NBA superstar meet-and-greet in Chengdu for our members and partners, strengthening our suite of exclusive experiences.
- We expanded omnichannel recruitment across direct, OTA and offline travel touchpoints in the Chinese Mainland, increasing member penetration and supporting a highly active and loyal member base for continued growth.

FLIGHT AWARDS

- We continued investing in flight awards, with passengers carried on award seats in 2025 surpassing both pre-pandemic and 2024 levels.
- The Cathay Pacific Standard Award chart was updated with effect from 15 April 2025, and we will continue to review the award chart to ensure competitiveness and programme sustainability.
- The Asia Miles Upgrade Availability checker, launched in May 2025, allows members to search online for upgrade availability on Cathay Pacific direct flights up to 180 days in advance, improving the ease of identifying redemption upgrade opportunities.
- HK Express remains a key air redemption partner, offering Miles Plus Cash and miles-only options. Several miles-only and mega sale campaigns in 2025 enabled members to redeem HK Express flights to popular destinations for as few as 1,000 miles.

REVIEW OF OPERATIONS

Lifestyle

MILEAGE SALES

PAYMENT

- Our partnership with Standard Chartered continued to deliver strong results across Asia Pacific, achieving an industry-leading average spend per card. Targeted acquisition campaigns and exclusive offers – including complimentary flight tickets, curated experiences, priority concert access and dining benefits – drove sustained growth in card acquisitions and engagement.
- Standard Chartered remains Cathay's exclusive banking partner in Hong Kong, reflecting a long-standing relationship focused on delivering exceptional value to members and high-value customers.
- In partnership with Mastercard, we expanded our global co-brand footprint, relaunching credit card products in the United States with Synchrony Financial and in Macao with Banco Nacional Ultramarino. We also introduced a new co-branded card with CIMB Niaga in Indonesia, further strengthening our Southeast Asia presence and our financial partnership ecosystem worldwide.
- Points conversion partnerships continued to be a strong contributor, demonstrating the appeal of Asia Miles as a highly desirable global reward currency.
- Our FinTech partnerships deepened through collaborations with Mox Bank in Hong Kong and Neo Financial in Canada, enabling us to reach new customer segments and expand our presence in digital banking.
- In the Chinese Mainland, co-brand card and points conversion partnerships remained major revenue drivers. In 2025, we launched a partnership with China Industrial Bank to expand access to premium banking customers and relaunched our direct partnership with Ping An, enhancing the miles conversion rate by 25%.

MILEAGE PARTNERSHIPS

- As of December 2025, our Card Linked Earn ecosystem included over 100 partner brands, with Shell joining as our exclusive fuel partner in March 2025.
- We partnered with Uber Taxi to reward everyday rides, including airport trips, giving members a seamless way to earn miles while on the move.
- In the Chinese Mainland, we expanded Asia Miles-earning opportunities across digital and offline channels – including online travel platforms and retail, dining and wellness partners – and deepened our partnership with the Swire group to offer miles at Delta Healthcare.
- In the Greater Bay Area, we grew lifestyle partnerships by extending earn-and-burn opportunities at premium retail malls and wellness and healthcare providers in Shenzhen.
- We strengthened the digital experience in the Chinese Mainland with the Milesback WeChat Mini-programme, enabling miles earning at merchants such as DiDi, Meituan and JD. In December 2025, we also launched a Cathay dining platform offering miles earning and redemption at partner restaurants.

PRODUCT SALES

CATHAY HOLIDAYS

- In 2025, we expanded the Expedia-powered Cathay Holidays platform to customers in Canada, Australia, the United Kingdom and the United States, extending our reach to nine key markets and unlocking access to nearly one million hotels and experiences to support ancillary revenue growth.
- In September 2025, we introduced Miles and Miles Plus Cash payment options for hotels, driving higher bookings and strengthening our competitiveness by adding new Asia Miles redemption options.

REVIEW OF OPERATIONS

Lifestyle

- In February 2025, we launched hotel cross-sell at key customer touchpoints, increasing standalone hotel revenue from direct flight bookings.
- Flash Holidays campaigns featuring last-minute deals and early-bird offers boosted bookings from Hong Kong members to destinations such as Bangkok, Hangzhou, Ho Chi Minh City and Xiamen, reinforcing Cathay Holidays' contribution to Cathay's core business.
- We expanded family travel offerings with enhanced Magic in the Air packages with Hong Kong Disneyland, exclusive musical trips to Singapore for Beauty and the Beast and The Phantom of the Opera, and summer getaways to Chengdu and Taipei featuring luxury stays and outdoor experiences.

CATHAY SHOP

- In 2025, Cathay Shop expanded into collectibles and lifestyle products, launching Cathay Pacific aircraft blind boxes and a nostalgic aviation chess game. Both proved highly popular with younger customers and aviation enthusiasts, driving repeat engagement and strengthening brand affinity.
- Cathay Shop's upcycled collection transforms retired aircraft materials into premium lifestyle products, including A330 aviation tags, floor cushions made from retired seat fabrics and a display tray crafted from meal tray tables.
- Cathay Shop collaborated with leading brands to create exclusive co-branded experiences inspired by Hong Kong's food and beverage culture, such as the Cathay × Coffee Academics Coffee Kit and the Cathay × Perfume Tree Gin Set.
- Building on Cathay Pacific's industry-leading inflight entertainment, Cathay Shop sponsored major concerts and events – including performances by Jay Chou, JJ Lin, Jacky Cheung and Terence Lam – giving members exclusive access and strengthening cultural relevance.
- Distribution expanded through new partnerships, including Commercial Press at Kai Tak Sports Park in Hong Kong and duty-free outlets in Taipei and Kaohsiung airports, unlocking new revenue streams beyond direct channels.

- In the Chinese Mainland, Cathay merchandise, especially blind boxes, remained popular among aviation enthusiasts. In November 2025, we also introduced lifestyle experiences available for redemption in the wider Greater Bay Area to strengthen the mileage business.

INSURANCE

- Our insurance business saw significant growth in 2025, supported by increased airline network traffic, higher membership penetration, improved customer experience and product expansion.
- Travel insurance remained the largest contributor to policies and premiums. Single-trip plan attachment rates reached a record high through ongoing experimentation and price testing, and we built a sizeable annual multi-trip (AMT) plan portfolio.
- In December 2025, we introduced automatic mileage crediting for all travel insurance policies purchased via our partner-powered platform, giving members a seamless mileage-earning experience.
- We launched a partnership with Zurich Insurance (Hong Kong) in March 2025 to offer a broader range of general insurance solutions while enabling them to earn Asia Miles. We also introduced embedded insurance on Cathay Shop, including screen protection for electronic devices and event cancellation cover.
- Our partnerships with Zurich Insurance (Hong Kong) and Cigna were both shortlisted for the Best Partnership Project Award (General Insurance) at the Hong Kong Insurance Awards 2025.
- We launched a new insurance storefront on our website, offering a full suite of products, including travel, medical, home and domestic helper, motor and personal accident, to better safeguard members' wellbeing.

REVIEW OF OPERATIONS

Lifestyle

RETAIL MEDIA

- In the first quarter of 2025, we launched a partnership with The Macallan through direct sales, marking our first omni-channel media collaboration across premium touchpoints. Activations included branded inflight entertainment content, exclusive Aria Suite tastings, pop-ups and masterclasses at The Pier, First, storytelling through our Cathay magazine and the Inspiration content hub, and direct sales on Cathay Shop – all receiving positive customer and partner feedback.
- In the second quarter of 2025, we established a media partnership with L'ÉCOLE by Van Cleef & Arpels, leveraging magazine and digital channels while marking a key step in re-engaging luxury advertisers and broadening our advertiser base.
- In 2025, we onboarded 16 new advertisers, including four luxury brands across the hotel, spirits, jewellery and watch categories.

REVIEW OF OPERATIONS

Review of the Performance and Operations of Key Subsidiaries and Associates

REVIEW OF THE PERFORMANCE AND OPERATIONS OF KEY SUBSIDIARIES AND ASSOCIATES

Profits from subsidiaries in 2025 were HK\$433 million (2024: losses of HK\$199 million), and the share of profits from associates in 2025 was HK\$447 million (2024: HK\$288 million). Set out below is a review of the performance and operations of material subsidiaries and associates.

HONG KONG EXPRESS AIRWAYS LIMITED (“HK EXPRESS”)

HK Express is Hong Kong’s only low-cost carrier, dedicated to providing affordable travel services to leisure travel destinations in Asia. In 2025, HK Express launched passenger services to 12 destinations, continuing its growth momentum.

As at 31st December 2025, HK Express operated scheduled flights to 37 destinations. In 2025, HK Express carried 7.9 million passengers, an increase of 29.7% compared with 2024. The average flown load factor was 79.6%, a decrease of 3.8 percentage points. Available seat kilometres amounted to 18.2 million.

MARKETS

HOME MARKET – HONG KONG AND THE GREATER BAY AREA (GBA)

- HK Express achieved a new milestone in August 2025 by recording its highest monthly seat capacity and number of passengers carried in its history.

NORTH ASIA

- HK Express launched passenger services to Sendai in January, Ishigaki and Komatsu in April, Changzhou and Yiwu in May, Cheongju, Daegu and Miyako (Shimojishima) in June, and Guiyang in July 2025. As part of the airline’s ongoing review of its route network to best align with market demand while operating efficiently, HK Express suspended its services to Cheongju, Miyako (Shimojishima) and Shizuoka from October 2025, and to Hualien from January 2026.
- As at 31st December 2025, HK Express operated flights serving more destinations in Japan, South Korea and the Taiwan region than any other Hong Kong-based carrier.
- With the launch of Changzhou, Yiwu and Guiyang, its Chinese Mainland network expanded to six destinations as at 31st December 2025.
- As at 31st December 2025, HK Express operated 328 return flights per week to 25 destinations in North Asia.

SOUTHEAST ASIA

- HK Express launched flights to Nha Trang in April, Kuala Lumpur (Subang) in August, and Kota Kinabalu in November 2025. As part of the airline’s ongoing review of its route network to best align with market demand while operating efficiently, HK Express suspended its services to Nha Trang from January 2026.
- As at 31st December 2025, HK Express served the most destinations in Malaysia, Thailand and Vietnam amongst all Hong Kong-based carriers.
- As at 31st December 2025, HK Express operated more than 156 return flights per week serving 12 destinations in Southeast Asia.

REVIEW OF OPERATIONS

Review of the Performance and Operations of Key Subsidiaries and Associates

CUSTOMER EXPERIENCE ENHANCEMENTS

In 2025, HK Express focused on enhancing the customer experience by building on past initiatives and introducing new offerings:

- HK Express revamped its website and mobile app, optimising key features such as online ticket purchases, the “Manage My Booking” tool, and online check-in. These upgrades deliver a seamless, efficient, and customer-centric digital experience.
- HK Express enhanced its service offerings to deliver greater flexibility and value. U First was rebranded as HK Express Priority+, offering priority check-in, priority boarding and complimentary flight delay protection for a smooth travel experience. HK Express Flexi allows customers a one-time itinerary change to modify plans with ease.
- HK Express continued to elevate the customer experience through initiatives such as Inflight Experience Packs, enabling cabin crew to deliver personalised touches onboard. In addition, surprise-and-delight activations were curated for customers travelling on special days such as Mother’s Day, Father’s Day and HK Express’s Anniversary, where they received exclusive souvenirs and a complimentary Polaroid photo service as mementos. These activations were well received, having engaged over 452,000 customers.
- HK Express partnered with Tsui Wah Restaurant, one of Hong Kong’s most iconic cha chaan teng brands, to bring authentic local flavours to its winter inflight menu, featuring two signature Tsui Wah dishes onboard. In addition, two co-branded restaurants in Zhuhai and Zhongshan will further extend the experience on the ground in the future. Alongside its summer partnership with another local favourite, TamJai SamGor Mixian, HK Express continues to connect travel with Hong Kong’s cultural heritage, giving customers a taste of home in the skies.
- HK Express extended its sea-land-air Intermodal Pass service beyond Zhuhai to include Macao, enabling customers from the wider Greater Bay Area to travel via cross-border ferry or coach to Hong Kong International Airport, where they can seamlessly connect to HK Express’s extensive network across Asia.

- HK Express introduced HK Express Holidays in August 2025, a one-stop travel booking platform developed in collaboration with Expedia. This new service offers customers value-packed “Fly + Stay” packages, enabling savings when booking flights and accommodation together. The initial rollout covered Hong Kong, the Chinese Mainland and Japan, with plans to expand to more destinations.

PASSENGER FLEET

- HK Express took delivery of four Airbus A321neo aircraft in 2025.
- At 31st December 2025, HK Express had an all-Airbus narrowbody fleet of 44 aircraft, including six Airbus A320-200 aircraft, 12 Airbus A321-200 aircraft, 10 Airbus A320-200neo aircraft and 16 Airbus A321-200neo aircraft. The fleet had an average age of 7.3 years.
- The modern fleet enables HK Express to seize new opportunities within the region and contributes to strengthening Hong Kong’s position as Asia’s leading international aviation hub.

AWARDS

HK Express achieved significant recognitions in 2025, underscoring its dedication to excellence across operations, customer experience and employee engagement:

- HK Express was ranked fourth among the World’s Best Low-Cost Carriers for 2025 by Airline Ratings and was in the top three of Skytrax’s World’s Most Improved Airlines 2025, showcasing its continued efforts to enhance service quality.
- HK Express was named the World’s Safest Low-Cost Airline for 2025 and 2026 by Airline Ratings. It also became the first low-cost carrier to be awarded the 7-Star PLUS safety rating by Airline Ratings, the highest accolade in its internationally respected safety ranking system.
- HK Express received multiple accolades at the Employee Experience Awards 2025, including a Silver Award for Best Employer Branding, a Silver Award for Best Employee Communication Strategy, and a Bronze Award for Best Talent Sourcing & Attraction Strategy. These awards highlight the airline’s commitment to fostering a supportive, innovative and engaging workplace culture.

REVIEW OF OPERATIONS

Review of the Performance and Operations of Key Subsidiaries and Associates

OPERATING RESULTS OF HK EXPRESS

For the year ended 31st December

	2025 HK\$M	2024 HK\$M	Change
Revenue			
Passenger services	6,394	5,994	+6.7%
Cargo services	66	41	+61.0%
Other services and recoveries	318	290	+9.7%
Total revenue	6,778	6,325	+7.2%
Expenses			
Staff	(1,373)	(1,138)	+20.7%
Inflight service and passenger expenses	(74)	(54)	+37.0%
Landing, parking and route expenses	(1,629)	(1,179)	+38.2%
Fuel	(1,948)	(1,621)	+20.2%
Aircraft maintenance	(971)	(746)	+30.2%
Aircraft depreciation and rentals	(1,175)	(1,049)	+12.0%
Other depreciation, amortisation and rentals	(35)	(146)	-76.0%
Others	(569)	(596)	-4.5%
Operating expenses	(7,774)	(6,529)	+19.1%
Loss before net finance charges and taxation	(996)	(204)	+388.2%

AHK AIR HONG KONG LIMITED ("AIR HONG KONG")

- Air Hong Kong principally operates express cargo services for DHL Express.
- At 31st December 2025, Air Hong Kong operated an all-Airbus A330 fleet comprising four dry-leased A330-243F freighters and 10 dry-leased A330-300P2F converted freighters.
- Air Hong Kong completed its re-fleeting programme in June 2025 to replace its previous A300-600F freighters with larger and more fuel-efficient A330F freighters.
- Air Hong Kong operated scheduled and charter flights to 17 major cities in Asia, Australia and Europe including Bangkok, Beijing, Cebu, Chengdu, Ho Chi Minh City, Jakarta, Leipzig, Manila, Nagoya, Osaka, Penang, Seoul, Shanghai, Singapore, Sydney, Taipei and Tokyo in 2025.
- Air Hong Kong started uplifting sustainable aviation fuel (SAF) on selected flights in 2025 through a partnership with DHL Express, which purchased 2,400 tonnes of SAF from the Cathay Group.
- In 2025, available freight tonne kilometres (AFTK) were 853 million, a decrease of 4.6% compared with 2024.
- Air Hong Kong recorded a profit before net finance charges and taxation of HK\$954 million in 2025 (2024: HK\$957 million).

REVIEW OF OPERATIONS

Review of the Performance and Operations of Key Subsidiaries and Associates

MATERIAL AIRLINE SERVICES SUBSIDIARIES

CATHAY PACIFIC CATERING SERVICES (H.K.) LIMITED (“CATHAY DINING”) AND KITCHENS OUTSIDE HONG KONG

- Cathay Dining operates the principal flight kitchen in Hong Kong providing flight-catering services to 45 international airlines in Hong Kong.
- It produced 29.7 million airline meals and handled 69,100 flights in 2025, representing a daily average of 81,349 meals and 189 flights, an increase of 26% and 20%, respectively, from 2024.
- The financial results of Cathay Dining as well as flight kitchens outside Hong Kong in 2025 improved compared with 2024.
- Cathay Dining introduced a redesigned food segregation and warewash system in 2025, becoming the first airline caterer in Hong Kong to support the recycling of inbound food waste. Cathay Dining has increased its food waste recycling capacity by 200%, with the collected food waste transferred to the Organic Resources Recovery Centre (O • PARK) for anaerobic digestion and electricity generation. The new system is expected to achieve notable utility savings, including up to a 70% reduction in electricity consumption and a nearly 60% reduction in water use compared to the old system. In recognition of these advancements, Cathay Dining received the ESG Environmental Innovative Technology Award at the TVB ESG Awards 2025.
- Cathay Dining was awarded the HKIA Safety Excellence Award – Merit by the Airport Safety Recognition Scheme 2024/25. In addition, four employees won individual awards in the “Best Safety Supervisor” and “Good Safety Suggestion” categories.
- Cathay Dining was also recognised at the Occupational Health Award & Workplace Mental Health Award 2025-26, receiving awards for fostering a joyful, healthy workplace and for being a mental health-friendly organisation.

CATHAY PACIFIC SERVICES LIMITED (“CATHAY CARGO TERMINAL”)

- Cathay Pacific Services Limited (operating as Cathay Cargo Terminal) manages and operates the Cathay Cargo Terminal at HKIA. As at 31st December 2025, Cathay Cargo Terminal provided cargo-handling services for the Cathay Group and 10 other scheduled airlines, excluding chartered customers.
- Cathay Cargo Terminal handled 1.7 million tonnes of cargo in 2025, an 8% increase from 2024.
- The financial results in 2025 improved compared with 2024.
- Safety is of paramount importance at Cathay Cargo Terminal. The terminal was recognised with the Safety Performance Award (All Industries) – Outstanding, Safety Management System Award (All Industries) – Certificate of Attainment, and Safety Culture Award – Certificate of Attainment at the 24th Hong Kong Occupational Safety and Health Awards. In addition, Cathay Cargo Terminal received the HKIA Safety Excellence Award – Gold at the Airport Safety Recognition Scheme 2024/25.
- Cathay Cargo Terminal became the first ground-handling organisation in Asia to successfully achieve IATA Security Management System (SeMS) certification, attaining Operating Status – the highest possible tier for a first-time SeMS certification. IATA SeMS provides a structured framework for proactively managing regulatory compliance, security risks, threats and vulnerabilities. Cathay Cargo Terminal was commended for demonstrating well-defined security policies, active leadership involvement, and robust regulatory compliance mechanisms.
- In addition to commencing a pilot scheme to use Hydrotreated Vegetable Oil (HVO) fuel to reduce emissions from Ground Service Equipment (GSE) vehicles, Cathay Cargo Terminal completed a proof-of-concept for Autonomous Electric Tractor (AET) operations, becoming the first operator at HKIA to transport commercial cargo from inside a cargo terminal to the West Cargo Apron – HKIA’s furthest apron zone – via an autonomous electric vehicle.

REVIEW OF OPERATIONS

Review of the Performance and Operations of Key Subsidiaries and Associates

- Cathay Cargo Terminal received the Grand Award of Environmental, Social & Governance (ESG) Initiatives – Excellent at the Hong Kong Institute of Human Resource Management (HKIHRM) HR Excellence Awards 2024/25. This accolade recognises Cathay Cargo Terminal's contributions and commitment to cultivating a genuine ESG strategy and culture in the workplace.

HONG KONG AIRPORT SERVICES LIMITED (“HAS BY CATHAY”)

- HAS by Cathay provides ramp – and passenger – handling services at HKIA to 27 airlines, including Cathay Pacific and HK Express.
- In 2025, the number of flights handled under both ramp – and passenger – handling businesses increased by 16% and 14%, respectively, against 2024.
- The financial results in 2025 improved compared with 2024.
- Throughout 2025, HAS by Cathay consistently met and exceeded the Critical Key Performance Indicators set by the Airport Authority Hong Kong.
- HAS by Cathay is proud to be one of the first operators at Terminal 2 of HKIA, providing shuttle bus services between key airport locations and the terminal.
- HAS by Cathay continues to uphold and advance safety standards by expanding the adoption of the Seatbelt Reminder Monitoring System and the Accident Risk Management Solution.
- Since pioneering the use of Hydrotreated Vegetable Oil (HVO) in its ramp-handling operations, HAS by Cathay has progressively scaled its implementation.
- HAS by Cathay earned multiple awards and accolades in 2025. At HKIA's Customer Service Excellence Programme, HAS by Cathay received the Best Check-In Service Award for Check-in Efficiency and the Cross-Company Excellence Award, while more than 60 of its employees were recognised with Individual Excellence Awards. Additionally, HAS by Cathay was named the Best Ground Handler in Hong Kong by the Hong Kong Commercial Times, reaffirming its commitment to service and operational excellence.

- At the annual Customer Service Excellence Awards hosted by the Hong Kong Association for Customer Service Excellence, HAS by Cathay's baggage services team was honoured with the Team Award (Merit), while an employee from its passenger services team received the Individual Award (Bronze).
- HAS by Cathay also introduced its premium service team, offering dedicated and personalised services for high-tier travellers across multiple airlines.

VOGUE LAUNDRY SERVICE LIMITED (“VLS”)

- VLS provides a comprehensive range of professional services in laundry and dry cleaning of commercial linen, uniform and guest garments.
- It operates a commercial laundry plant in Yuen Long Industrial Park and runs six valet shops in Hong Kong serving retail customers.
- VLS processed 87 million items of laundry in 2025 compared with 77 million items in 2024. The financial results for 2025 improved compared with 2024.

MATERIAL ASSOCIATES

AIR CHINA LIMITED (“AIR CHINA”)

- Air China, in which the Cathay Group had a 15.09% interest at 31st December 2025, is the national flag carrier and leading provider of passenger, cargo and other airline-related services in the Chinese Mainland. We are represented on the Board of Directors of Air China and equity account for our share of Air China's results.
- Our share of Air China's results is based on its financial statements drawn up three months in arrears. Consequently, our 2025 annual results include Air China's results for the 12 months ended 30th September 2025.
- For the 12 months ended 30th September 2025, Air China's financial results declined compared to those for the 12 months ended 30th September 2024.
- At 31st December 2025, the net book value and market value of the 2,634 million shares of Air China held by the Cathay Group was HK\$10,290 million (constituting 5.8% of the Cathay Group's total assets) and HK\$18,620 million respectively.

REVIEW OF OPERATIONS

Review of the Performance and Operations of Key Subsidiaries and Associates

- No dividend was received from Air China during the period.
- Additional information on Air China, including its performance and prospects, can be found in its public domain.

AIR CHINA CARGO CO., LTD. (“AIR CHINA CARGO”)

- Air China Cargo, in which the Cathay Group owns an interest totalling 21.01%, is the leading provider of air cargo services in the Chinese Mainland. It has its headquarters in Beijing. Its main operating base is in Shanghai Pudong.
- Air China Cargo exercised its over-allotment right in 2025 after being listed in December 2024 to cater for excess market demand, raising additional capital of HK\$487 million in February 2025 and increasing the public float to 12.44%. As a result, the Group’s ownership was further diluted from 21.36% to 21.01%.
- Our share of Air China Cargo’s results is based on its financial statements drawn up three months in arrears. Consequently, our 2025 annual results include Air China Cargo’s results for the 12 months ended 30th September 2025.
- For the 12 months ended 30th September 2025, Air China Cargo’s financial results improved compared to those for the 12 months ended 30th September 2024.
- The Group received a dividend of HK\$181 million from Air China Cargo as at 31st December 2025.
- Additional information on Air China Cargo, including its performance and prospects, can be found in its public domain.

The Group intends to continue to hold its material associates for the foreseeable future.

REVIEW OF OPERATIONS

Our Areas of Leadership

OUR AREAS OF LEADERSHIP

Cathay has three areas of leadership that form a key part of our corporate strategy. These three areas – safety and operational excellence, transforming into a digital leader, and becoming a leader in sustainability – are where we are especially focused on building new capabilities for the future.

SAFETY AND OPERATIONAL EXCELLENCE

SAFETY EXCELLENCE

At Cathay, safety is a deep commitment we make to each other, to our customers and to our business partners. Our purpose at Cathay is to move people forward in life, and to achieve this we ensure their travel experience and work environment is safe, healthy and secure. Safety is intrinsic to everything we do; it informs every operational decision we take, and every choice we make. Safety excellence is a cornerstone of our success. Our strategy supports and reinforces our position as one of the global leaders in the sphere of safety and operational excellence.

- **Leadership commitment** – Our leadership team is committed to maintaining a strong safety culture. They lead by example and ensure safety is embedded in all our business practices. This includes undergoing regular training in our Safety Management System (SMS) and actively promoting their commitment to safety.
- **Our approach to safety** – Cathay is firmly committed to providing our customers and our people with the highest standards of safety. Our SMS is a structured framework designed to manage safety within our organisation, seeking not only to learn from mistakes, but also to understand why things go right. It encompasses a set of processes and practices to systematically ensure the highest level of safety performance through proactive reporting and feedback loops. By integrating operational, technical and human resource management, our SMS aims to create a proactive safety culture to minimise hazards and risks throughout our businesses.
- **Safety policy** – Our safety policy is our blueprint for making sure that safety excellence is and will remain a cornerstone of our success. Our policy extends a duty of care to all businesses we work with, including contractors and individuals under the Group's supervision.
- **People safety focus** – As an integral part of our company strategy, in 2025 we launched "Safety in Our Every Move" to highlight how each of our employees plays a part in making safety excellence the standard. The focus covers ground transport safety, work-above-ground safety, heat stress safety, slip/trip/fall safety, workplace and workstation safety, mental well-being, fire safety, and workplace hygiene. Together, these themes emphasise our continued focus on the safety and well-being of all our people and partners.
- **Safety governance** – The Cathay Group SMS has been developed to ensure that we proactively manage risks and have procedures in place to react appropriately should an incident occur. Safety performance indicators are actively monitored on a monthly basis by Safety Action Groups (SAG) and the Airline Safety Review Committee (ASRC), which is chaired by our Chief Executive Officer, and all events and incidents are investigated thoroughly. The implementation of our SMS is evaluated and assessed regularly by the Hong Kong Civil Aviation Department (HKCAD).
- **Compliance with company and regulatory requirements** – Cathay is committed to complying with all applicable regulations and standards. We monitor changes to ensure our policies and practices remain up-to-date, effective and industry leading. Our robust quality programme is deeply integrated into our operation, ensuring safety excellence is designed into all our processes and all aspects of our business, driving compliance, competency, consistency and continuous improvement.

REVIEW OF OPERATIONS

Our Areas of Leadership

- **IATA Operational Safety Audit (IOSA)** – IOSA is the global standard for assessing the operational management and control systems of an airline. As an IATA member, we are IOSA registered and must remain so to maintain IATA membership. Our operations underwent a successful IOSA audit in November 2024, which renewed our IATA registration for 24 months. At this audit, Cathay successfully completed the new IATA Risk-Based IOSA (RBI), marking a notable shift in the oversight of the IOSA programme. The RBI aims to enhance safety risk management, including assessing an airline's safety maturity. When it comes to safety, Cathay continues to set high internal standards for continual improvement in safety and operational excellence.
- **Operational reliability** – Resilience is built into our flying schedule from the moment we plan our resources to the moment we deliver the schedule on the day of operations. Our Integrated Operations function is in the midst of implementing a digital roadmap that includes the development of a new digital twin that would simulate how our flight schedules behave on a given day and enable the team to build additional resilience into the schedule design and increase the reliability of our operations. When moving from planning to execution, Integrated Operations continues to harness the power of data and new enhanced digital capabilities to better manage issues for our customers and business to deliver the flight schedule. Our decision-support tools, Pathfinder and Sentry, leverage a common underlying data logic layer to further optimise our schedule to better prepare for or recover from disruptions. Sentry was fully deployed when Super Typhoon Ragasa led to the suspension of operations at Hong Kong International Airport, enabling us to swiftly rebuild our flight schedule whilst minimising disruption impact on our customers.

OPERATIONAL EXCELLENCE

- **Our approach to operational excellence** – Cathay aims to deliver operational excellence built on efficiency and reliability. We take a fully integrated approach to planning our operations that combines commercial and operational considerations to ensure that we deliver, and in the case of disruptions, recover our operations to provide outcomes that are better for our customers, people and business. In addition to this integrated approach, we also leverage digital tools to enhance our ability to efficiently and reliably deliver the flying schedule and support our people with tools for better operational decision-making. We also continue to invest in performance foundations, including initiating programmes to replace Maintenance and Engineering as well as Crew Operations Systems.
- **Operational efficiency** – In December 2025, we announced that the Operations Planning function would combine with the Integrated Operations Centre with effect from 1st January 2026, creating a larger, unified function known as Integrated Operations. Under this new department, we bring together the planning of pilot, cabin crew and airport resources, as well as aircraft availability, with the responsibility for reliably delivering the schedule on the day of operations. This change aims to unleash further synergies by creating a tighter feedback loop between planning and delivery, and to enable greater optimisation in the deployment of our resources.

Our integrated approach to planning and delivery, coupled with evolving digital capabilities, has led to improvements in our on-time performance.

DIGITAL

Our vision is to transform Cathay into a digital leader renowned for our strong digital culture and capabilities, whilst keeping our people and customers at the heart of how we use technology. Every year, more than HK\$3 billion is dedicated to technological research and development, and digital innovation to enhance our operational efficiency and customer experience. In 2025, significant progress was achieved in the areas of data analytics and AI, innovation, cyber security, and digital talent development.

REVIEW OF OPERATIONS

Our Areas of Leadership

- **Data analytics and AI** – We expanded our use of AI by launching more than 100 machine learning models to optimise operations, including simulating aircraft movements under the Three-Runway System and managing flight recovery during typhoons. New tools such as an enterprise data catalogue and a digital curriculum are helping to build data skills and foster a digital culture. Our enterprise AI Retrieval Augmented Generation (RAG) capability now improves sharing and management of internal knowledge, policies and practices. Microsoft Copilot, an enterprise AI productivity tool, is available to all ground employees to optimise our people's productivity and uplift our capabilities. In application development, AI and automation boost productivity from design through software development to testing and deployment.
- **Technological innovation** – Cathay's digital leadership journey took another step forward with the establishment of Cathay Technologies, a new subsidiary created with the goal of bringing Cathay's innovative digital solutions to the wider aviation industry. As part of the Cathay Group, Cathay Technologies oversees the commercialisation of digital products developed in-house by the Group, making them available to the aviation market and helping to drive innovation within the sector. Cathay Technologies' flagship product is the Electronic Flight Folder (EFF), which was first designed and developed in-house in 2019 by Cathay's own aviation professionals. Cathay Technologies also entered into a strategic partnership with the Hong Kong Science and Technologies Park (HKSTP) on its Co-Acceleration Programme Fund, which empowers budding startups in Hong Kong and the rest of the Greater Bay Area.
- **Cyber security and IT infrastructure** – We are committed to protecting the information of our people, customers and partners. Our efforts towards ISO 27001 certification underscore our focus on strong cyber security and brand credibility. Most of our applications now run in the cloud, improving reliability, sustainability and AI innovation. We have modernised networks across over 100 global offices, ensuring scalable, secured and resilient infrastructure. In 2025, we introduced passkeys to further strengthen our Identity and Access Management capabilities and enhance the customer experience, delivering a secure, convenient and user-friendly authentication experience across our digital platforms.
- **Digital talent development** – To leverage AI and technology in our services, we are expanding our team across the wider Greater Bay Area. Following the opening of our Digital and IT offices in Guangzhou (October 2024) and Qianhai, Shenzhen (July 2025), Qianhai now hosts Cathay's largest office in the Chinese Mainland featuring an "Innovation Space" for research and product showcases. Our Digital and IT Graduate Trainee Programme, which launched in 2014, has onboarded over 160 graduates. The trainee programme expanded regionally in 2024, drawing a record of over 2,000 applicants in 2025 — a 48% year-on-year increase. Complementing the graduate programme, our Digital & IT Internship Programme continues to serve as an important talent pipeline. In November 2025, the eighth Cathay Hackathon attracted 2,100 applicants, including our employees and students from the wider Greater Bay Area, furthering our goal of fostering open innovation in collaboration with the community.

SUSTAINABILITY

Sustainability is at the core of Cathay's purpose – to move people forward in life. We understand that achieving this purpose in a more sustainable and responsible manner for current and future generations requires collective efforts. Through deep collaboration across the value chain, from customers and business partners to regulators as well as our people, we aim to lead by example and reach new heights in building a more sustainable future.

In line with this ethos, we have set the following key sustainability targets:

- Achieving net-zero carbon emissions in our operations by 2050.
- Improving our net carbon intensity by 12% from the 2019 level by 2030, reducing it from 761 gCO₂/RTK to 670 gCO₂/RTK.
- Using sustainable aviation fuel (SAF) for 10% of fuel consumption on Cathay Pacific operating flights by 2030.
- Reducing the use of passenger-facing single-use plastics (SUP) items^(a) on Cathay Pacific flights from an average of 7.7 pieces per passenger in 2019 to 1.5 pieces by 2025.
- Not having more than 65% of the same gender in senior positions^(b) by 2025 and 70% at the Board level by 2027.

REVIEW OF OPERATIONS

Our Areas of Leadership

For the SUP target due by 2025, we reduced the average number of passenger-facing single-use plastic items to 1.7 pieces per passenger. With the depletion and ongoing replacement of existing stocks, we expect to reach the target of 1.5 pieces by mid-2026. In relation to gender representation, the percentage of the same gender in senior positions and at the Board level in 2025 was 32% and 24%, respectively. Despite a 3% target gap at senior positions, we have made continuous progress since setting the target in 2021 and our Executive Team has achieved a 50/50 gender split.

Among sustainability-related risks, climate change has been identified as financially material to the Group in the medium to long term, prior to the implementation of planned mitigation measures. Further information on this assessment, as well as details of our sustainability goals, strategy, progress and performance, can be found in our Sustainability Report 2025, published in April 2026 and available at: https://www.cathaypacific.com/cx/en_HK/about-us/sustainability/sustainability-reports.html.

As an associate in the Swire Pacific group, our sustainability strategy aligns with the core pillars of Swire Pacific's SD 2050 Strategy.

PERFORMANCE UPDATES – CATHAY GROUP

		2025	2024	Change
Environment				
Total Scope 1 and 2 emissions	Million tonnes of CO ₂ e	16.8	14.1	+19.1%
Net carbon intensity	Grammes of CO ₂ e per RTK	746	740	+0.8%
Percentage of SAF in annual jet fuel consumption	%	0.68	0.15	+0.53%pt
Passenger-facing SUP items ^(a)	Pieces per passenger	1.7	2.6	-34.6%
People				
Total workforce	Number	33,369	30,110	+10.8%
By location				
Hong Kong	%	87	87	-
Chinese Mainland	%	3	2	+1.0%pt
Others	%	10	11	-1.0%pt
By employment type				
Flight crew	%	13	12	+1.0%pt
Cabin crew	%	39	38	+1.0%pt
Ground staff	%	48	50	-2.0%pt
Gender diversity				
Workforce composition – female	%	53	52	+1.0%pt
Workforce composition – male	%	47	48	-1.0%pt
Representation in senior positions ^(b) – female	%	32	30	+2.0%pt
Representation in senior positions ^(b) – male	%	68	70	-2.0%pt
Representation on the Board of Directors – female	%	24	24	-
Representation on the Board of Directors – male	%	76	76	-

Notes:

(a) On-board Cathay Pacific flights only. Items include passenger-facing SUP water bottles, utensils, amenity items, and packaging, but exclude those for medical and sanitation purposes, and pre-packaged food and beverage items other than water bottles.

(b) Senior positions refer to the job levels of General Managers and Directors at the Group.

REVIEW OF OPERATIONS

Our Areas of Leadership

ENVIRONMENT

On the environmental front, climate change and circular economy are our priority areas. As a pioneer and early adopter of SAF, we continue to lead the charge in accelerating the regional collaboration, development and deployment of SAF. We also work to transition towards more sustainable use of resources and circular solutions by setting a clear roadmap for SUP and waste reduction. Through these endeavours, we affirm our commitment to sustainability leadership.

The following are some of the 2025 key initiatives in our environmental efforts:

- Cathay proudly joined forces as one of the launch investors of the US\$150 million **oneworld** Breakthrough Energy Ventures (BEV) Fund driving the acceleration of next-generation SAF technologies. Our investment and active participation in the fund reinforce a firm commitment to making SAF more accessible and cost-competitive in support of the industry's long-term decarbonisation needs.
- Cathay committed to a SAF co-investment partnership with Airbus of up to US\$70 million in support of more mature SAF opportunities to scale up near to medium-term availability in Asia and globally. Investing in the SAF supply chain is key to channelling the necessary capital to accelerate SAF production capability towards 2030 and beyond.
- Cathay achieved substantial growth in the Corporate SAF Programme with a record commitment to SAF usage following last year's success. Participating partners have together committed to using about 17,400 tonnes of SAF, representing an increase of nearly 180% compared to 2024. This is equivalent to a reduction of approximately 54,600 tonnes of carbon dioxide equivalent emissions on a lifecycle basis.
- Building on the successful introduction of a first-of-its-kind recycling and sorting workflow for plastic bottles at HKIA, we have expanded our inflight recycling programme to eight overseas airports, which supports our efforts to enhance the inflight recycling rate of plastic bottles. We recycled over 35,000 kg of plastic bottles in 2025 through this initiative.
- Cathay Pacific transitioned to package inflight headsets in Economy Class with recycled paper, removing approximately 14 million plastic wraps per year.
- Cathay Dining launched an innovative warewash system, becoming the first airline caterer in Hong Kong and one of the few worldwide to support the recycling of inbound food waste. This new system features an advanced food waste segregation design, enhancing food waste recycling capacity by 200%.

SOCIAL

Ensuring the safety of our operations, people and customers is of utmost importance to us. We value our people as one of our greatest assets and are committed to providing them with an inclusive and supportive working environment. This enables us to attract, develop and retain a strong talent pipeline. Cathay has a longstanding commitment to supporting the communities in which we operate. We engage in various community initiatives focused on youth development, sports as well as arts and culture.

OUR PEOPLE

At 31st December 2025, the Group employed more than 33,000 people worldwide, with around 28,000 employed in Hong Kong.

- Cathay continued to attract talent in Hong Kong, the Chinese Mainland and beyond, offering different job roles to support our continued growth including cabin crew, pilots, cadet pilots, IT specialists, engineering professionals, and other customer-facing roles.
- We refreshed our signature employee recognition programme as The Betsy Awards to celebrate the legacy of Cathay and the extraordinary achievements of our people as one team. A total of 18 teams were recognised through 21 awards for their exemplary demonstration of Cathay's culture values and excellence in our strategic areas of leadership.
- We refined our diversity and inclusion strategy as **Belonging@Cathay** to bring diversity, equity, inclusion and belonging together for a workplace that our people feel safe, accepted and empowered to contribute their best.
- We regularly review our people policies and Employee Value Propositions in alignment with legislation, industry practices and market conditions, as well as taking into account individual and collective performance to ensure that our employee remuneration remains competitive and fair.

REVIEW OF OPERATIONS

Our Areas of Leadership

OUR COMMUNITY

- Cathay unveiled a refreshed format for our flagship I Can Fly programme focused on Education, Discovery and Exploration. Through a series of activities held across the year we have been able to engage over 1,550 students.
- Cathay has been named the exclusive Founding Travel Partner of the Kai Tak Sports Park (KTSP) in Hong Kong. This landmark collaboration underscores our commitment to promoting sports, arts and culture in our home city, reinforcing Hong Kong's position as a global hub for world-class sporting and cultural events.
- Cathay has been the long-time title sponsor of the Cathay/HSBC Hong Kong Sevens. This year, to commemorate the Sevens' debut at the KTSP and the 100th anniversary of the former Kai Tak Airport, we staged a special flypast on the last day of the Sevens to mark our return to Kai Tak.
- Cathay and Feeding Hong Kong celebrated over a decade of partnership through a surplus food rescue programme turning an environmental problem into a social solution. Under this programme, surplus food items from inbound Cathay Pacific flights are collected and repurposed to support underprivileged members of the community. Since its launch in 2014, over 2,200 tonnes of food have been collected and redistributed to people in need, benefitting 260,000 individuals over the past decade.
- Cathay entered into a strategic partnership with the Hong Kong Youth Aviation Academy. Multiple initiatives were organised, including the Cathay Pacific HKYAA Annual Aviation Programme, which aimed at inspiring and engaging aviation enthusiasts through interactive learning and teamwork.
- We partnered with the Soong Ching Ling Foundation to launch a new Cathay Young Explorers programme designed to empower young people with meaningful insights into the Chinese Mainland through immersive cultural experiences and aviation-themed learning.

GOVERNANCE

Cathay is committed to maintaining and developing robust corporate governance practices and this is further described in the Corporate Governance Report section of this annual report.

SELECTED AWARDS AND RECOGNITIONS IN 2025

- Cathay Pacific was named Eco-Airline of the Year in the 51st annual Air Transport World (ATW) Airline Industry Achievement Awards in 2025, the first airline in Asia to receive this recognition.
- Cathay Pacific was recognised in the 2025 Sustainability Awards by Airline Ratings, being named a winner in the "Full Service Carriers" category for our broad range of sustainability initiatives across inflight and cargo operations.
- Cathay received the Hong Kong Sustainability Awards 2025 – Distinction Award from the Hong Kong Management Association, recognising our excellent achievements in the economic, social, and environmental aspects of sustainability.
- Cathay's Corporate SAF Programme was selected as a "Sustainable Development Annual Best Award 2025 Outstanding Case" under the EY Sustainability Excellence Awards. We were the only winner from the aviation industry among participating companies in the Chinese Mainland.
- Cathay Cargo was named Sustainable Cargo Airline of the Year by Freightweek. This global recognition celebrates our progress in driving sustainability across the air cargo industry.
- Cathay Pacific was honoured to receive the Strategic Employer Brand Excellence Award at the 2025 Randstad Employer Brand Awards. This recognition is a testament to our significant progress in Randstad's annual employer brand research report, affirming our commitment to building a workplace that inspires excellence, promotes innovation, and embraces inclusivity.
- Cathay Pacific received the Excellence in Human Resource Management Team Award in the Employer Excellence 2025 selection by 51Job, one of the leading recognitions in the Chinese Mainland focused on human resource management.
- We have received the Caring Company recognition from the Hong Kong Council of Social Service every year since 2003 for our good corporate citizenship.

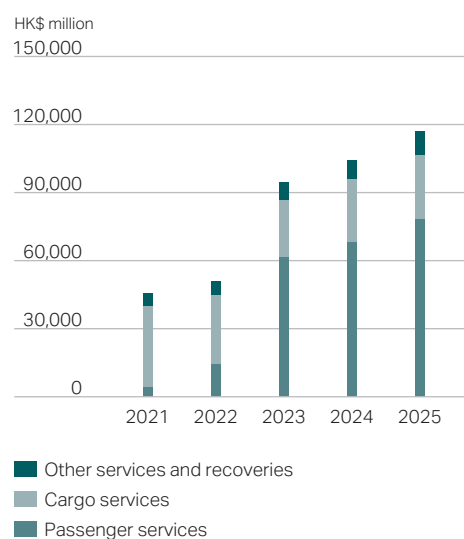
FINANCIAL REVIEW

The Cathay Group's attributable profit to the shareholders was HK\$10,828 million for 2025 (2024: HK\$9,888 million). The Company reported a profit after tax of HK\$9,948 million for 2025 (2024: HK\$9,799 million). Profits from subsidiaries in 2025 were HK\$433 million (2024: losses of HK\$199 million), and the share of profits from associates in 2025 was HK\$447 million (2024: HK\$288 million).

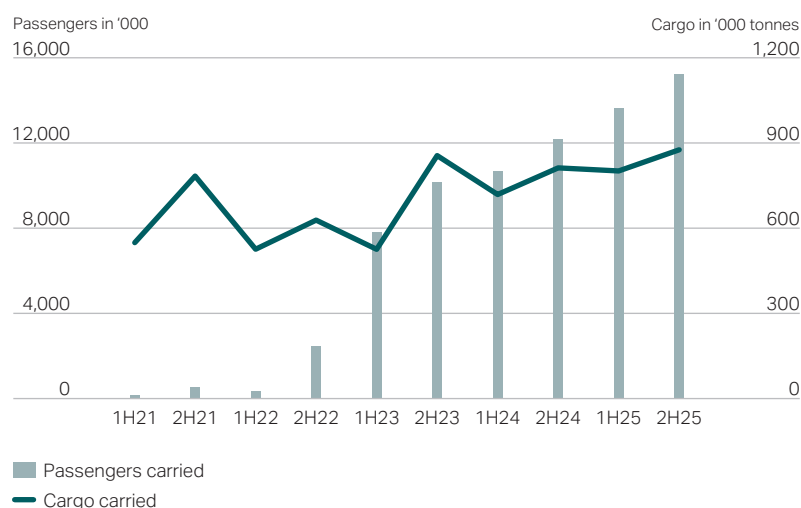
REVENUE

	Cathay Group			The Company		
	2025 HK\$M	2024 HK\$M	Change	2025 HK\$M	2024 HK\$M	Change
Passenger services	78,848	68,589	+15.0%	72,454	62,595	+15.8%
Cargo services	27,572	27,417	+0.6%	24,279	24,000	+1.2%
Other services and recoveries	10,346	8,365	+23.7%	10,262	8,142	+26.0%
Total revenue	116,766	104,371	+11.9%	106,995	94,737	+12.9%

Revenue



The Company's passengers and cargo carried



THE COMPANY

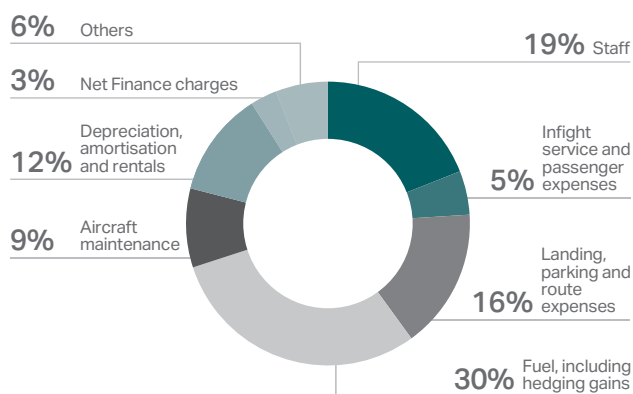
- Passenger revenue increased by 15.8% to HK\$72,454 million. The number of revenue passengers carried increased by 26.5% to 28.9 million. Revenue passenger kilometres increased by 28.9%.
 - The passenger load factor increased by 2.0 percentage points to 85.2%. Available seat kilometres increased by 25.8%.
- Passenger yield decreased by 10.3% to HK60.4 cents.
- Cargo revenue increased by 1.2% to HK\$24,279 million with a 8.3% increase in available freight tonne kilometers.

FINANCIAL REVIEW

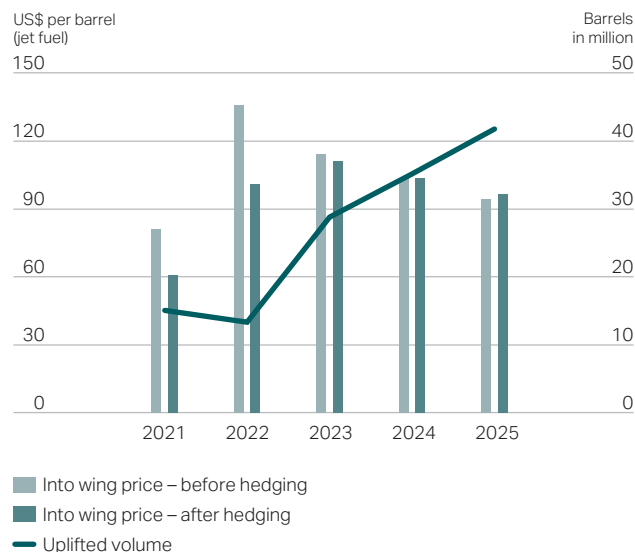
- The cargo load factor decreased by 1.1 percentage points and cargo yield decreased by 4.6% to HK\$2.69.
- The annualised effect on revenue of changes in yield and load factor (on basis of all other factors remaining constant) is set out opposite:

	HK\$M
+ 1 percentage point in passenger load factor	850
+ 1 percentage point in cargo load factor	413
+ HK¢1 in passenger yield	1,199
+ HK¢1 in cargo yield	90

Group total operating expenses



Group fuel price and consumption



OPERATING EXPENSES

	Cathay Group			The Company		
	2025 HK\$M	2024 HK\$M	Change	2025 HK\$M	2024 HK\$M	Change
Staff	20,080	16,840	+19.2%	16,114	13,406	+20.2%
Inflight service and passenger expenses	5,668	4,175	+35.8%	5,597	4,122	+35.8%
Landing, parking and route expenses	17,203	14,023	+22.7%	15,435	12,688	+21.7%
Fuel, including hedging losses/(gains)	31,344	28,260	+10.9%	28,715	25,816	+11.2%
Aircraft maintenance	9,877	8,498	+16.2%	8,508	7,367	+15.5%
Aircraft depreciation and rentals	9,285	9,801	-5.3%	8,582	9,229	-7.0%
Other depreciation, amortisation and rentals	2,819	2,709	+4.1%	2,100	1,912	+9.8%
Others	6,417	6,888	-6.8%	8,163	8,031	+1.6%
Operating expenses	102,693	91,194	+12.6%	93,214	82,571	+12.9%
Net finance charges	2,677	3,056	-12.4%	2,329	1,952	+19.3%
Total operating expenses	105,370	94,250	+11.8%	95,543	84,523	+13.0%

- The Group's and the Company's total operating expenses increased by 11.8% and 13.0% respectively.
- The Company's ATK increased 15.9% from 24,836 million to 28,773 million.
- The cost per ATK (with fuel) of the Company decreased from HK\$3.40 to HK\$3.32, a decrease of 2.4%.
- The cost per ATK (without fuel) of the Company decreased from HK\$2.36 to HK\$2.32, a decrease of 1.7%.

OPERATING RESULTS ANALYSIS

	1st half 2025 HK\$M	2nd half 2025 HK\$M	Full year 2025 HK\$M	1st half 2024 HK\$M	2nd half 2024 HK\$M	Full year 2024 HK\$M
The Company's profit before non-recurring items and taxation	4,776	6,676	11,452	4,391	5,823	10,214
Taxation	(746)	(768)	(1,514)	(519)	(647)	(1,166)
The Company's profit after taxation and before non-recurring items	4,030	5,908	9,938	3,872	5,176	9,048
Subsidiaries' results	(198)	256	58	(26)	(173)	(199)
The Company and subsidiaries' profit after taxation and before non-recurring items	3,832	6,164	9,996	3,846	5,003	8,849
Share of associates' results	(181)	628	447	(342)	630	288
Profit attributable to the shareholders of the Cathay Group after taxation and before non-recurring items	3,651	6,792	10,443	3,504	5,633	9,137
Gains on deemed partial disposals of associates (note a)	–	–	–	90	488	578
Net reversal of impairment and other gains or charges (note b)	–	385	385	19	154	173
Profit attributable to the shareholders of the Cathay Group	3,651	7,177	10,828	3,613	6,275	9,888
Underlying profit attributable to the shareholders of the Cathay Group (note c)	3,651	5,914	9,565	3,504	5,633	9,137

Notes:

(a) Please refer to note 2 to the financial statements for details.

(b) HK\$375 million impairment reversal on previously impaired laundry and catering plants and HK\$10 million fair value gain on unlisted investment.

(c) The underlying profit was calculated excluding deemed partial disposal gains of nil (2024: HK\$578 million), a total of HK\$385 million (2024: HK\$173 million) in net reversal of impairment and other gains or charges, and income recognised under "Other services and recoveries" arising from the early termination of a service contract with HAECO ITM Limited involving engineering assets of HK\$878 million (2024: nil).

The movement in the Company's profit before non-recurring items and taxation can be analysed as follows:

	HK\$M	
The Company's profit in 2024 before non-recurring items and taxation	10,214	
Increase of revenue:		
– Passenger and cargo revenue	10,138	– Passenger revenue increased as a result of 25.8% increase in capacity, and traffic, partially offset by a 10.3% reduction in yield. – Cargo revenue increased due to 8.3% increase in capacity in freighter and passenger fleet belly space, partially offset by a 4.6% decrease in yield.
– Other services and recoveries	2,120	– Increased due to higher passenger volumes, more mileage sales and a one-off income of HK\$878 million.
(Increase)/decrease of costs:		
– Staff	(2,708)	– Increased due to higher headcount due to increased operating capacity, as well as salary increments.
– Inflight service and passenger expenses	(1,475)	– Increased due to higher passenger volumes.
– Landing, parking and route expenses	(2,747)	– Increased due to operating additional capacity.
– Fuel, including hedging losses/(gains)	(2,899)	– Increased mainly due to higher fuel consumption as capacity increased, partially offset by lower average fuel price.
– Aircraft maintenance	(1,141)	– Higher due to increased aircraft flying hours.
– Owning the assets (includes aircraft and other depreciation, rentals and net finance charges)	82	– Decreased mainly due to early repayment of loans and more favourable rates following three rate cuts in 2025.
– Other items	(132)	– Sales commissions and distribution expenses increased on more traffic. Marketing expenses increased on new destinations.
The Company's profit in 2025 before non-recurring items and taxation	11,452	

FUEL EXPENDITURE AND HEDGING

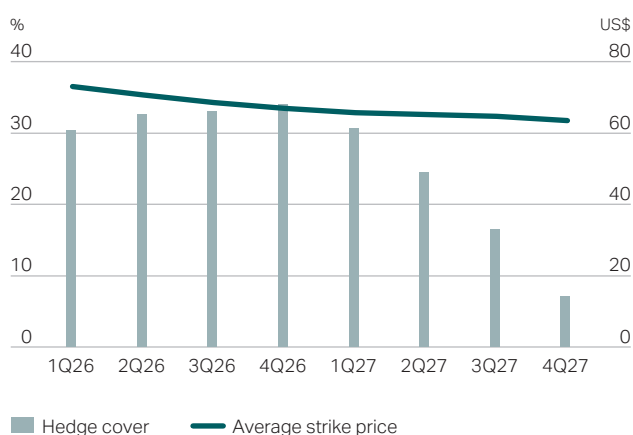
A breakdown of the Group's fuel cost is shown below:

	2025 HK\$M	2024 HK\$M
Gross fuel cost	30,637	28,295
Fuel hedging losses/(gains)	707	(35)
Net fuel cost	31,344	28,260

- Fuel consumption in 2025 was 41.7 million barrels (2024: 35.1 million barrels), an increase of 18.8% due to additional flight capacity.
- The Group's policy is to reduce exposure to fuel price risk by hedging a percentage of its expected fuel consumption. The Group uses fuel derivatives which are economically equivalent to forward contracts to achieve its desired hedging position. The chart indicates the estimated percentage of projected consumption by quarter in 2026 and 2027 covered by hedging transactions at various Brent strike prices, as well as the average strike price for each period.
- The Group does not speculate on oil prices but uses hedging to manage short to medium term volatility in oil prices and therefore its fuel costs. Hedging is not risk free.

Projected fuel hedging cover

(at 31st December 2025)



DIVIDENDS

- Dividends proposed for the year amount to HK\$5,228 million.
- Dividend per ordinary share HK\$0.84 for 2025 (2024: HK\$0.69).

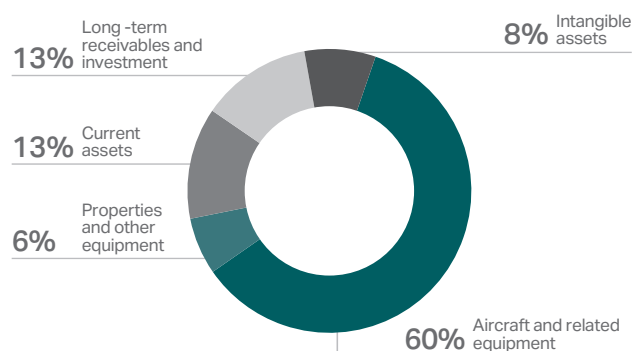
ASSETS

- Total assets at 31st December 2025 were HK\$177,051 million.
- Property, plant and equipment comprised HK\$106,371 million in respect of aircraft and related equipment, HK\$9,995 million in respect of land and buildings and HK\$1,490 million in respect of other equipment. During the year, additions to property, plant and equipment and intangible assets were HK\$10,991 million and HK\$577 million respectively.

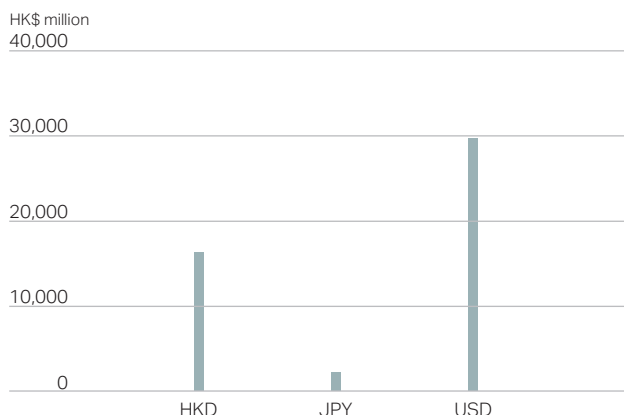
BORROWINGS AND CAPITAL

- Borrowings (being loans and other borrowings, and lease liabilities) decreased by 13.7% to HK\$59,101 million. Excluding leases without asset transfer components, borrowings decreased by 15.6% to HK\$48,641 million, which are fully repayable by 2035, with 48% at fixed rates of interest after taking into account derivative transactions. Borrowings are predominately denominated in United States dollars and Hong Kong dollars and the maturity profile of these borrowings has not changed materially from the information set out in the 2024 Annual Report.

Total assets

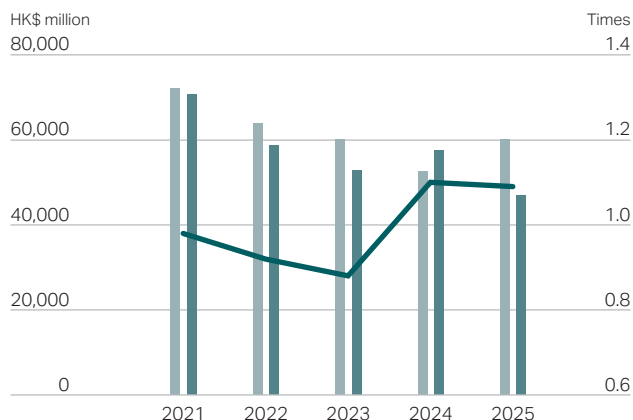


Borrowings in key currencies



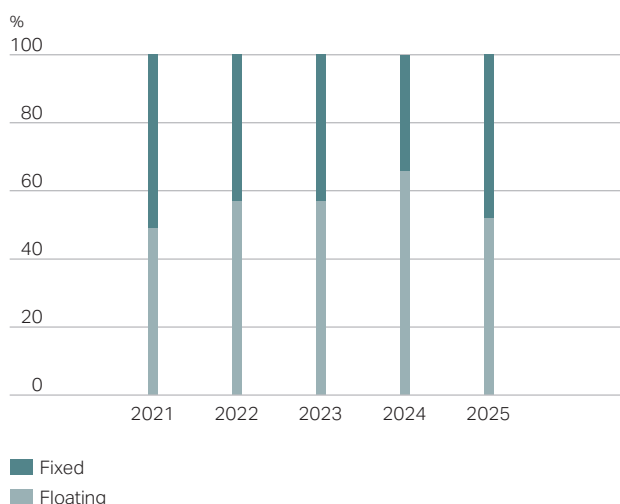
- Available unrestricted liquidity at 31st December 2025 totalled HK\$25,435 million, comprising liquid funds of HK\$12,289 million and committed undrawn facilities of HK\$13,149 million, less pledged funds of HK\$3 million. Liquid funds are predominately denominated in United States dollars and Hong Kong dollars.
- Net borrowings (after deducting liquid funds) decreased by 19.2% to HK\$46,812 million. Excluding lease liabilities without asset transfer components, net borrowings decreased by 22.8% to HK\$36,352 million.
- Funds attributable to the shareholders of the Cathay Group increased by 14.5% to HK\$60,110 million. This was due to the Group's attributable profit of HK\$10,828 million and partially offset by decreases in other comprehensive income of HK\$842 million, dividends distributed to ordinary shareholders of HK\$4,491 million, convertible bonds of HK\$2,282 million converted into ordinary shares and changes in convertible bonds reserve of HK\$167 million.
- Excluding lease liabilities without asset transfer components, the net debt/equity ratio decreased from 0.90 times to 0.60 times (against borrowing covenants of 2.0). Taking into account the effect of adopting HKFRS 16 on net borrowings, the net debt/equity ratio was 0.78 at 31st December 2025 (31st December 2024: 1.10 times).

Net debt and equity



- Funds attributable to the shareholders of the Cathay Group
- Net borrowings
- Net debt/equity ratio (see Borrowings and capital above)

Interest rate profile: borrowings (after derivatives)



- Fixed
- Floating

DIRECTORS AND OFFICERS

EXECUTIVE DIRECTORS

HEALY, Patrick[#], aged 60, has been Chair and a Director of the Company since 6th November 2019 and has served as a Director for 6 years and 4 months. His current term of office commenced on 10th May 2023 and will retire as Chair and as a Director of the Company with effect from the conclusion of the annual general meeting of the Company to be held on 13th May 2026 ("2026 Annual General Meeting"). He will also cease to be a Director of other Swire group companies on the same date. He is also Chair of Swire Coca-Cola Limited and a Director of John Swire & Sons (H.K.) Limited, Swire Pacific Limited and Air China Limited. He was a Director of Swire Properties Limited from January 2015 to August 2021. He joined the Swire group in 1988 and has worked with the group in the Hong Kong SAR, Germany and the Chinese Mainland.

LAM, Siu Por Ronald^{#*}, aged 53, has been a Director of the Company since 19th August 2019 and Chief Executive Officer since 1st January 2023. He has served as a Director for 6 years and 6 months. His current term of office commenced on 10th May 2023 and will expire at the conclusion of the 2026 Annual General Meeting. He was Chief Customer and Commercial Officer of the Company from August 2019 to December 2022. He was Director and General Manager, Hong Kong Operations of Hong Kong Aircraft Engineering Company Limited from July 2013 to May 2017 and Director Commercial and Cargo of the Company from June 2017 to July 2019. He is Chair of Hong Kong Express Airways Limited and a Director of John Swire & Sons (H.K.) Limited. He was a Director of Air China Cargo Co., Ltd. from September 2021 to June 2025. He joined the Swire group in 1996 and has worked with the Company in the Hong Kong SAR, Japan and Sri Lanka.

LAU, Hoi Zee Lavinia, aged 55, has been Chief Customer and Commercial Officer and a Director of the Company since 1st January 2023. She has served as a Director for 3 years and 2 months. Her current term of office commenced on 10th May 2023 and will expire at the conclusion of the 2026 Annual General Meeting. She is a Director of Hong Kong Express Airways Limited. She was Director Customer Travel of the Company from August 2021 to December 2022, Director Commercial of the Company from July 2019 to July 2021, General Manager Planning from August 2015 to July 2019, and General Manager Sales, Pearl River Delta and the Hong Kong SAR from July 2012 to August 2015. She joined the Swire group in 1992.

MCGOWAN, Alexander James John, aged 53, has been Chief Operations and Service Delivery Officer and a Director of the Company since 1st April 2023. He has served as a Director for 2 years and 11 months. His current term of office commenced on 10th May 2023 and will expire at the conclusion of the 2026 Annual General Meeting. He is a Director of Hong Kong Express Airways Limited. He was Director Service Delivery of the Company from September 2020 to March 2023, and General Manager Aircrew, Flight Operations of the Company from July 2018 to August 2020. He joined the Company in 2005 and has led a number of departments across the airline. Before joining the Company, he had worked for an international airline based in London and a technology start-up in Seattle.

SHARPE, Rebecca Jane[#] (formerly known as WALLACE, Rebecca Jane), aged 54, has been Chief Financial Officer and a Director of the Company since 25th January 2021. She has served as a Director for 5 years and 1 month. Her current term of office commenced on 8th May 2024 and will expire at the conclusion of the Company's 2027 annual general meeting. She is also a Director of Hong Kong Express Airways Limited. She was a Director and Group Director Finance of Hong Kong Aircraft Engineering Company Limited from October 2017 to January 2021, and Finance Director of The China Navigation Company Pte. Limited (now known as Swire Shipping Pte. Ltd.) from January 2013 to August 2017. She joined the Swire group in 2008 and has worked with the group in the Hong Kong SAR, the Chinese Mainland and Singapore. She is a member of the Institute of Chartered Accountants in England and Wales and the Hong Kong Institute of Certified Public Accountants.

NON-EXECUTIVE DIRECTORS

BRADLEY, Guy Martin Coutts[#], JP, aged 60, has been a Director of the Company since 25th August 2021. He has served as a Director for 4 years and 6 months. His current term of office commenced on 14th May 2025 and will expire at the conclusion of the Company's 2028 annual general meeting. He will become Executive Director and Chair of the Company with effect from the conclusion of the 2026 Annual General Meeting. He is also Chairman of John Swire & Sons (H.K.) Limited, Swire Pacific Limited and Swire Properties Limited. He will become Chairman of Swire Coca-Cola Limited on 13th May 2026. He was a Director of Swire Pacific Limited from January 2015 to May 2017. He joined the Swire group in 1987 and has worked with the group in the Hong Kong SAR, Papua New Guinea, Japan, the United States, Vietnam, the Chinese Mainland, the Taiwan region and the Middle East. He is a chartered surveyor, a fellow of the Royal Institution of Chartered Surveyors and a member of the Hong Kong Institute of Surveyors. He is also a member of the Chief Executive's Council of Advisers and the Hong Kong-Europe Business Council, a General Committee member of the Hong Kong General Chamber of Commerce, a special counsellor of Our Hong Kong Foundation, and Vice-President of the Real Estate Developers Association of Hong Kong.

LIU, Tiexiang[^], aged 59, has been appointed as a Director of the Company with effect from 24th December 2025. He has served as a Director for 2 months. His current term of office commenced on 24th December 2025 and will expire at the conclusion of the 2026 Annual General Meeting. He has also served as Director and the Vice Chairman of China Eastern Airlines Corporation Limited from November 2024 to August 2025. Mr. Liu has been serving as the chairman and the secretary of the Party Leadership Group of China National Aviation Holding Corporation Limited since August 2025. He has concurrently served as a member of the Party Committee, a member of the Standing Committee, and the secretary of the Party Committee of Air China since September 2025. Mr. Liu has been the chairman of the board and an executive director of Air China since 10th October 2025.

MCCALLUM, Gordon Douglas^{#&^}, aged 65, has been a Director of the Company since 12th January 2023. He has served as a Director for 3 years and 1 month. His current term of office commenced on 10th May 2023 and will expire at the conclusion of the 2026 Annual General Meeting. He is a Director of John Swire & Sons Limited and Chairman of its wholly-owned subsidiary, Argent Energy Holdings Limited. He is also Chairman of Zopa Group Plc and Zopa Bank Limited and a Director of Swire Pacific Limited. He was previously a Director of Virgin Atlantic Airways Limited and associated companies in the Virgin Atlantic group.

MURRAY, Martin James[#], **OBE**, aged 59, will become a Director of the Company with effect from the conclusion of 2026 Annual General Meeting. He is a Director of John Swire & Sons (H.K.) Limited, Swire Pacific Limited (and its Finance Director) and Swire Properties Limited. He was appointed Chief Financial Officer (formerly Finance Director) and served as an Executive Director of the Company from November 2011 to January 2021, and as a Non-Executive Director of the Company from April 2021 to August 2021. He was previously Deputy Finance Director of Swire Pacific Limited. He joined the Swire group in 1995 and has worked with the group in the Hong Kong SAR, the United States, Singapore and Australia. He is a member of the Institute of Chartered Accountants of Scotland and the Hong Kong Institute of Certified Public Accountants and a council member of the Hong Kong Management Association. He is responsible for the Swire group's sustainability strategy and the sustainable development function and is an Asia Pacific Chapter Member of the Accounting for Sustainability (A4S) CFO Leadership Network and a council member of the World Business Council for Sustainable Development.

DIRECTORS AND OFFICERS

SUN, Yuquan, aged 52, has been a Director of the Company since 12th May 2022. He has served as a Director for 3 years and 9 months. His current term of office commenced on 10th May 2023 and will expire at the conclusion of the 2026 Annual General Meeting. He has served as the Chief Accountant of China National Aviation Holding Corporation Limited since February 2022, and the Chief Accountant of Air China Limited since March 2023. He has been a Director and Chairman of China National Aviation Capital Holding Co., Ltd., and a Director and Chairman of China National Aviation Media Co., Ltd. since April 2022 and Chairman of China National Aviation Corporation (Group) Limited since April 2024. He is also a Non-Executive Director of TravelSky Technology Limited.

SWIRE, Merlin Bingham[#], aged 52, has been a Director of the Company since 1st June 2010. He has served as a Director for 15 years and 9 months. His current term of office commenced on 10th May 2023 and will expire at the conclusion of the 2026 Annual General Meeting. He is also Deputy Chairman, Chief Executive Officer and a shareholder of John Swire & Sons Limited, and a Director of Swire Pacific Limited and Swire Properties Limited. He was Chairman of Swire Pacific Limited and Swire Properties Limited from July 2018 to August 2021. He joined the Swire group in 1997 and has worked with the group in the Hong Kong SAR, Australia, the Chinese Mainland and London.

TANG, Kin Wing Augustus[#], aged 67, has been a Director of the Company since 1st September 2024. He has served as a Director for 1 year and 6 months. His current term of office commenced on 14th May 2025 and will expire at the conclusion of the Company's 2028 Annual General Meeting. He is also a Director of John Swire & Sons (H.K.) Limited and Air China Cargo Co., Ltd. He joined the Swire group in 1982 and has worked with the Company in the Hong Kong SAR, Malaysia and Japan. He was Director Corporate Development of the Company from January 2005 to December 2006, an Executive Director of the Company from January 2007 to October 2008, and an Executive Director and Chief Executive

Officer of the Company from August 2019 to December 2022. He was also a Director and Chief Executive Officer of Hong Kong Aircraft Engineering Company Limited from November 2008 to August 2019, and an Executive Director of Swire Pacific Limited from August 2011 to May 2017. He serves as a member of the Trade and Industry Advisory Board, a board member of the Community Chest of Hong Kong, a court member of the Hong Kong Polytechnic University, as well as an advisor to Our Hong Kong Foundation. He is also a member of the 14th National Committee of the Chinese People's Political Consultative Conference.

WANG, Mingyuan, aged 60, has been a Director of the Company since 24th July 2023. He has served as a Director for 2 years and 7 months. His current term of office commenced on 8th May 2024 and will expire at the conclusion of the Company's 2027 Annual General Meeting. He has served as Vice Chairman of Tibet Airlines Co., Ltd. since June 2020. He served as the President, Director and Vice Chairman of Air China Limited from March 2023 to March 2026. He was the Chairman of Air Macau Company Limited from March 2022 to February 2025 and a Director of China National Aviation Holding Corporation Limited from January 2023 to January 2026.

XIAO, Feng^{*#}, aged 57, has been a Director of the Company since 1st January 2017. He has served as a Director for 9 years and 2 months. His current term of office commenced on 10th May 2023 and will expire at the conclusion of the 2026 Annual General Meeting. He has been the Chief Economist of Air China Limited since March 2023, and the Board secretary and the company secretary of Air China Limited since March 2024. He is a Director of Air China Cargo Co., Ltd., Aircraft Maintenance and Engineering Corporation, Beijing (Ameco) and Total Transform Group Limited. He has also served as Chairman of China National Aviation Company Limited since November 2015, and was the Chairman of China National Aviation Finance Co., Ltd. from February 2016 to November 2023.

INDEPENDENT NON-EXECUTIVE DIRECTORS

CHAN, Bernard Charnwut^{*&}, JP, (formerly known as CHAN, Chi Sze Bernard), aged 61, has been a Director of the Company since 1st December 2018. He has served as a Director for 7 years and 3 months. His current term of office commenced on 14th May 2025 and will expire at the conclusion of the Company's 2028 Annual General Meeting. He is Chairman, President and an Executive Director of Asia Financial Holdings Limited and Chairman of its wholly owned subsidiary, Asia Insurance Company, Limited and an advisor to Bangkok Bank (China) Company Limited. He is also an Independent Non-Executive Director of China Resources Beer (Holdings) Company Limited, CLP Holdings Limited and Yau Lee Holdings Limited and a Director of Bumrungrad Hospital Public Company Limited. He was an Independent Non-Executive Director of Chen Hsong Holdings Limited from September 2004 to August 2024. He is a Steward of The Hong Kong Jockey Club. He is a former Convenor of the Non-Official Members of the Executive Council and a former member of the Legislative Council of the Hong Kong SAR.

CHENG, Lily Ka Lai^{**&^}, age 47, has been a Director of the Company since 20th May 2024. She has served as a Director for 1 year and 9 months. Her current term of office commenced on 14th May 2025 and will expire at the conclusion of the Company's 2028 Annual General Meeting. She is an Independent Non-Executive Director of Chow Tai Fook Jewellery Group Limited. She is also a non-executive Council Member of Herbert Smith Freehills Kramer LLP and an Executive Director of Hubel Labs Limited. Between 2008 and 2016, she held various senior executive roles within the online travel industry, including serving as the President of TripAdvisor Asia Pacific between 2014 and 2016 and Senior Director at Expedia Inc. prior to 2010. She was an Independent Non-Executive Director of Swire Properties Limited from March 2017 to May 2024 and SUNeVision Holdings Ltd. from October 2019 to November 2024. She has more than ten years of experience as a corporate executive of listed technology companies providing consumer-facing software and internet services, including implementation of artificial intelligence and cybersecurity protocols.

MUELLER, Christoph Romanus^{*@^}, aged 64, has been a Director of the Company since 12th May 2022. He has served as a Director for 3 years and 9 months. His current term of office commenced on 10th May 2023 and will expire at the conclusion of the 2026 Annual General Meeting. He is a Non-Executive Director of WestJet Airlines Limited. He was

Group Chief Financial Officer of DHL from 2002 to 2005, and Group Chief Executive Officer of Sabena SA from 2000 to 2001, Hapag-Lloyd Airlines from 2006 to 2009, Aer Lingus from 2009 to 2015 and Malaysia Airlines from 2015 to 2016. He was the Chairman of An Post, Ireland from 2014 to 2016 and Swissport International Limited from 2020 to 2022. He was also the President of the International Air Carrier Association (IACA) from 2010 to 2015 and Chairman of the Advisory Board of the European Organisation for the Safety of Air Navigation (Eurocontrol) from 2012 to 2015. He was the founding Chairman of Brussels Airlines and Chairman of various airlines.

WANG, Xiao Bin^{**}, age 58, has been a Director of the Company since 20th May 2024. She has served as a Director for 1 year and 9 months. Her current term of office commenced on 14th May 2025 and will expire at the conclusion of the Company's 2028 Annual General Meeting. She is an Independent Non-Executive Director of Hang Seng Bank Limited and an Independent Non-Executive Director of Transport International Holdings Limited. She served as an Independent Non-Executive Director of Worley Limited from 2011 to 2024. She was a senior executive of China Resources Power Holdings Company Limited from 2003 to 2023 and its Executive Director from 2006 to 2023. Ms. Wang was a Director of corporate finance at ING Investment Banking from 1995 to 2003, responsible for the execution of capital markets and merger and acquisition transactions in the Asia Pacific region. She had worked at the audit and business advisory division of Price Waterhouse (now known as PricewaterhouseCoopers) in Australia from 1990 to 1995. She is qualified as a chartered accountant in Australia and is a member of the Australian Society of Certified Practising Accountants (now known as CPA Australia).

COMPANY SECRETARY

LAI, Joanna, aged 41, has been Company Secretary of the Company since 19th April 2021. She joined the Company as Group General Counsel and Company Secretary on 19th April 2021 and before then, she was Head of Legal of Swire Properties Limited. She is qualified to practise law in the Hong Kong SAR and in the State of New York.

- # *Directors who are employee of the John Swire & Sons Limited group*
- + *Member of the Remuneration Committee*
- * *Member of the Audit Committee*
- @ *Member of the Board Risk Committee*
- & *Member of the Nomination Committee*
- ^ *Member of the Board Safety Review Committee*

DIRECTORS' REPORT

We submit our report and the audited financial statements for the year ended 31st December 2025 which are on pages 83 to 149.

PRINCIPAL ACTIVITIES

The Company is managed and controlled in Hong Kong. As well as operating scheduled airline services, the Company and its subsidiaries (collectively referred to as the "Group") are engaged in other related areas including airline catering, aircraft 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.

Details of material subsidiaries and associates, their main areas of operation and particulars of their issued capital are listed on pages 138 and 139.

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements incorporate the financial statements of the Group together with the Group's interests in associates. The financial performance of the Group for the year ended 31st December 2025 and the financial position of the Group and the Company at that date are set out in the financial statements on pages 83 to 149. Details of the associates are provided under note 9 to the financial statements.

DIVIDENDS

The Directors have declared second interim dividend of HK\$0.64 per ordinary share for the year ended 31st December 2025 (the "2025 Second Interim Dividend"), together with the first interim dividend of HK\$0.20 per ordinary share paid in October 2025 (the "2025 First Interim Dividend"), these represent a total dividend distribution for the year of HK\$5,228 million. The 2025 Second Interim Dividend will be paid on Thursday, 7th May 2026 to ordinary shareholders registered at the close of business on the record date, Thursday, 2nd April 2026. Ordinary shares of the Company will be traded ex-dividend as from Tuesday, 31st March 2026.

Any treasury shares held by the Company will not be entitled to receive the 2025 Second Interim Dividend.

The 2025 First Interim Dividend and 2025 Second Interim Dividend were made in accordance with the Company's dividend policy and there is no material variation in the dividend rate compared to that for the year ended 31st December 2024.

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 this policy and final declarations are however subject to consideration of other factors, such as the strength of the Company's own statement of financial position, the Company's own profits, trading conditions and the prevailing and forecast economic environment.

CLOSURE OF REGISTER OF MEMBERS

The register of members will be closed on Thursday, 2nd April 2026, during which day no transfer of shares will be effected. In order to qualify for entitlement to the 2025 Second Interim Dividend, all transfer forms accompanied by the relevant share certificates must 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 Wednesday, 1st April 2026.

To facilitate the processing of proxy voting for the annual general meeting to be held on 13th May 2026 ("2026 Annual General Meeting"), the register of members will be closed from Friday, 8th May 2026 to Wednesday, 13th May 2026, both days inclusive, during which period no transfer of shares will be effected. In order to be entitled to attend and vote at the annual general meeting, all transfer forms accompanied by the relevant share certificates must 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 Thursday, 7th May 2026.

BUSINESS REVIEW AND PERFORMANCE

A fair review of the Group's business, particulars of important events affecting the Group that have occurred since the end of the financial year and an indication of the likely future development of the Group's business (including, in each case to the extent necessary for an understanding of the development, performance or position of the Group's business, key performance indicators) are provided in the sections of this annual report headed "Chair's Statement", "Chief Executive Officer's Review and Outlook", "Review of Operations", "Financial Review", "Risk Management" and in the notes to the financial statements. Principal risks and uncertainties facing the Group are discussed in the "Risk Management" section. To the extent necessary for an understanding of the development, performance or position of the Group's business, a discussion of the Group's compliance with the relevant laws and regulations, a discussion of the Group's environmental policies and performance and an account of the Group's key relationships with its employees, customers and suppliers and others that have a significant impact on the Group and on which the Group's success depends are provided in the sections headed "Review of Operations", "Directors' Report", and "Corporate Governance Report" in this annual report.

RESERVES

Movements in the reserves of the Group and the Company during the year are set out in the statement of changes in equity on page 87 and in note 21 to the financial statements, respectively.

ACCOUNTING POLICIES

The material accounting policies are set out on pages 140 to 149.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

The Company has complied or will comply with all the applicable provisions set out in the Environmental, Social and Governance ("ESG") Reporting Code contained in Appendix C2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing

Rules") for the year covered by the annual report. Detailed information on the Company's ESG performance is provided in the Sustainability Report 2025 of the Company and in the paragraph headed "Our Areas of Leadership" under the section headed "Review of Operations" in this annual report.

DONATIONS

During the year, the Group made charitable donations amounting to HK\$5.0 million in direct payments and a further HK\$3.9 million in the form of discounts on airline travel, food and other in-kind donations.

PROPERTY, PLANT AND EQUIPMENT

Movements of property, plant and equipment are shown in note 7 to the financial statements. Details of aircraft acquisitions are set out on page 4.

BANK AND OTHER BORROWINGS

The net bank loans and other borrowings, including lease liabilities, of the Group are shown in note 11 to the financial statements.

SHARE CAPITAL

ISSUE AND REPURCHASE OF CONVERTIBLE BONDS

On 27th January 2021 (after trading hours), Cathay Pacific Finance III Limited, a wholly-owned subsidiary of the Company, as the Issuer, the Company as the Guarantor, and BNP Paribas Securities (Asia) Limited, BOCI Asia Limited, The Hongkong and Shanghai Banking Corporation Limited and Morgan Stanley & Co. International Plc as the Managers, entered into the subscription agreement in relation to the issuance of 2.75% guaranteed convertible bonds (the "Bonds") in a principal amount of HK\$6,740,000,000.

Assuming full conversion of the Bonds at the initial conversion price of HK\$8.57 per ordinary share, the Bonds would be convertible into 786,464,410 ordinary shares, representing approximately 12.22% of the total issued share capital of the Company as at 28th January 2021 (the date of the Company's announcement), and approximately 10.89% of the enlarged total issued share capital of the Company resulting from the full conversion of the Bonds.

DIRECTORS' REPORT

On 14th November 2024 (after close of market), Cathay Pacific Finance III Limited as the Issuer, the Company, and BNP Paribas Securities (Asia) Limited, BOCI Asia Limited, The Hongkong and Shanghai Banking Corporation Limited and Morgan Stanley & Co. International Plc as the Joint Dealer Managers entered into the Dealer Manager Agreement in relation to the proposed repurchase of the Bonds by the Issuer (the "Bonds Repurchase"). The repurchase price of the Bonds was 120.472% of the principal amount of the then outstanding Bonds. The principal amount of HK\$4,558,000,000, representing 67.89% in aggregate principal amount of the Bonds, was repurchased, settled and cancelled by 2nd January 2025 under the Bonds Repurchase.

As a result of the declaration of the interim dividends for the year ended 31st December 2024 and the 2025 First Interim Dividend, the conversion price of the Bonds was adjusted from HK\$8.57 per ordinary share to HK\$7.55 per ordinary share with effect from 4th April 2025, and further to HK\$7.42 per ordinary share with effect from 6th September 2025. Following such adjustments, the maximum number of ordinary

shares to be issued by the Company upon full conversion of the outstanding Bonds was increased to 237,196,765 ordinary shares based on the outstanding principal amount of HK\$1,760,000,000.

As at 31st December 2025, a total principal amount of HK\$30,000,000 of the Bonds was outstanding. On 5th February 2026 (i.e., the maturity date of the Bonds), the outstanding Bonds in the principal amount of HK\$20,000,000, together with accrued and unpaid interest thereon, had been fully redeemed by the Issuer pursuant to the terms and conditions of the Bonds. As of the date of this annual report, there was no outstanding Bonds.

During the year ended 31st December 2025 and as of the date of this annual report, a total principal amount of HK\$2,144,000,000 of the Bonds was converted and a total of 284,794,969 ordinary shares were allotted on exercise of the conversion rights (the "Conversions"). Details of the Conversions are set out below and in note 19 to the financial statements:

Date of allotment	Principal Amount (HK\$)	Conversion Price (HK\$/ Ordinary Share)	Number of Ordinary Shares allotted	Allottee
7th August 2025	404,000,000	7.55	53,509,933	HSBC Nominees (Hong Kong) Limited
12th August 2025	508,000,000	7.55	67,284,768	HSBC Nominees (Hong Kong) Limited
	32,000,000		4,238,410	
	16,000,000		2,119,205	
	106,000,000		14,039,735	
14th August 2025	74,000,000	7.55	9,801,324	B.N.P. Nominees Limited
14th August 2025	216,000,000	7.55	28,609,271	HSBC Nominees (Hong Kong) Limited
14th August 2025	26,000,000	7.55	3,443,708	Citi (Nominees) Limited
15th August 2025	24,000,000	7.55	3,178,807	HSBC Nominees (Hong Kong) Limited
	28,000,000		3,708,609	
15th August 2025	2,000,000	7.55	264,900	Citi (Nominees) Limited
19th August 2025	60,000,000	7.55	7,947,019	Citi (Nominees) Limited
20th August 2025	26,000,000	7.55	3,443,708	HSBC Nominees (Hong Kong) Limited
20th August 2025	106,000,000	7.55	14,039,735	Citi (Nominees) Limited
21st August 2025	30,000,000	7.55	3,973,509	HSBC Nominees (Hong Kong) Limited
22nd August 2025	44,000,000	7.55	5,827,814	Merrill Lynch Far East Limited
22nd August 2025	68,000,000	7.55	9,006,622	HSBC Nominees (Hong Kong) Limited
28th August 2025	20,000,000	7.55	2,649,006	HSBC Nominees (Hong Kong) Limited
10th September 2025	16,000,000	7.42	2,156,334	HSBC Nominees (Hong Kong) Limited
11th September 2025	2,000,000	7.42	269,541	HSBC Nominees (Hong Kong) Limited
15th September 2025	4,000,000	7.42	539,083	Citi (Nominees) Limited

DIRECTORS' REPORT

Date of allotment	Principal Amount (HK\$)	Conversion Price (HK\$/ Ordinary Share)	Number of Ordinary Shares allotted	Allottee
19th September 2025	8,000,000	7.42	1,078,167	HSBC Nominees (Hong Kong) Limited
	16,000,000		2,156,334	
	18,000,000		2,425,876	
22nd September 2025	82,000,000	7.42	11,051,212	B.N.P. Nominees Limited
23rd September 2025	32,000,000	7.42	4,312,668	B.N.P. Nominees Limited
26th September 2025	20,000,000	7.42	2,695,417	HSBC Nominees (Hong Kong) Limited
29th September 2025	80,000,000	7.42	10,781,671	HSBC Nominees (Hong Kong) Limited
21st October 2025	4,000,000	7.42	539,083	Citi (Nominees) Limited
31st October 2025	20,000,000	7.42	2,695,417	B.N.P. Nominees Limited
4th November 2025	4,000,000	7.42	539,083	HSBC Nominees (Hong Kong) Limited
18th November 2025	16,000,000	7.42	2,156,334	HSBC Nominees (Hong Kong) Limited
17th December 2025	2,000,000	7.42	269,541	HSBC Nominees (Hong Kong) Limited
19th December 2025	16,000,000	7.42	2,156,334	HSBC Nominees (Hong Kong) Limited
	4,000,000	7.42	539,083	
15th January 2026	6,000,000	7.42	808,625	HSBC Nominees (Hong Kong) Limited
20th January 2026	4,000,000	7.42	539,083	Citi (Nominees) Limited
Total:	2,144,000,000		284,794,969	

The portion of the Bonds of which the conversion rights being exercised represents approximately 31.8% of the Bonds and the enlarged total issued share capital of the Company resulting from the Conversions.

Details of issue of the Bonds, adjustments to the conversion price of the Bonds and Bonds Repurchase are set out in the Company's announcements dated 28th January 2021, 8th February 2021, 14th November 2024, 15th November 2024, 20th December 2024, 2nd January 2025, 12th March 2025 and 6th August 2025.

OFF-MARKET SHARE BUY-BACK AND TREASURY SHARES

On 12th February 2026, an extraordinary general meeting of the Company ("EGM") was held to approve an off-market share buy-back by the Company of the 643,076,181 ordinary shares (the "Buy-back Shares") owned by Qatar Airways Group Q.C.S.C. ("Qatar Airways") at the buy-back price of HK\$10.8374 for each Buy-back Share (the "Share Buy-back"), representing all of the ordinary shares owned by Qatar Airways as of the date of the EGM. The total consideration for the Share Buy-back was HK\$6,969,273,804.

The Company's announced on 24th February 2026 that, the Share Buy-back was completed on the same date, and the Buy-back Shares would be held by the Company as treasury shares (the "Treasury Shares"). On 11th March 2026, the Board, having considered, amongst others, the Company's latest assessment on market conditions and capital management needs, approved, and the Company will proceed with the cancellation of the Treasury Shares.

Details of the Share Buy-back are set out in the Company's announcements dated 5th November 2025, 26th November 2025, 24th December 2025, 6th January 2026, 14th January 2026, 12th February 2026 and 24th February 2026, and the circular to the shareholders dated 14th January 2026.

Save as disclosed above and in the paragraph headed "Issue and Repurchase of Convertible Bonds", there was no purchase, sale or redemption by the Company, or any of its subsidiaries, of the Company's ordinary shares (including sale of treasury shares) during the year. The Group has not adopted any share option scheme or share award scheme.

At 31st December 2025, the share capital of the Company was HK\$31,123 million (31st December 2024: HK\$28,841 million) and 6,722,856,511 ordinary shares were in issue (31st December 2024: 6,439,409,250 ordinary shares). Details of the movement of share capital are set out in note 19 to the financial statements.

CAPITAL COMMITMENTS AND CONTINGENCIES

The details of capital commitments and contingent liabilities of the Group at 31st December 2025 are set out in note 27 to the financial statements.

AGREEMENT FOR SERVICES

The Company has an agreement for services with John Swire & Sons (H.K.) Limited ("JS&SHK"), the particulars of which are set out in the section headed "Continuing Connected Transactions" below.

As directors and/or employees of the John Swire & Sons Limited ("Swire") group, Patrick Healy, Guy Bradley, Ronald Lam, Gordon McCallum, Martin Murray (who will become a Director of the Company with effect from the conclusion of 2026 Annual General Meeting), Rebecca Sharpe, Augustus Tang and Merlin Swire are interested in the JS&SHK Services Agreement (as defined below). Gordon McCallum and Merlin Swire are also so interested as shareholders, directors and employees of the Swire group.

Particulars of the fees paid and the expenses reimbursed for the year ended 31st December 2025 are set out in the section headed "Continuing Connected Transactions" below and also in note 26 to the financial statements.

SIGNIFICANT CONTRACTS

Contracts between the Group and Hong Kong Aircraft Engineering Company Limited ("HAECO") and its subsidiary, Taikoo (Xiamen) Aircraft Engineering Company Limited, for the maintenance and overhaul of aircraft and related equipment accounted for approximately 3.2% of the Group's operating expenses in 2025. HAECO is a wholly owned subsidiary of Swire Pacific Limited ("Swire Pacific"); all contracts have been concluded on normal commercial terms in the ordinary course of the business of both parties.

MAJOR TRANSACTIONS

On 6th August 2025, Cathay Pacific Aircraft Services Limited ("CPAS"), a wholly owned subsidiary of the Company, entered into an agreement with The Boeing Company, pursuant to which CPAS (i) exercised the purchase rights to purchase 14 Boeing 777-9 aircraft; and (ii) secured the right to acquire up to seven additional Boeing 777-9 aircraft from The Boeing Company. This transaction constituted a major transaction under the Listing Rules in respect of which announcement dated 6th August 2025 and a circular dated 27th August 2025 were published.

CONTINUING CONNECTED TRANSACTIONS

During the year ended 31st December 2025, the Group had the following continuing connected transactions, details of which are set out below:

- (a) Pursuant to an agreement ("JS&SHK Services Agreement") dated 1st December 2004, as amended and restated on 18th September 2008 and 9th August 2019, which has been renewed every three years, including a renewal on 1st October 2022 for a term of three years from 1st January 2023 to 31st December 2025, and most recently renewed on 1st October 2025 for a term of three years from 1st January 2026 to 31st December 2028, with JS&SHK, JS&SHK provides services to the Company and its subsidiaries. The services comprise advice and expertise of the directors and senior officers of the Swire group including (but not limited to) assistance in negotiating with regulatory and other governmental or official bodies, certain staff services (including full or part time services of members of the staff of the Swire group), certain central services and such other services as may be agreed from time to time, and procuring for the Company and its subsidiary, joint venture and associated companies the use of relevant trademarks owned by the Swire group. No fee is payable in consideration of such procurement obligation or such use of the trademarks.

In return for these services, JS&SHK receives annual service fees calculated as 2.5% of the Group's consolidated profit before taxation and non-controlling interests after certain adjustments. The fees for each year are payable in cash in two instalments, an interim payment by the end of October and a final payment by the end of April of the following year, adjusted to take account of the interim payment. The Group also reimburses the Swire group at cost for all the expenses incurred in the provision of the services.

The JS&SHK Services Agreement is renewable for successive periods of three years thereafter unless either party to it gives to the other notice of termination of not less than three months expiring on any 31st December.

For the year ended 31st December 2025 and under the JS&SHK Services Agreement, the amounts paid/payable by the Company to JS&SHK totalled HK\$295 million.

Swire is the holding company of Swire Pacific which owns approximately 43.09% of the total number of issued ordinary shares of the Company as at 31st December 2025, and JS&SHK, a wholly owned subsidiary of Swire, is therefore a connected person of the Company under the Listing Rules. The transactions under the JS&SHK Services Agreement are continuing connected transactions in respect of which announcements dated 1st December 2004, 1st October 2007, 1st October 2010, 14th November 2013, 19th August 2016, 9th August 2019, 11th August 2022 and 7th August 2025 were published.

As directors and/or employees of the Swire group, Patrick Healy, Guy Bradley, Ronald Lam, Gordon McCallum, Martin Murray (who will become a Director of the Company with effect from the conclusion of 2026 Annual General Meeting), Rebecca Sharpe, Merlin Swire and Augustus Tang are interested in the JS&SHK Services Agreement. Gordon McCallum and Merlin Swire are also so interested as shareholders, directors and employees of the Swire group.

- (b) Pursuant to a framework agreement dated 17th November 2022 ("HAECO 2022 Framework Agreement") with HAECO, services (being maintenance and related services in respect of aircraft, aircraft engines and aircraft parts and components and including inventory technical management services) are provided by HAECO and its subsidiaries (the "HAECO group") to the Group. Payment is made in cash within 30 days of receipt of invoices. The term of the HAECO 2022 Framework Agreement is for 10 years ending on 31st December 2032.

For the year ended 31st December 2025 and under the HAECO 2022 Framework Agreement, the amounts paid/payable by the Group to the HAECO group totalled HK\$3,283 million and the amounts payable by the HAECO group to the Group totalled HK\$910 million.

HAECO is a connected person of the Company by virtue of it being a subsidiary of Swire Pacific, one of the Company's substantial shareholders. The transactions

under the HAECO 2022 Framework Agreement are continuing connected transactions in respect of which an announcement dated 17th November 2022 was published, a circular dated 30th November 2022 was sent to shareholders and the HAECO 2022 Framework Agreement was approved at an extraordinary general meeting of the Company on 23rd December 2022.

As a director of HAECO, Guy Bradley and Martin Murray (who will become a Director of the Company with effect from the conclusion of 2026 Annual General Meeting) is interested in the HAECO 2022 Framework Agreement.

- (c) The Company entered into a framework agreement dated 26th June 2008 and which has been renewed every three years, most recently on 1st October 2022 for a term of three years from 1st January 2023 to 31st December 2025 ("2023 Air China Framework Agreement") with Air China in respect of transactions between the Group on the one hand and Air China and its subsidiaries ("Air China group") on the other hand arising from joint venture arrangements for the operation of passenger air transportation, code sharing arrangements, interline arrangements, aircraft leasing, frequent flyer programmes, the provision of airline catering, ground support and engineering services and other services agreed to be provided and other transactions agreed to be undertaken under the 2023 Air China Framework Agreement.

The Company entered into a new framework agreement dated 28th May 2025 for a term of three years from 1st January 2026 to 31st December 2028 ("New Air China Framework Agreement") with Air China in respect of transactions between the Group and its 30%-controlled companies and their subsidiaries ("30%-controlled Corporations") on the one hand and the Air China group and Air China's 30%-controlled Corporations on the other hand arising from interline arrangements, code sharing arrangements, joint operating arrangements, aircraft leasing, frequent flyer programmes, the provision of airline catering, ground support and engineering services, inbound/outbound cargo handling services, and other services agreed to be provided and other transactions agreed to be undertaken under the New Air China Framework Agreement.

The New Air China Framework Agreement is renewable for successive periods of three years thereafter unless either party to it gives to the other notice of termination of not less than three months expiring on any 31st December.

For the year ended 31st December 2025 and under the 2023 Air China Framework Agreement and the New Air China Framework Agreement, the amounts paid/payable by the Group to the Air China group totalled HK\$382 million; and the amounts payable by the Air China group to the Group totalled HK\$135 million.

Air China, by virtue of its approximately 28.72% shareholding in the Company as at 31st December 2025, is a substantial shareholder and therefore a connected person of the Company under the Listing Rules. The transactions under the 2023 Air China Framework Agreement and the New Air China Framework Agreement are continuing connected transactions in respect of which announcements dated 30th August 2022 and 28th May 2025 were published.

As directors or employees of Air China, Patrick Healy, Ma Chongxian (resigned as a director of Air China in October 2025), Liu Tiexiang (since his appointment as a director of Air China), Sun Yuquan, Xiao Feng and Wang Mingyuan (resigned as a director of Air China in March 2026) are interested in the 2023 Air China Framework Agreement and the New Air China Framework Agreement.

- (d) The Company entered into a framework agreement dated 26th April 2024 ("CASL Framework Agreement") with China Aircraft Services Limited ("CASL") for CASL's provision to the Group of line maintenance services, base maintenance services, supply of materials and tooling, stores rental and various aircraft maintenance support services. Payments under the written agreements are required to be made in cash within 45 days (or, in some cases, 30 days) of receipt of invoices.

The current term of CASL Framework Agreement is for three years ending on 31st December 2026, unless a party to it terminates with immediate effect by giving to the other notice in the event of material default.

Air China, by virtue of its approximately 28.72% shareholding in the Company as at 31st December 2025, is a substantial shareholder of the Company. China National Aviation Corporation (Group) Limited ("CNACG") is a fellow subsidiary and therefore an associate of Air China. CNACG is therefore a connected person of the Company. CNACG holds more than 30% of CASL. CASL is therefore a connected person of the Company. The transactions under the CASL Framework Agreement are continuing connected transactions in respect of which an announcement dated 26th April 2024 was published.

DIRECTORS' REPORT

For the year ended 31st December 2025, the amounts paid/payable by the Group to CASL for the services described above totalled HK\$203 million.

As directors of China National Aviation Holding Corporation Limited ("CNAHC", holding company of CNACG which holds more than 30% interest in CASL), Wang Mingyuan and Ma Chongxian (resigned as directors of CNAHC), Liu Tiexiang (since his appointment as a director of CNAHC) and Sun Yuquan, holding positions in CNAHC, are materially interested in the CASL Framework Agreement.

- (e) The Company and Air China Cargo Co., Ltd. ("Air China Cargo") entered into an universal services framework agreement dated 31st December 2024 (the "Air China Cargo Framework Agreement") which confirmed and governed the service arrangements, which included agency service arrangements on cargo space sales, ground handling services, software services, code sharing arrangements and services, rental services and other support services ("Service Arrangements") to be provided by and received by the Group in its ordinary and usual course of business with members of Air China Cargo and its subsidiaries ("Air China Cargo Group"). Air China Cargo Framework Agreement covers existing written agreements (as amended or supplemented from time to time) entered into between members of the Group and members of Air China Cargo Group (the "Air China Cargo Agreement(s)").

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

The current term of the Air China Cargo Framework Agreement is for three years from 1st January 2024 ending on 31st December 2026, unless either party to it terminates with immediate effect by giving to the other notice in the event of material default.

For the year ended 31st December 2025, the amounts paid/payable by the Group to Air China Cargo Group for Service Arrangements described above totalled HK\$46 million; and the amounts payable by the Air China Cargo Group to the Group totalled HK\$8 million.

Air China, by virtue of approximately 28.72% shareholding in the Company as at 31st December 2025, is a substantial shareholder of the Company. CNAHC is a holding company of Air China and a connected person of the Company. Air China Cargo is an indirect subsidiary of CNAHC and an associate of Air China (as defined under the Listing Rules), and is therefore a connected person of the Company. The transactions under the Air China Cargo Framework Agreement are continuing connected transactions in respect of which an announcement dated 31st December 2024 was published.

As directors of Air China Cargo, Ronald Lam (resigned as a director of Air China Cargo in June 2025), Augustus Tang and Xiao Feng, and as directors or employees of Air China (associate of Air China Cargo), Ma Chongxian (resigned as a director of Air China in October 2025), Liu Tiexiang (since his appointment as a director of Air China), Sun Yuquan, and Wang Mingyuan (resigned as a director of Air China in March 2026) are interested in the Air China Cargo Framework Agreement.

The Independent Non-Executive Directors, who are not interested in any connected transactions with the Group, have reviewed and confirmed that the continuing connected transactions as set out above have been entered into by the Group:

- (a) in the ordinary and usual course of business of the Group;
- (b) on normal commercial terms or better; and
- (c) according to the agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Auditors of the Company were engaged to report on the Group's continuing connected transactions (a) to (e) as set out above in accordance with the Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The Auditors have issued their unqualified letter containing their findings and conclusions in respect of the continuing connected transactions (a) to (e) as set out above disclosed by the Group in accordance with Chapter 14A of the Listing Rules, which states nothing has come to their attention that causes them to believe that:

- (a) the transactions have not been approved by the Board of the Company;
- (b) the transactions were not, in all material respects, in accordance with the pricing policies of the Group if the transactions involve provision of goods or services by the Group;
- (c) the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and
- (d) the transactions have exceeded the relevant annual caps in the relevant announcements published by the Company.

MAJOR CUSTOMERS AND SUPPLIERS

7.7% of sales and 35.9% of purchases during the year were attributable to the Group's five largest customers and suppliers respectively. 3.8% of sales were made to the Group's largest customer and 12.7% of purchases were made from the Group's largest supplier, Petrochina International (Hong Kong) Corporation Limited.

No Director, any of their close associates or any shareholder who, to the knowledge of the Directors, owns more than 5% of the total number of issued shares of the Company (excluding treasury shares) has an interest in the Group's five largest suppliers.

DIRECTORS

Ma Chongxian resigned, and Liu Tiexiang was appointed as a Director of the Company with effect from 24th December 2025. With effect from the conclusion of the 2026 Annual General Meeting, Patrick Healy will retire as Chair and as a Director, Guy Bradley will become Chair, and Martin Murray will become a Director of the Company. All the other present Directors of the Company whose names are listed in the section headed "Directors and Officers" in this annual report served throughout the calendar year 2025.

Liu Tiexiang obtained legal advice on 9th October 2025, as regards the requirements under the Listing Rules that are applicable to him as Director of a listed issuer in Hong Kong and the possible consequences of making false declaration or giving false information to the Stock Exchange. He confirmed that he understood his obligations as Director of a listed issuer in Hong Kong.

INDEPENDENCE CONFIRMATION

The Company has received from all of its Independent Non-Executive Directors confirmation of their independence as regards the factors in Rule 3.13 of the Listing Rule and considers all of them to be independent.

The Company has been granted by the Stock Exchange a waiver from strict compliance with Rule 3.10A of the Listing Rules, which requires that an issuer must appoint Independent Non-Executive Directors representing at least one-third of the Board.

TERM OF APPOINTMENT

Article 93 of the Company's Articles of Association provides for all Directors to retire at the third annual general meeting following their election by ordinary resolution. In accordance therewith, Ronald Lam, Lavinia Lau, Alexander McGowan, Gordon McCallum, Sun Yuquan, Merlin Swire, Xiao Feng and Christoph Mueller retire this year and, being eligible for re-election. Patrick Healy will not offer himself for re-election and will retire at the conclusion of the 2026 Annual General Meeting. Liu Tiexiang having been appointed as Director of the Company under Article 91 since the last annual general meeting, also retire and, being eligible for election.

Each of the Directors has entered into a letter of appointment, which constitutes a service contract, with the Company for a term of up to three years until retirement under Article 91 or Article 93 of the Articles of Association of the Company, which will be renewed for a term of three years upon each election or re-election. No Director has a service contract with the Company which is not determinable by the employer within one year without payment of compensation (other than statutory compensation).

FEES AND EMOLUMENTS

Full details of Directors' fees and emoluments are set out in note 24 to the financial statements.

Directors' fees paid to the Independent Non-Executive Directors during the year totalled HK\$3.7 million. They received no other emoluments from the Group.

DIRECTORS' INTERESTS

At 31st December 2025, the register maintained under Section 352 of the Securities and Futures Ordinance ("SFO") showed that no Director or chief executive of the Company had any interest or short position, whether beneficial or non-beneficial, in the shares or underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

Neither during nor prior to the year under review has any right been granted to, or exercised by, any Director of the Company, or to or by the spouse or minor child of any Director, to subscribe for shares, warrants or debentures of the Company.

Other than as stated in this annual report, no transaction, arrangement or contract of significance to which the Group was a party and in which a Director or an entity connected with a Director is or was materially interested, either directly or indirectly, subsisted during or at the end of the year.

At no time during the year was the Company, or any of its associated corporations, a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

Pursuant to Rule 8.10 of the Listing Rules, Patrick Healy, Liu Tiexiang and Wang Mingyuan (who resigned as a director of Air China in March 2026) disclosed that they were directors of Air China, and Xiao Feng and Sun Yuquan disclosed that they held positions in Air China during the year. Ma Chongxian was a director of Air China until October 2025. Air China competes or is likely to compete, either directly or indirectly, with the businesses of the Company as it operates airline services to certain destinations which are also served by the Company.

DIRECTORS OF SUBSIDIARIES

The names of all directors who have served on the boards of the subsidiaries of the Company during the year ended 31st December 2025 or during the period from 1st January 2026 to the date of this annual report are kept at the Company's registered office and are available for inspection by members of the Company in accordance with Section 390(6) of the Companies Ordinance (Cap. 622 of the Laws of Hong Kong).

PERMITTED INDEMNITY

Subject to the Companies Ordinance (Cap. 622 of the Laws of Hong Kong), every Director is entitled under the Company's Articles of Association to be indemnified out of the assets of the Company against all costs, charges, expenses, losses and liabilities which he or she may sustain or incur in or about the execution or discharge of his or her duties and/or the exercise of his or her powers and/or otherwise in relation to or in connection with his or her duties, powers or office. To the extent permitted by such Ordinance, the Company has taken out insurance against the liability and costs associated with defending any proceedings which may be brought against directors of companies in the Group.

SUBSTANTIAL SHAREHOLDERS

The register of interests in shares and short positions maintained under Section 336 of the SFO shows that at 31st December 2025 the Company had been notified of the following interests in the shares of the Company held by substantial shareholders and other persons:

DIRECTORS' REPORT

	No. of ordinary shares	Percentage of voting shares (%)	Type of interest (Note)
Long position			
1. Air China	4,827,269,423	71.80	Attributable interest (a)
2. China National Aviation Holding Corporation Limited ("CNAHC")	4,827,269,423	71.80	Attributable interest (b)
3. Swire Pacific	4,827,269,423	71.80	Attributable interest (a)
4. John Swire & Sons Limited ("Swire")	4,827,269,423	71.80	Attributable interest (c)
5. Qatar Airways Group Q.C.S.C.	643,076,181	9.57	Beneficial interest (d)

Note: At 31st December 2025:

- (a) Under Section 317 of the SFO, each of Air China, China National Aviation Company Limited ("CNAC") and Swire Pacific, being a party to the shareholders' agreement in relation to the Company dated 8th June 2006, was deemed to be interested in a total of 4,827,269,423 shares of the Company, comprising:
- (i) 2,896,753,089 ordinary shares directly held by Swire Pacific;
- (ii) 1,930,516,334 ordinary shares indirectly held by Air China and its subsidiaries CNAC, Most Known Investments Limited, Super Supreme Company Limited and Total Transform Group Limited, comprising the following ordinary shares held by their wholly owned subsidiaries: 472,248,545 ordinary shares held by Angel Paradise Ltd., 351,574,615 ordinary shares held by Custain Limited, 314,054,626 ordinary shares held by Easerich Investments Inc., 310,870,873 ordinary shares held by Grand Link Investments Holdings Ltd., 339,343,616 ordinary shares held by Motive Link Holdings Inc. and 142,424,059 ordinary shares held by Perfect Match Assets Holdings Ltd.
- (b) CNAHC was deemed to be interested in a total of 4,827,269,423 ordinary shares of the Company, in which its subsidiary Air China was deemed interested.
- (c) Swire and its wholly owned subsidiary JS&SHK were deemed to be interested in a total of 4,827,269,423 ordinary shares of the Company by virtue of the Swire group being interested in 64.45% of the equity of Swire Pacific and controlling 70.97% of the voting rights attached to ordinary shares in Swire Pacific.
- (d) Qatar Airways held a total of 643,076,181 shares of the Company as beneficial owner. On 12th February 2026, the EGM was held to approve the Share Buy-back (i.e., an off-market share buy-back by the Company of the 643,076,181 ordinary shares from Qatar Airways). The Company announced on 24th February 2026 that, the Share Buy-back was completed on the same date, and the Buy-back Shares would be held as Treasury Shares. On 11th March 2026, the Board, having considered, amongst others, the Company's latest assessment on market conditions and capital management needs, approved, and the Company will proceed with the cancellation of the Treasury Shares. Please refer to the paragraph headed under "Off-Market Share Buy-back and Treasury Shares" of this annual report, and the Company's announcements and the circular to shareholders for details.

PUBLIC FLOAT

Rule 13.32B(1) of the Listing Rules requires that a portion of shares listed on the Stock Exchange and held by the public, must at all times represent at least 25% of an issuer's total number of issued shares in that class of shares (excluding treasury shares), or any lower minimum percentage of public float threshold prescribed at the time of listing under Rule 8.08(1) of the Listing Rules. As at 31st December 2025, based on information that is publicly available to the Company and within the knowledge of its Directors, 28.19% of the Company's total number of issued shares (excluding treasury shares) were held by the public. Details of the Company's remaining ownership of its shares are set out under the paragraph headed "Substantial Shareholders" in this annual report.

On 20th June 2025, the Stock Exchange granted a waiver (the "Public Float Waiver") to the Company to permit the Company's minimum public float to be reduced to 16.7% upon completion of the Share Buy-back. As at the date of this annual report, based on the information that is publicly available to the Company and within the knowledge of its

Directors at the date of this annual report, 22.4% of the Company's total number of issued shares (excluding treasury shares) were held by the public, and hence met the public float requirement under the Public Float Waiver.

As at 31st December 2025, the Company had 6,722,856,511 issued ordinary shares. Details of the share capital are set out in note 19 to the financial statements.

AUDITORS

KPMG retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of KPMG as Auditors to the Company is to be proposed at the forthcoming 2026 Annual General Meeting.

By order of the Board

Patrick Healy

Chair

Hong Kong, 11th March 2026

CORPORATE GOVERNANCE REPORT

CORPORATE STRATEGY, GOVERNANCE AND CULTURE

Cathay is committed to ensuring that its affairs are conducted in accordance with its corporate and governance culture and values, which form a coherent set of principles that are relevant across the Company's business and underpin everything it does. This reflects its belief that, in the achievement of its long-term objectives, it is imperative to act with probity, transparency and accountability. By so acting, Cathay believes that shareholder value will be maximised in the long term and that its employees, those with whom it does business and the communities in which it operates will all benefit.

Corporate governance is the process by which the Board instructs management of the Group to conduct its affairs with a view to ensure that its objectives are met. The Board is committed to maintaining and developing robust corporate governance practices that are intended to ensure:

- satisfactory and sustainable returns to shareholders
- that the interests of those who deal with the Company are safeguarded
- that overall business risk is understood and managed appropriately
- the delivery of high-quality products and services to the satisfaction of customers
- that high standards of ethics are maintained
- a commitment to sustainable development which supports long-term growth.

The Board provides guidance to management by defining the purpose, values and strategic direction of the Group, and plays an important role in establishing and instilling a culture that reinforces the values of acting lawfully, ethically and responsibly. The Group's Code of Conduct ensures that the corporate culture and expected behaviours are clearly communicated to everyone in the Group. Appropriate policies and procedures are in place to promote and reinforce the need for employees and others who deal with the Company

to act with honesty and integrity and to raise concerns about actual or suspected cases of impropriety. Indicators used for assessing and monitoring ESG related data are set out in the Sustainability Report 2025 of the Company. The Group offers competitive remuneration and benefits designed to attract, motivate and retain talented people at all levels. Having regard to the corporate culture reflected in the policies and practices of the Group, the Board is satisfied that the purpose, values and strategic directions of the Group are aligned with its culture.

Further information on the Company's strategy and culture is provided in the section headed "Chief Executive Officer's Review and Outlook" in this annual report.

CORPORATE GOVERNANCE STATEMENT

The Corporate Governance Code (the "CG Code") as published by The Stock Exchange of Hong Kong Limited (the "Stock Exchange") sets out the principles of good corporate governance and are broken down into two parts:

- (a) mandatory disclosure requirements: the mandatory requirements for disclosure in an issuer's Corporate Governance Report; and
- (b) principles of good corporate governance (the "Principles"), code provisions and recommended best practices: The Principles set the overarching direction to achieving good corporate governance. The code provisions are aimed to help issuers apply the Principles. Issuers must state whether they have complied with the code provisions for the relevant accounting period in their annual reports (and summary financial reports, if any) and interim reports (and summary interim reports, if any). If an issuer considers that it can adopt the Principles without applying the code provisions, it may deviate from the code provisions but any deviation must be provided with considered reasons (including how good corporate governance was achieved by means other than strict compliance with the code provision). The recommended best practices are for guidance only, and issuers are encouraged, but not required, to state whether they have complied with the recommended best practices.

The Company supports the principles-based approach of the CG Code and the flexibility this provides for the adoption of corporate policies and procedures which recognise the individuality of companies. It has adopted its own corporate governance code which is available on its website (www.cathaypacific.com). Corporate governance does not stand still and it evolves with each business and operating environment. The Company is always ready to learn and adopt best practices.

The Company complied with all the code provisions set out in the CG Code contained in Part 2 of Appendix C1 to the Listing Rules throughout the year covered by this annual report.

THE BOARD OF DIRECTORS

ROLE OF THE BOARD

The Company is governed by a Board of Directors, which has responsibility for strategic leadership and control of the Group designed to maximise shareholder value, while taking due account of the interests of those with whom the Group does business and others.

Responsibility for achieving the Company's objectives and running the business on a day-to-day basis is delegated to management. The Board exercises a number of reserved powers which include:

- maintaining and promoting the culture of the Company
- formulation of long-term strategy
- approving public announcements, including financial statements
- committing to major acquisitions, divestments and capital projects
- authorising significant changes to the capital structure and material borrowings
- any issue, or buy-back, of equity securities under the relevant general mandates
- approving treasury policy
- setting dividend policy
- approving appointments to the Board
- reviewing the board diversity policy with a view to the Board having a balance of skills, experience and diversity of perspectives appropriate to the Company's businesses

- ensuring that appropriate management development and succession plans are in place
- setting the Group's remuneration policy
- approving annual budgets and forecasts
- reviewing operational and financial performance
- reviewing the effectiveness of the Group's risk management and internal control systems
- ensuring the adequacy of the resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit, financial reporting functions, as well as those relating to the Company's ESG performance and reporting
- overseeing ESG matters.

To assist it in fulfilling its duties, the Board has established the Audit Committee, Board Risk Committee, Board Safety Review Committee, Executive Committee, Finance Committee, Investment Committee, Management Committee, Nomination Committee, Remuneration Committee and Sustainability Leadership Group.

CHAIR AND CHIEF EXECUTIVE OFFICER

The CG Code requires that the roles of Chair and Chief Executive Officer be separate and not performed by the same individual to ensure there is a clear division of responsibilities between the running of the Board and the executives who run the business.

The Chair of the Board is responsible for:

- leadership of the Board
- setting its agenda and taking into account any matters proposed by other Directors for inclusion in the agenda
- facilitating effective contributions from and dialogue with all Directors and constructive relations between them
- ensuring that all Directors are properly briefed on issues arising at Board meetings and that they receive in a timely manner, adequate information which is accurate, clear, complete and reliable
- encouraging Directors to voice their concerns, allowing time for discussion the issues and ensuring that Board decisions fairly reflect Board consensus
- ensuring, through the Board, that good corporate governance practices and procedures are followed.

The Chief Executive Officer of the Company is responsible for implementing the policies and strategies set by the Board in order to ensure the successful day-to-day management of the Group's business.

Throughout the year, there was a clear division of responsibilities between the Chair and the Chief Executive Officer.

BOARD COMPOSITION

The Board is structured with a view to ensure it is of a high calibre and has a balance of skills, experience and diversity of perspectives appropriate to the Company's business so that it works effectively as a team and that individuals or groups do not dominate any decision-making.

At the date of this annual report, the Board comprised the Chair (Patrick Healy), four other Executive Directors (Ronald Lam, Lavinia Lau, Alexander McGowan, Rebecca Sharpe), eight Non-Executive Directors (Liu Tiexiang (Deputy Chair), Guy Bradley, Gordon McCallum, Sun Yuquan, Merlin Swire, Augustus Tang, Wang Mingyuan and Xiao Feng) and four Independent Non-Executive Directors (Bernard Chan, Lily Cheng, Christoph Mueller and Wang Xiao Bin). With effect from the conclusion of 2026 Annual General Meeting, Patrick Healy will cease to be the Chair and Executive Director of the Company for reason of his retirement from the Swire group, Guy Bradley will become the Chair and Executive Director, and Martin Murray will become a Non-Executive Director of the Company. Their biographical details are set out in the section headed "Directors and Officers" in this annual report and on the Company's website. The Company has also maintained on its website an updated list of Directors identifying their roles and functions and whether they are Independent Non-Executive Directors.

Patrick Healy, Guy Bradley, Ronald Lam, Martin Murray, Rebecca Sharpe and Augustus Tang are directors and/or employees of the Swire group. Gordon McCallum and Merlin Swire are shareholders, directors and employees of the Swire group.

The Executive Directors are involved in the day-to-day operations of the Company's business and considered as the senior management of the Company.

The Non-Executive Directors and Independent Non-Executive Directors bring independent advice, judgement and, through constructive challenge, scrutiny of executives and review of performance and risks. They take the lead where potential conflicts of interests arise and make positive contribution

to the development of the Group's strategy and policies through independent, constructive and informed comments. The Audit, Board Risk, Board Safety Review, Nomination and Remuneration Committees of the Board comprise Non-Executive Directors and Independent Non-Executive Directors.

The Board considers that four Independent Non-Executive Directors are independent in character and judgement and fulfil the independence guidelines set out in Rule 3.13 of the Listing Rules. Confirmation has been received by the Company from all Independent Non-Executive Directors that they are independent as set out in Rule 3.13 of the Listing Rules. None of the Independent Non-Executive Directors holds cross-directorships or has significant links with other Directors through involvements in other companies or bodies.

The Independent Non-Executive Directors:

- provide open and objective challenge to management and other Board members
- raise intelligent questions and challenge constructively and with vigour
- bring outside knowledge of the businesses and markets in which the Group operates, providing informed insight and responses to management.

The Company has been granted by the Stock Exchange a waiver from strict compliance with Rule 3.10A of the Listing Rules, which requires that an issuer must appoint Independent Non-Executive Directors representing at least one-third of the Board.

Taking into account all of the circumstances described in this section, the Company considers all of the Independent Non-Executive Directors to be independent.

APPOINTMENT AND RE-ELECTION

The Nomination Committee identifies and considers potential new candidates for directorships, and any suitably qualified candidates will be nominated by the Nomination Committee. The Nomination Committee also selects or makes recommendations to the Board on the selection of individuals nominated for directorships. Directors (including Executive Directors, Non-Executive Directors and Independent Non-Executive Directors) appointed by the Board are subject to election by shareholders at the first annual general meeting after their appointment, and all Directors are subject to re-election by shareholders every three years.

Potential new Directors are identified on the basis of relevant skills, knowledge, experience and diversity of perspectives which, in the opinion of the Nomination Committee and the Directors, will enable them to make a positive contribution to the performance of the Board.

On 2nd March 2026, having reviewed the Board's composition and after taking into account the requirement that all Directors are subject to election or re-election (as the case may be) in accordance with the Company's Articles of Association, the Nomination Committee nominated Ronald Lam, Lavinia Lau, Alexander McGowan, Gordon McCallum, Liu Tiexiang, Sun Yuquan, Merlin Swire, Xiao Feng and Christoph Mueller for recommendation to shareholders for election or re-election (as the case may be) at the 2026 Annual General Meeting. The nominations were made in accordance with objective criteria (including gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge, length of service, number of directorships of listed companies and the legitimate interests of the Company's principal shareholders), with due regard for the benefits of diversity, as set out in the Company's Board Diversity Policy.

On 11th March 2026, having considered the recommendation of the Nomination Committee and took into account the respective contributions, perspectives, skills and experience of Ronald Lam, Lavinia Lau, Alexander McGowan, Gordon McCallum, Liu Tiexiang, Sun Yuquan, Merlin Swire, Xiao Feng and Christoph Mueller to the Board and their firm commitment to their roles, the Board recommended all of them for election or re-election (as the case may be) at the 2026 Annual General Meeting. The particulars of the Directors standing for election or re-election are set out in the section of this annual report headed Directors and Officers and will also be set out in the circular to shareholders to be distributed with this annual report and posted on the Company's website.

Full details of changes in the Board during the year and to the date of this annual report are provided in the section headed "Directors' Report" in this annual report.

INDEPENDENT VIEW MECHANISMS

The Company has established mechanisms to ensure independent views and input are available to the Board from (a) Independent Non-Executive Directors; (b) independent professional advisors; and (c) the Company's shareholders (the "Mechanisms"). The Audit Committee has been delegated

with the responsibilities of overseeing the implementation and reviewing the effectiveness of the Mechanisms at least annually. The Audit Committee has reviewed the implementation and effectiveness of the Mechanisms in 2025. The Mechanisms currently in place include:

(a) Communication channels

Formal and informal communication channels have been established whereby Independent Non-Executive Directors can express their views in an open and candid manner, and in a confidential manner, should circumstances require. These channels include periodic formal meeting sessions with the Chair, informal briefings provided by the Chair and interaction with management and other Board members including the Chair outside the boardroom. Board meetings are structured so as to encourage open discussion, frank debate and active participation by Directors.

(b) Independence of Independent Non-Executive Directors

The Nomination Committee identifies and reviews biographies of potential candidates for directorships (including potential candidates for independent non-executive directorships) and may conduct interviews with such candidates.

The Nomination Committee also reviews and assesses the independence of the Independent Non-Executive Directors as regards the factors in Rule 3.13 of the Listing Rules.

(c) Consultation with independent professional advisors

Occasions may arise when Directors consider that they need professional advice in the furtherance of their duties as a director. Circumstances may occur when it will be appropriate for Directors to seek advice from independent professional advisors. Directors may seek such advice at the Company's expense upon reasonable request to the Chair.

(d) Communication with Company's shareholders

The Chief Financial Officer of the Company makes herself available for meetings with major shareholders and conducts investors and analysts briefings immediately after the announcement of the interim and annual results. In addition, the Chief Financial Officer attended meetings with analysts and investors during the year.

- The skills and experience of existing Directors help set the criteria for internal and external candidate search
- Executive search agencies may be engaged as appropriate to identify external candidates with the desirable skillsets.

For the gender ratio in the Group's workforce (including senior positions, which refer to the job levels of general managers or above at the Group but excluding the Directors), please refer to paragraph headed "Performance Updates – Cathay Group" under the section headed "Review of Operations" in this annual report, and in the Sustainability Report 2025. The Group has been making continuous progress in achieving the target to not have more than 65% of the same gender at senior positions.

RESPONSIBILITIES OF DIRECTORS

On appointment, the Directors receive information about the Group including:

- the role of the Board and the matters reserved for its attention
- the role and terms of reference of Board Committees
- the Group's corporate governance practices and procedures
- the powers delegated to management
- the latest financial information.

Directors update their skills, knowledge and familiarity with the Group through their participation at meetings of the Board and its committees and through regular meetings with management. Directors are regularly updated by the Company Secretary on their legal and other duties as Directors of a listed company.

Through the Company Secretary, Directors are able to obtain appropriate professional training and advice.

Each Director ensures that he/she can give sufficient time and attention to the affairs of the Group. All Directors disclose to the Board on their first appointment their interests as a Director or otherwise in other companies or organisations and such declarations of interests are updated regularly.

Details of Directors' other appointments are shown in their biographies in the section headed "Directors and Officers" in this annual report.

BOARD PROCESSES

All committees of the Board follow the same processes as the full Board.

The dates of the 2025 Board meetings were determined in 2024 and were notified to Directors at least 14 days before regular meetings. Suitable arrangements are in place to allow Directors to include items in the agenda for regular Board meetings.

The Board met five times in 2025. The attendance of individual Directors at meetings of the Board and its committees is set out in the table on page 59. Average attendance at Board meetings was approximately 81%. All Directors attended Board meetings in person or through electronic means of communication during the year.

Agendas and accompanying Board papers are circulated with sufficient time to allow the Directors to prepare before meetings.

The Chair encourages all Directors to make a full and active contribution to the Board's affairs and takes the lead to ensure that the Board acts in the best interests of the Company, that there is effective communication with the shareholders and that their views are communicated to the Board as a whole.

Board decisions are made by vote at Board meetings and supplemented by the circulation of written resolutions between Board meetings.

Minutes of Board meetings are taken and kept by the Company Secretary and, together with any supporting papers, are made available to all Directors. The minutes record the matters considered by the Board, the decisions reached, and any concerns raised or dissenting views expressed by Directors. Draft and final versions of the minutes are sent to all Directors for their comments and records respectively.

Board meetings are structured so as to encourage open discussion, frank debate and active participation by Directors in meetings.

A typical Board meeting would consist of:

- review of a report by the Chief Executive Officer on the results since the last meeting and an explanation of changes in the business environment and their impact on budgets and the longer-term plan

CORPORATE GOVERNANCE REPORT

- review of reports by the Chair of each of the Audit Committee, Board Risk Committee, Board Safety Review Committee, Nomination Committee and Remuneration Committee
- the raising of new initiatives and ideas
- presentation of papers to support decisions requiring Board approval
- any declarations of interest.

The executive management provides the Board with such complete and reliable information and explanations as are necessary in a timely manner to enable Directors to make an informed assessment of the financial and other information

put before the Board. The Board and individual Directors have separate and independent access to executive management and queries raised by Directors are answered fully and promptly.

When necessary, the Independent Non-Executive Directors meet privately to discuss matters which are their specific responsibility.

The Chair meets at least annually with the Independent Non-Executive Directors without the presence of other Directors. The table below sets out the attendance record of individual Directors at meetings of the Board and its committees (with Independent Non-Executive Directors as members) and of the shareholders in 2025.

	Meetings Attended/Held							
	Board	Audit Committee	Board Risk Committee	Nomination Committee	Remuneration Committee	Board Safety Review Committee	2025 Annual General Meeting	Training (Note)
Executive Directors								
Patrick Healy – Chair	5/5	3/4	3/4			3/4	✓	✓
Ronald Lam	5/5	2/2	4/4			4/4	✓	✓
Lavinia Lau	5/5		4/4			4/4	✓	✓
Alexander McGowan	5/5		4/4			4/4	✓	✓
Rebecca Sharpe	5/5	4/4	4/4				✓	✓
Non-Executive Directors								
Ma Chongxian – Deputy Chair (resigned with effect from 24th December 2025)	0/5					0/4	x	✓
Liu Tiexiang – Deputy Chair (appointed with effect from 24th December 2025)	N/A					N/A	N/A	✓
Guy Bradley	5/5						✓	✓
Gordon McCallum	5/5			2/2	2/2	2/4	✓	✓
Sun Yuquan	2/5	1/4					✓	✓
Merlin Swire	5/5						✓	✓
Augustus Tang	5/5						✓	✓
Wang Mingyuan	0/5						x	✓
Xiao Feng	3/5	2/4	3/4				x	✓
Independent Non-Executive Directors								
Bernard Chan	4/5			2/2	1/2		x	✓
Lily Cheng	5/5	4/4		2/2	2/2	4/4	✓	✓
Christoph Mueller	5/5	4/4	4/4			4/4	✓	✓
Wang Xiao Bin	5/5	4/4	4/4				✓	✓
Average attendance	81%	80%	94%	100%	83%	78%	76%	

Note: Directors who had attended training sessions and/or received training materials about financial, commercial, economic, risk management and internal controls, legal regulatory and/or business trends including updates on industry-specific developments.

CONTINUOUS PROFESSIONAL DEVELOPMENT

The Company makes available continuous professional development for all Directors at the expense of the Company so as to develop and refresh their knowledge and skills.

All Directors have been provided with training materials on various topics, including roles, functions and responsibilities of Directors, regulatory updates, corporate governance and ESG, issued by the Stock Exchange and external advisors. They were invited to attend seminars and conferences about financial, commercial, economic, risk management and internal controls, legal, regulatory and/or business trends including updates on industry-specific developments.

DIRECTORS' AND OFFICERS' INSURANCE

The Company has arranged appropriate insurance cover in respect of potential legal actions against its Directors and Officers.

CONFLICTS OF INTEREST

If a Director has a material conflict of interest in relation to a transaction or proposal to be considered by the Board, the individual is required to declare such interest and abstains from voting. The matter is considered at a Board meeting and voted on by Directors who have no material interest in the transaction.

DELEGATION BY THE BOARD

Responsibility for delivering the Company's strategies and objectives, as established by the Board, and responsibility for day-to-day management is delegated to the Chief Executive Officer. The Chief Executive Officer has been given clear guidelines and directions as to his powers and, in particular, the circumstances under which he should report back to, and obtain prior approval from, the Board before making commitments on behalf of the Company.

The Board monitors management's performance against the achievement of financial and non-financial measures, the principal items monitored being:

- detailed monthly management accounts consisting of statements of profit or loss, financial position and cash flows compared to budget, together with forecasts
- internal and external audit reports
- feedback from external parties such as customers, others with whom the Group does business, trade associations and service providers.

SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by Directors (the "Securities Code") on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix C3 to the Listing Rules. The Securities Code is available on the Company's website.

A copy of the Securities Code has been sent to each Director of the Company and will be sent to each Director twice annually, immediately before the two financial period ends, with a reminder that Directors cannot deal in the securities and derivatives of the Company during the blackout period before the Group's interim and annual results have been published, and that all their dealings must be conducted in accordance with the Securities Code.

Under the Securities Code, Directors of the Company are required to notify the Chair and receive a dated written acknowledgement before dealing in the securities and derivatives of the Company and, in the case of the Chair himself, he must notify the Chair of the Audit Committee and receive a dated written acknowledgement before any dealing.

On specific enquiries made, all the present Directors of the Company have confirmed that they have complied with the required standard set out in the Model Code and the Securities Code.

Directors' interests at 31st December 2025 in the shares or underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) are set out in the section headed "Directors' Report" in this annual report.

The following committees have been established to assist the Board in discharging its responsibilities:

AUDIT COMMITTEE – see pages 65 and 66.

BOARD RISK COMMITTEE

The Board Risk Committee meets quarterly to review the Company's corporate risks which are not related to safety and security arising from the Group's flight operations. It met four times during 2025 and comprises three Non-Executive Directors (Christoph Mueller, Wang Xiao Bin and Xiao Feng). Two of the Board Risk Committee members are Independent Non-Executive Directors, one of whom, Christoph Mueller, is Chair. Regular attendees at the meetings were the Chief Executive Officer, the Chief Financial Officer, the Chief

Customer and Commercial Officer, the Chief Operations and Service Delivery Officer, Chief Risk Officer, Group General Counsel, and General Manager Group Internal Audit.

BOARD SAFETY REVIEW COMMITTEE

The Board Safety Review Committee reviews and reports to the Board on safety issues. It met four times during 2025 and comprises its Chair (Captain Timothy Jenkins until 11th March 2026), the Chief Executive Officer (Ronald Lam), two Independent Non-Executive Directors (Christoph Mueller (Chair of the Board Risk Committee) and Lily Cheng, and two Non-Executive Directors (Liu Tiexiang (since his appointment with effect from 24th December 2025) and Gordon McCallum). Mr. Graham Robert Braithwaite has been appointed by the Board as the Chair of the Board Safety Review Committee with effect from 12th March 2026. Ma Chongxian was a Board Safety Review Committee member until his resignation with effect from 24th December 2025. Regular attendees at the meetings were the Chair of the Board, Chief Customer and Commercial Officer, Chief Operations and Service Delivery Officer, Director Service Delivery and General Manager Group Safety and Operational Risk Management, Chief Executive Officer or Chief Operating Officer of any subsidiary of the Company which operates aircraft.

EXECUTIVE COMMITTEE

The Executive Committee comprises the Chief Executive Officer (Ronald Lam (Committee Chair)), three other Executive Directors (Lavinia Lau, Alexander McGowan and Rebecca Sharpe) and five Non-Executive Directors (Liu Tiexiang (since his appointment with effect from 24th December 2025), Sun Yuquan, Wang Mingyuan, Xiao Feng and Augustus Tang). Ma Chongxian was an Executive Committee member until his resignation with effect from 24th December 2025. It is responsible for bringing matters which it considers to be of strategic importance to the attention of the Board.

FINANCE COMMITTEE

The Finance Committee met monthly during 2025 to review the financial position of the Company. It is responsible for establishing the financial risk management policies. It comprises the Chief Executive Officer (Ronald Lam (Committee Chair)), three other Executive Directors (Lavinia Lau, Alexander McGowan and Rebecca Sharpe), two Non-Executive Directors (Xiao Feng and Sun Yuquan), General Manager Financial Services, Head of Treasury and an independent representative from the financial community.

INVESTMENT COMMITTEE

The Investment Committee comprises the Chief Financial Officer (Rebecca Sharpe (Committee Chair)) and two other Executive Directors (Lavinia Lau and Alexander McGowan). It is responsible for evaluating and approving certain capital expenditure, investments and asset disposals (excluding aircraft purchases and leasing) in accordance with the Delegations of Authority as approved by the Board.

MANAGEMENT COMMITTEE

The Management Committee meets monthly and is established to assist the Chief Executive Officer in delivering the Company's strategies and objectives. It comprises the Chief Executive Officer (Ronald Lam (Committee Chair)), three other Executive Directors (Lavinia Lau, Alexander McGowan and Rebecca Sharpe), Director Cargo, Director Customer Lifestyle, Director Customer Travel, Director Digital and IT, Director Engineering, Director Flight Operations, Director People, Director Service Delivery, Chief Executive Officer of Hong Kong Express Airways Limited, Group General Counsel and Chief Risk Officer.

NOMINATION COMMITTEE

The Nomination Committee comprises three Non-Executive Directors (Bernard Chan (Committee Chair), Lily Cheng and Gordon McCallum). Two of the Nomination Committee members are Independent Non-Executive Directors. Its terms of reference comply with the CG Code and are posted on the Company's website and the Stock Exchange's website.

The Nomination Committee met twice in 2025 and once in 2026 up to the date of this annual report. A summary of its work is as follows:

- it conducted (i) an annual review of the structure, size and composition (including the skills, knowledge and experience) of the Board and considered that the Board's composition reflects an appropriate mix of skills, experience and diversity among its members that are relevant to the Company's strategy, governance and business and contributes to the Board's effectiveness; (ii) an annual assessment of the independence of each Independent Non-Executive Director and considered all of the Independent Non-Executive Directors to be independent; and (iii) an annual review of the implementation and effectiveness of the Company's Board Diversity Policy and considered it to be appropriate;

- it made recommendations to the Board in respect of the appointment of two Non-Executive Directors, redesignation of Non-Executive Director to Executive Director and election of Chair of the Board; and
- it made recommendations to the Board in respect of the proposed election and re-election of the Directors retiring at the 2026 Annual General Meeting.

Details of recommendations by the Nomination Committee to the Board in respect of the appointment or/and reappointment of the Directors are provided in the paragraph headed "Appointment and Re-election" in this annual report. Details of the review on the implementation and effectiveness of the Company's Board Diversity Policy are set out in the paragraph headed "Board Diversity".

REMUNERATION COMMITTEE

The Remuneration Committee met twice during 2025 and comprises two Independent Non-Executive Directors (Lily Cheng (Committee Chair) and Bernard Chan, and one Non-Executive Director (Gordon McCallum).

The Remuneration Committee reviews and approves remuneration proposals with respect to Executive Directors of the Company with reference to the Board's corporate goals and objectives and the Group's remuneration policy (which is available on the Company's website) (see further under the paragraph headed "Remuneration Policy"). Fees (if any) payable to Non-Executive Directors are subject to an annual cap approved by shareholders at general meetings. The Remuneration Committee assesses the performance of Executive Directors and considers market data and peer comparison based on reports prepared by independent external consultants, which would review and confirm that the remuneration of the Company's Executive Directors is comparable with that paid to equivalent directors in peer companies. No Directors of the Company takes part in the determination of his or her own remuneration. The Remuneration Committee is authorised to seek any information it requires from any employee or director of the Company in order to perform its duties.

The Remuneration Committee exercises the powers of the Board to determine the remuneration packages of individual Executive Directors (including salaries, allowances, bonuses, benefits in kind and the terms on which they participate in any provident fund or other retirement benefit scheme), taking into consideration salaries paid by comparable companies, time commitments and responsibilities and employment

conditions elsewhere in the group. Full details of the remuneration of the Directors are provided in note 24 to the financial statements.

The terms of reference of the Remuneration Committee comply with the CG Code and are posted on the Company's website and the Stock Exchange's website.

A services agreement exists between the Company and JS&SHK, a wholly-owned subsidiary of John Swire & Sons Limited, which is the parent company of the Swire group. This agreement has been considered in detail and approved by the Independent Non-Executive Directors of the Company. Under the terms of the agreement, employees at various levels, including Executive Directors, are seconded to the Company. These employees report to and take instructions from the Board of the Company but remain employees of the Swire group.

In order to be able to attract and retain these employees with the appropriate skills, experience and of suitable calibre, the Swire group provides a competitive remuneration package to be commensurate, overall, with those of its peer group. This typically comprises salary, housing, retirement benefits, allowances and a discretionary bonus related to the overall profit of the Swire Pacific group. Although the remuneration for these Executive Directors is not entirely linked to the profits of the business in which they are working, it is considered that, given the different profitability of businesses within the Group, these arrangements have contributed considerably to the maintenance of a flexible, motivated and high-calibre management team within the Group.

A number of Executive Directors with specialist skills are employed directly by the Company on terms similar to those applicable to the employees of the Swire group referred to above.

The Remuneration Committee reviewed the structure and levels of remuneration paid to Executive Directors at its meeting in October 2025. At the meeting held in October 2025, the Remuneration Committee considered a report prepared for it by Mercer Limited, an independent firm of consultants, which confirmed that the remuneration of the Company's Executive Directors, as disclosed in note 24 to the financial statements, was comparable with that paid to equivalent executives in peer group companies. The Remuneration Committee also made recommendations to the Board on the remuneration of Independent Non-Executive Directors and Non-Executive Directors who are not directors and/or employees of the Swire group. The relevant

Independent Non-Executive Directors and Non-Executive Directors have abstained from voting on the respective remuneration payable to them.

The following table sets out the fees paid for the year ended 31st December 2025, to the Independent Non-Executive Directors, and Ma Chongxian (until his resignation with effect from 24th December 2025), Liu Tiexiang (since his appointment with effect from 24th December 2025), Sun Yuquan, Wang Mingyuan and Xiao Feng, which were approved by the Board and were below the total maximum amount approved by the shareholders at the general meeting held on 18th May 2011:

Fee	2025 HK\$	2024 HK\$
Director's Fee	575,000	575,000
Fee for Audit Committee Chair	268,000	268,000
Fee for Audit Committee Member	186,000	186,000
Fee for Board Risk Committee Chair	268,000	268,000
Fee for Board Risk Committee Member	186,000	186,000
Fee for Remuneration Committee Chair	83,000	83,000
Fee for Remuneration Committee Member	60,000	60,000
Fee for Nomination Committee Chair	83,000	83,000
Fee for Nomination Committee Member	60,000	60,000

SUSTAINABILITY LEADERSHIP GROUP

The Sustainability Leadership Group meets at least four times a year to review, evaluate and make recommendations to the Board on the strategy, policy, target and investment in major initiatives related to the sustainable and ESG development of the Group. It comprises Chief Executive Officer (Ronald Lam (Committee Chair)) and four other Executive Directors (Patrick Healy (until his retirement with effect from the conclusion of 2026 Annual General Meeting), Lavinia Lau, Alexander McGowan and Rebecca Sharpe).

ACCOUNTABILITY AND AUDIT

(a) Financial Reporting

The Board acknowledges its responsibility for:

- the proper stewardship of the Company's affairs, to ensure the integrity of financial information
- preparing annual and interim financial statements and other related information that give a true and fair view of the Group's affairs and of its results and cash flows for the relevant periods, in accordance with Hong Kong Financial Reporting Standards and the Hong Kong Companies Ordinance
- selecting appropriate accounting policies and ensuring that these are consistently applied
- making judgements and estimates that are prudent and reasonable
- ensuring that the application of the going concern assumption is appropriate.

(b) Risk Management

The Board acknowledges its responsibility to establish, maintain and review the effectiveness of the risk management systems. Details of the Group's Risk Governance and Risk Management Framework, Risk Management Processes, Areas of Focus in 2025 and Principal Risks and Uncertainties facing the Group are included in the Risk Management section.

(c) Internal Control

The Board acknowledges its responsibility to establish, maintain and review the effectiveness of the Group's internal control systems. This responsibility is primarily fulfilled on its behalf by the Audit Committee as discussed on pages 65 and 66.

The foundation of internal control systems is dependent on the ethics and culture of the organisation, the quality and competence of its personnel, the direction provided by the Board, and the effectiveness of management.

The key components of the Group's internal control structure are as follows:

Culture: The Board believes that good corporate governance reflects the culture of an organisation. This is more significant than any written procedures.

The Group aims at all times to act ethically and with integrity, and to instil this behaviour in all its employees by example from the Board down. The Group has a Code of Conduct, which is posted on the Company's website.

The Group is committed to developing and maintaining high professional and ethical standards. These are reflected in the rigorous selection process and career development plans for all employees. The organisation prides itself on being a long-term employer which instils in individuals, as they progress through the Group, a thorough understanding of the Group's ways of thinking and acting.

Channels of communication are clearly established, allowing employees a means of communicating their views upwards with a willingness on the part of more senior personnel to listen. Employees are aware that, whenever the unexpected occurs, attention should be given not only to the event itself, but also to determining the cause.

Through the Group's Code of Conduct, employees are encouraged (and instructed as to how) to report control deficiencies or suspicions of impropriety to those who are in a position to take necessary action.

Controls and review: A control self-assessment (CSA) process requires management in each material business unit to assess, through the use of detailed questionnaires, the adequacy and effectiveness of risk management and internal controls over financial and other areas, the effectiveness and efficiency of operations and compliance with applicable laws and regulations. The results are reviewed by the Audit Committee annually as part of their assessment of overall control environment.

The control environment comprises policies and procedures intended to ensure that relevant management directives are carried out and actions that may be needed to address risks are taken. These may include approvals and verifications, reviews, safeguarding of assets and segregation of duties. Control activities can be categorised into operational, financial and compliance, although there may, on occasion, be some overlap between them. The typical control activities include:

- analytical reviews: for example, conducting reviews of actual performance versus budgets, forecasts, prior periods and competitors
- direct functional or activity management: reviews of performance reports, conducted by managers in charge of functions or activities
- information-processing: performing controls intended to check the authorisation of transactions and the accuracy and completeness of their reporting, for example, exception reports
- physical controls: ensuring equipment, inventories, securities and other assets are safeguarded and subjected to periodic checks
- performance indicators: carrying out analyses of different sets of data, operational and financial, examining the relationships between them, and taking corrective action where necessary
- segregation of duties: dividing and segregating duties among different people, with a view to strengthening checks and minimising the risk of errors and abuse.

The Group has in place effective processes and systems for the identification, capture and reporting of operational, financial and compliance-related information in a form and time-frame intended to ensure that staff carry out their designated responsibilities.

Detailed control guidelines have been set and made available to all relevant employees of the Company about the handling of corporate data which may be price sensitive.

Systems and procedures are in place to identify, control and report on major risks, including business, safety, legal, financial, environmental and reputational risks. Exposures to these risks are monitored by the Board with the assistance of various committees and management.

Group Internal Audit Department

The Group Internal Audit Department supports the Audit Committee by independently assessing the adequacy and effectiveness of the Group's risk management, internal control and governance systems, in accordance with the principles of the Institute of Internal Auditors (IIA) Standards and the CG Code. Using a risk-based methodology, audits focus on higher-risk areas and strategic priorities, with key business units reviewed on a rotational basis to ensure adequate coverage over time. IT and data analytics are leveraged to enhance risk assessments, expand audit coverage, and identify anomalies efficiently. Audits involve sample-based testing, supplemented by analytics, to evaluate compliance, control effectiveness, and governance practices.

The annual internal audit plan, developed with input from senior management, is reviewed and approved by the Audit Committee to ensure alignment with the Group's strategic objectives and key risks. The plan is adjusted as risks evolved, and special reviews are conducted as needed. The Audit Committee also approves the department's resources to ensure it has the expertise and capacity to perform effectively.

The General Manager Group Internal Audit reports directly to the Audit Committee, with a dotted line to the Chief Financial Officer, and has direct access to the Board Risk Committee and the Chief Executive Officer. Audit reports are shared with the Chief Executive Officer, Chief Financial Officer, Chief Customer and Commercial Officer, Chief Operations and Service Delivery Officer, Chief Risk Officer, external auditors and relevant stakeholders of the audited business units. A summary of major audit findings and recommendations aimed at resolving material internal control deficiencies is reported regularly to the Audit Committee, and the Chair of the Audit Committee regularly reports any such material audit findings to the Board. The Board and the Audit Committee actively monitor the number and seriousness of findings and the timeliness of corrective actions taken by relevant departments. The internal audit function undergoes independent external quality assessments at least every five years to ensure it meets professional standards and maintains effectiveness.

Audit Committee

The Audit Committee, consisting of three Independent Non-Executive Directors (Wang Xiao Bin (Committee Chair), Lily Cheng, Christoph Mueller, and one Non-Executive Director (Xiao Feng), assists the Board in discharging its responsibilities for internal control and corporate governance matters.

The terms of reference of the Audit Committee follow the guidelines set out by the Hong Kong Institute of Certified Public Accountants and comply with the CG Code. They are available on the Company's website and the Stock Exchange's website. The Audit Committee is authorised to seek any information it requires from any employee and all employees are directed to cooperate with any request made by the Audit Committee.

The Audit Committee met four times in 2025. Regular attendees at the meetings are the Chief Executive Officer, Chief Financial Officer, Group General Counsel, General Manager Group Internal Audit and representatives of the external auditor. The Audit Committee meets at least twice a year with the external auditors and General Manager Group Internal Audit separately without the presence of management. Each meeting receives written reports from the external auditors and Group Internal Audit.

Minutes of Audit Committee meetings are kept by the Company Secretary. Draft and final versions of the minutes are sent to all committee members for their comment and records, within reasonable time after the meeting.

The work of the Audit Committee during 2025 included reviews of the following matters:

- the completeness, accuracy and integrity of formal announcements relating to the Group's performance including the 2024 annual and 2025 interim reports and announcements, with recommendations to the Board for approval
- the plans, cash flows and liquidity, and going concern of the Group
- the Group's compliance with certain regulatory and statutory requirements

- the Group's internal control systems
- progress on the 2025 group internal audit plan
- the proposed 2026 to 2028 group internal audit plan
- periodic reports from Group Internal Audit and progress in resolving any matters identified in them
- significant accounting and audit issues
- the Company's policy regarding connected transactions and the nature of such transactions
- the relationship with the external auditors as discussed on page 67
- the effectiveness of the Company's Independent Views Mechanisms
- the effectiveness of the Company's Shareholders' Communication Policy
- the adequacy and effectiveness of the accounting, financial reporting and internal audit functions
- the Company's compliance with the CG Code and disclosure in the Corporate Governance Report
- the Company's policies and practices on financial and accounting, and corporate governance
- the Company's code of conduct and the compliance manual applicable to employees and Directors
- the Company's policy and arrangements for employees and those who deal with the Group to raise concerns about possible improprieties in any matter related to the Group.

In 2026, the Audit Committee has reviewed, and recommended to the Board for approval, the 2025 financial statements.

Assessing the Effectiveness of Risk Management and Internal Control Systems

The Audit Committee and the Board Risk Committee (in relation to risk management), on behalf of the Board, oversee the Group's risk management and internal control systems. These systems are reviewed annually for their effectiveness in managing risks related to operations, financial reporting, compliance and governance. The systems are designed to manage, not eliminate, risks and can provide only reasonable, not absolute assurance against material misstatements or losses.

This annual review evaluates:

- the scope and quality of management's ongoing monitoring of risks, including ESG risks, and of the effectiveness of the risk management and internal control system
- the changes in the nature and extent of significant risks (including ESG risks) since the previous review and the Group's ability to respond to changes in its business and the external environment
- the extent and frequency with which the results of monitoring are communicated, enabling the Audit Committee and the Board Risk Committee to build up a cumulative assessment of the state of control in the Group and the effectiveness with which risk is being managed
- the incidence of any significant control failings or weaknesses that have been identified at any time during the period and the extent to which they have resulted in unforeseen outcomes or contingencies that have had, could have had, or may in the future have, a material impact on the Company's financial performance or condition, and the remedial measures taken to address such control failings or weaknesses
- the effectiveness of the Group's processes in relation to financial reporting and statutory and regulatory compliance
- the adequacy of resources for designing, implementing and monitoring the risk management and internal control systems, including staff qualifications and experience, training programmes and budget of the accounting, financial reporting and internal audit functions
- key risks and findings reported by Group Corporate Risk, Group Internal Audit, and the external auditor, including the effectiveness of their work programmes
- significant issues raised in internal and external audit reports
- the results of management's control self-assessment exercise.

Based on the annual review, management confirms, and the Board concurs, that the Group's risk management and internal control systems were effective, adequate and in accordance with the CG Code provisions on risk management and internal control throughout the year and up to the date of this annual report.

External Auditors

The Audit Committee acts as the key representative body, independent from management, for overseeing the Company's relations with the external auditors (the "auditors"). The auditors have direct access to the Chair of the Audit Committee, who meets with them periodically without management present.

The Audit Committee's duties in relation to the auditors include:

- recommending to the Board, for approval by shareholders, the auditors' appointment
- approval of the auditors' terms of engagement
- consideration of the letters of representation to be provided to the auditors in respect of the interim and annual financial statements
- review of reports and other ad-hoc papers from the auditors
- annual appraisal of the quality and effectiveness of the auditors
- assessment of the auditors' independence and objectivity, including the monitoring of non-audit services provided, with a view to ensuring that their independence and objectivity are not, and are not seen to be, compromised
- approval of audit and non-audit fees.

Auditors' Independence

Independence of the auditors is of critical importance to the Audit Committee, the Board and shareholders. The auditors write annually to the members of the Audit Committee confirming that they are independent accountants in accordance with the Code of Ethics for Professional Accountants of the Hong Kong Institute of Certified Public Accountants and that they are not aware of any matters which may reasonably be thought to bear on their independence. The Audit Committee assesses the independence of the auditors by considering and discussing each such letter (and having regard to the fees payable to the auditors for audit and non-audit services and the nature of the non-audit services) at a meeting of the Audit Committee.

Provision of Non-audit Services

In deciding whether the auditors should provide non-audit services the following key principles are considered:

- the auditors should not audit their own firm's work
- the auditors should not make management decisions
- the auditors' independence should not be impaired
- quality of service.

In addition, any services which may be considered to be in conflict with the role of the auditors must be submitted to the Audit Committee for approval prior to engagement, regardless of the amounts involved.

The Non-Assurance Services (NAS) Pre-approval Policy was adopted by the Audit Committee on 7th November 2022 for complying with the new requirement of the Hong Kong Institute of Certified Public Accountants Code of Ethics. The NAS Pre-approval Policy was revised and adopted by the Audit Committee on 28th February 2023. The External Auditor Non-Assurance Services Policy (the merger of the NAS Pre-approval Policy and the 2016 Auditor Services Policy) was adopted by the Audit Committee on 5th May 2023 and further revised by the Audit Committee on 11th November 2024. Pursuant to the External Auditor Non-Assurance Services Policy, pre-approval of non-audit services to be provided by the auditor for the following year should be sought annually at the last Audit Committee meeting of the calendar year. The pre-approval would then apply up until the end of the following calendar year, unless an alternative timeline is approved by the Audit Committee. Services not approved through the annual process would be subject to pre-approval from the Chair of Audit Committee and be ratified at the next Audit Committee meeting.

Auditors' Remuneration

In 2025, the total remuneration paid to the external auditors was HK\$20 million, being HK\$17 million for audit, HK\$2 million for tax advice and HK\$1 million for other professional services.

OTHER MATTERS

COMPANY SECRETARY

The Company Secretary is an employee of the Company and is appointed by the Board. The Company Secretary reports to the Chair and is responsible for facilitating the Board's processes and communications among Board members, with shareholders and with management. The Company Secretary undertakes at least 15 hours of relevant professional training annually to update her skills and knowledge.

INSIDE INFORMATION

With respect to procedures and internal controls for the handling and dissemination of inside information, the Company:

- is required to disclose inside information as soon as reasonably practicable in accordance with the Securities and Futures Ordinance and the Listing Rules
- conducts its affairs with close regard to the "Guidelines on Disclosure of Inside Information" issued by the Securities and Futures Commission
- has included in the Group's Code of Conduct a strict prohibition on the unauthorised use of confidential or inside information
- ensures, through its own internal reporting processes and the consideration of their outcome by senior staff, the appropriate handling and dissemination of inside information
- has adopted an inside information policy which provides a framework for escalating inside information matters to the Board.

REMUNERATION POLICY

The Group has adopted the remuneration policy for employees at all levels of the Group with the following key principles:

- total compensation should be competitive with the market – market competitiveness is assessed by benchmarking against a predetermined target market positioning for comparable jobs on total compensation, including base salary, allowances, bonus and retirement benefits

- differentiation of pay based on individual performance – all staff will have performance goals that are agreed with their direct appraiser each year and their performance will be assessed against these goals and how they measure up to the required competencies for each role. The performance rating will be a key factor in determining their pay
- internal equity – the Company ensures that its staff are paid equitably and fairly, in line with the size of the job, their individual skills match and performance, and free from gender bias, racism or other forms of bias
- transparency – all staff will be given honest and comprehensive feedback on their performance and how they are viewed by the Company
- affordability – the Company's ability to pay will be taken into account in the annual pay review
- bonus – the award of a bonus is made at the Company's discretion. The amount of bonus awarded each year will vary depending on the Company's financial performance and individual performance
- retirement benefit – all staff are offered the opportunity to participate in a suitable pension scheme to provide for their retirement. There are a range of schemes applicable depending on the employee's terms and conditions of employment.

SPEAK UP AND WHISTLEBLOWING POLICY

The Group has a speak up and whistleblowing policy (which is available on the Company's website) for employees and those who deal with the Group (e.g. customers and suppliers) to raise concerns (which will be escalated to the Audit Committee where appropriate), in confidence and anonymity, about possible improprieties in any matter related to the Group. This policy sets out a reporting mechanism which is designed to help mitigate legal, financial, operational and reputational risks to the Group. The primary objectives of this policy are (i) to encourage employees, third parties who deal with the Group (e.g. customers and suppliers), as well as individuals and entities acting for or on behalf of the Group, to report suspected wrongdoing with confidence that their concerns will be given serious, prompt and appropriate attention; (ii) to provide guidance on how to report suspected wrongdoing; (iii) to provide assurance to anyone who makes a report in good faith that they will not be subjected to retaliation of any kind. Any reporting under this policy can be done confidentially through multiple channels as stated in this policy.

ANTI-BRIBERY, CORRUPTION, ANTI-MONEY LAUNDERING AND TERRORIST FINANCING POLICY

The Group has adopted anti-bribery, corruption, anti-money laundering and terrorist financing policy to reaffirm its commitment as part of a comprehensive and robust anti-corruption and anti-bribery compliance programme to provide guidance to all relevant parties about compliance with global anti-bribery laws. The Group takes a zero-tolerance approach to bribery and corruption and is committed to acting professionally, fairly and with integrity in our business dealings and relationships wherever it operates. Its personnel must comply with applicable anti-bribery and anti-corruption laws of all countries in which the Group does business.

SHAREHOLDERS

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS AND SHAREHOLDERS' COMMUNICATION POLICY

The Board and management recognise their responsibility to represent the interests of all shareholders and to maximise shareholder value. Communication with shareholders and accountability to shareholders is a high priority of the Company. The Company shall maintain regular dialogue with shareholders and reviews the Shareholders' Communication Policy (available on the Company's website) at least annually to ensure its effectiveness. The Audit Committee has reviewed the implementation and effectiveness of the Shareholders' Communication Policy for the year 2025.

The methods used to communicate with shareholders included the following:

- the Chief Financial Officer makes herself available for meetings with major shareholders and conducts investors and analysts briefings immediately after the announcement of the interim and annual results. In addition, the Chief Financial Officer attended meetings with analysts and investors during the year
- through financial reports (interim and annual reports), sustainability reports, circulars or other regulatory disclosures as may be required through the websites of the Company and/or the Stock Exchange
- through audio webcasts of analyst presentations, slides of presentations given at investor conferences, latest news, public announcements and general information about the Group's businesses through the Company's website

- through the Annual General Meeting as discussed below and other general meetings that may be convened.

Shareholders may send their enquiries and concerns to the Board by post or email at ir@cathaypacific.com, and such letter should be marked "Shareholders' Communications". The relevant contact details are set out in the section headed Corporate and Shareholder Information in this annual report. In addition, there are different engagement channels to solicit and understand the views of the Company's shareholders and stakeholders. Details of the channels can be found on the Company's website: https://www.cathaypacific.com/cx/en_HK/contact-us.html.

THE ANNUAL GENERAL MEETING

The Annual General Meeting is an important forum in which to engage with shareholders. The most recent Annual General Meeting was held on 14th May 2025. The meeting was open to all shareholders. The Directors who attended the meeting are shown in the table on page 59.

At the Annual General Meeting, separate resolutions were proposed for each issue and were voted on by poll. The procedures for conducting a poll were explained and questions from shareholders regarding the resolutions were answered at the meeting prior to the polls being taken. The agenda items were:

- receiving the report of the Directors and the audited financial statements for the year ended 31st December 2024
- electing and/or re-electing Directors
- re-appointing the auditors and authorising the Directors to set their remuneration
- a general mandate authorising the Directors to make on-market share buy-backs
- a general mandate authorising the Directors to allot and issue shares up to 20% of the number of shares then in issue.

Minutes of the general meeting together with voting results are available on the Company's website.

DIVIDEND POLICY

The Company has a policy on the payment of dividends, which is set out in the section headed "Directors' Report" in this annual report.

SHAREHOLDER ENGAGEMENT

Pursuant to Article 95 of the Company's Articles of Association, if a shareholder wishes to propose a person other than a retiring Director for election as a Director at a general meeting, he or she should deposit a written notice of nomination at the registered office of the Company within the 7-day period commencing on and including the day after the despatch of the notice of the meeting. The procedures for nominating candidates to stand for election as Directors at general meetings are set out in the Company's Corporate Governance Code which is available on the Company's website.

If they wish to propose a resolution or put forward a proposal relating to other matters to be considered at a general meeting, shareholders are requested to follow the requirements and procedures set out in the Company's Corporate Governance Code which is available on the Company's website.

Shareholder(s) representing at least 5% of the total voting rights of all members may request the Board to convene a general meeting. The objects of the meeting must be stated in the related requisition deposited at the Company's registered office. Detailed requirements and procedures are set out in the Corporate Governance Section of the Company's website.

OTHER INFORMATION FOR SHAREHOLDERS

Key shareholder dates for 2026 are set out in the section headed "Corporate and Shareholder Information" in this annual report.

CONSTITUTIONAL DOCUMENTS

No amendment has been made to the Company's Articles of Association during the year.

The Board proposes to adopt a revised set of the Articles of Association of the Company (the "Revised Articles") to incorporate amendments to the existing Articles of Association of the Company. The purposes of these amendments are to enable the Company to conduct general meetings in hybrid or fully virtual format and to manage its corporate affairs more efficiently as well as to reflect the Listing Rules amendments relating to the further expansion of the paperless listing regime. The amendments also seek to generally update and align the existing articles with the Companies Ordinance (Cap. 622), including the recent adoption of the treasury share regime in the Companies Ordinance for Hong Kong incorporated listed companies and the facilitation of paperless corporate communications. Other consequential and administrative amendments are also proposed to update the existing articles for greater clarity.

The proposed adoption of the Revised Articles will be subject to the passing of a special resolution by the Company's shareholders at its annual general meeting to be held in May 2026. Further details of the proposed changes under the Revised Articles will be set out in the circular relating to the annual general meeting to be despatched to the Company's shareholders.

RISK MANAGEMENT

RISK GOVERNANCE AND RISK MANAGEMENT FRAMEWORK

It is the responsibility of the Board to ensure that the Cathay Group establishes, maintains and reviews the effectiveness of risk management and the internal control system. In this endeavour it is supported and advised by the Board Risk Committee, the Board Safety Review Committee and the Audit Committee. The Group Risk Management Policy outlines the Group's approach to risk management, the key roles and responsibilities and the main reporting procedures.

The Group's risk management framework is founded on the principle of the "three lines", a commonly used model, and one that is designed to avoid conflict of interest whereby managers review or oversee their own activities. The three lines operate as follows:

- First line, comprising management, business units and specialist functions, owns and manages risks as part of their day-to-day activities, ensuring controls are developed, embedded and operating effectively.
- Second line, comprising Group Opportunities and Risks and Group Safety and Operational Risk Management teams, provide oversight on risk, safety and security matters.

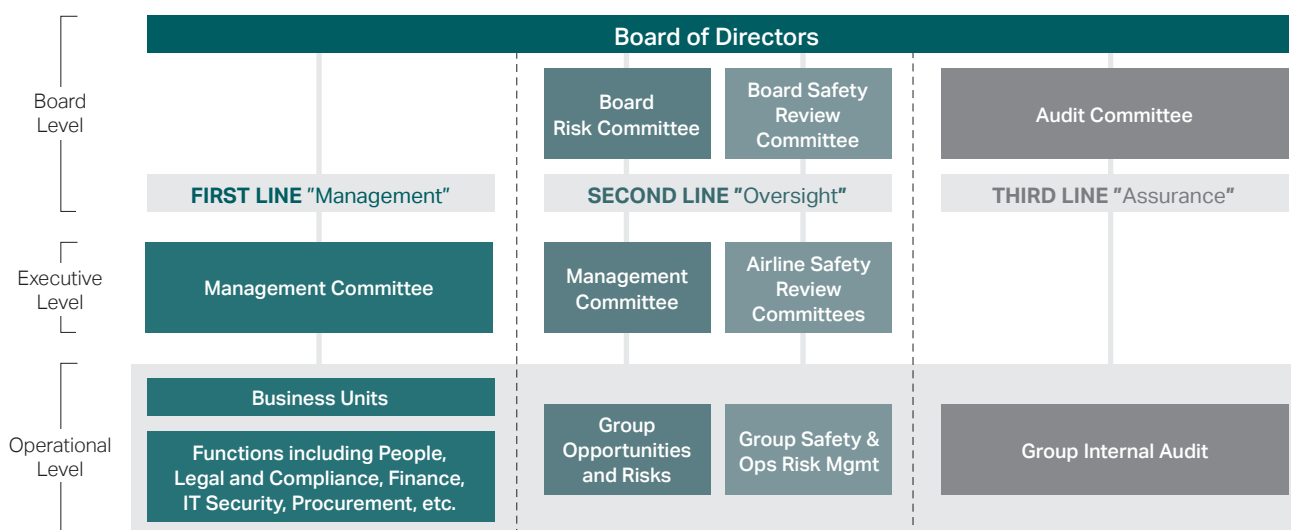
- Third line, comprising Group Internal Audit, deliver independent assurance by evaluating the adequacy and effectiveness of governance, risk management and internal control.

The two core principles of the risk management framework are:

- The Board has overall responsibility for the systems, processes and conduct of risk management. The Board's responsibilities in this regard have been defined as ensuring that: material risks have been identified, defined and prioritised; reasonable steps have been taken or plans are in place to mitigate these risks and their impacts to an acceptable level; and that a sound risk culture is in place.
- The First Line is responsible for managing risks in strategic planning and day-to-day operations. The Second Line is expected to engage fully to support them, providing ideas, expertise and advice and in particular, to ensure that the First Line takes decisions objectively and in full possession of all relevant information.

The application of the three lines model within the Group's risk governance framework is shown in Fig. 1 below.

FIG. 1 RISK GOVERNANCE OVERVIEW



Note: It is recognised that Legal and Compliance sits between First and Second Lines; for practical purposes they are included in the First Line.

RISK MANAGEMENT

The Group's risk management function sits in the Second Line and comprises two parallel pillars focusing on safety and security risks in operations, and corporate risks.

Safety and Security Risks	Corporate Risks
<ul style="list-style-type: none"> <p>• Board Safety Review Committee (BSRC) is charged with keeping under review all matters concerned with the safe operation, in the aircraft and on the ground, of any aircraft of which the Company or an airline subsidiary is the operator.</p> <p>The BSRC considers reports of significant incidents concerning safety (including people safety) or security. They also make sure that appropriate remedial action is taken or appropriate recommendations implemented where required.</p> <p>Each quarter, the Chair of the BSRC provides the Board with a report on the state of the safety management systems operating across the Group.</p> <p>• Airline Safety Review Committee (ASRC), chaired by the Chief Executive Officer, convenes each month and reports to the BSRC. The ASRC reviews the airline's safety performance for the purposes of directing both reactive and proactive safety actions to be undertaken by its members. The ASRC is responsible to the Chief Executive Officer for ensuring that appropriate group-wide safety, health and security related risk management strategies, systems, policies, processes and controls are implemented, managed, monitored and maintained at all times.</p> <p>• Group Safety & Operational Risk Management (GSORM) department is headed by the General Manager GSORM, who reports directly to the Chief Executive Officer. GSORM is responsible for maintaining an effective Safety Management System, facilitating operational and people safety risk identification and analysis activities, and monitoring mitigation actions. GSORM provides oversight of the safety, security, and audit programmes.</p> 	<ul style="list-style-type: none"> <p>• Board Risk Committee (BRC) is charged with supporting the Board in its responsibility for risk management within the Group, focusing on risks not related to safety and security arising from the operations of the Group. In particular, the BRC is responsible for overseeing the ongoing implementation and development of the Group's risk management framework and assessing its effectiveness.</p> <p>Each quarter, the Chair of the BRC provides the Board with a report on the state of the risk management framework and the general activities of the BRC.</p> <p>• Management Committee, an executive committee, is established to assist the Chief Executive Officer in delivering the Group's strategies and objectives. It oversees and manages the implementation of the Group's risk management framework and considers top and emerging risks to achieving the Group's goals. The Chief Risk Officer reports to the Management Committee on a monthly basis on the risk profile and mitigation of the Group's top risks.</p> <p>• Group Opportunities and Risks (GOR) department is headed by the Chief Risk Officer reporting to the Chief Executive Officer. GOR's function is to facilitate the implementation of the Group Risk Management Policy and acts as an independent oversight function on its effectiveness. It has specific responsibility for developing, maintaining and ensuring the effectiveness of the risk management framework.</p>

RISK MANAGEMENT PROCESSES

(a) Safety and Security Risks

The safety risk management process involves the identification of hazards or threats (including risk associated with changes to the organisation or operations), the adverse events they may lead to, their potential consequences (expressed as risk, in terms of severity and likelihood), and the implementation of risk controls or mitigations to reduce risk to as low as reasonably practicable. This process includes input from various stakeholders and a plan or schedule for the implementation of further risk controls, mitigations and/or monitoring intervals to assess ongoing efficacy.

A risk rating is assigned to identified risks, signalling the degree of urgency required to address the risk and the subsequent level of management or governance responsibility.

A fundamental component of the Safety Management System are the nine Safety Action Groups (including Review Committees) which meet on a monthly basis. They report to the ASRC on matters regarding operational and people safety, including identified risks and escalation items. During regular operational safety risk reviews, each operational Safety Action Group conducts a full risk review of their respective areas and presents these risks directly to the ASRC. In addition to this continuous review, a consolidated operational and occupational safety risk summary is presented to the BSRC on a quarterly basis. This summary details top safety and security risks, their mitigation actions, ownership and governance processes.

This ensures that significant hazards and risks arising from the Safety Action Groups and the Safety Management System are subject to regular review by senior operations and airline management. Such reviews ensure that appropriate corrective and preventive actions are implemented and monitored for effectiveness in preventing safety occurrences from taking place.

(b) Corporate Risks

The management of corporate risks is conducted in three stages: identification, assessment and mitigation.

Identification: Risk identification is undertaken through a combination of top-down and bottom-up assessments. To assist with the risk identification process, a risk taxonomy, which is a generic set of risk categories, is developed to act as foundation for a holistic review of the different corporate risks that may occur.

Top-down assessment seeks to identify the most significant risks facing the Group. With the support of and oversight from GOR, it normally takes the form of risk identification workshops and risk-focused discussions with the Management Committee members; horizon scanning to track external developments and emerging risks; and regular discussions with business unit leaders. The top risks identified through the top-down assessment are recorded in the Group's risk register, which is used by management to prioritise risk management activities. The risk register is regularly monitored by GOR, and is updated and reported to the Management Committee monthly and the BRC quarterly.

Bottom-up assessment seeks to identify risks facing each of Cathay Group's lines of business, operational and service delivery departments, corporate functions, regions and subsidiaries that may impact the ability of the business units to achieve their goals and targets. With GOR's facilitation, bottom-up risk registers are developed and monitored by the respective business units, and oversight of these risk registers lies with the respective business units' management, and are only reported to the BRC and/or Management Committee as necessary.

Assessment: Each of the top corporate risks are evaluated and assessed by subject matter experts within the First Line business units through risk deep dives supported by GOR. The deep dive process determines the root causes and consequences of the risk, its impact on the Group's strategic objectives, the Group's vulnerability to the risk, existing controls in place to manage the risk and management's assessment over their effectiveness.

Each top corporate risk has a “risk owner” from the First Line who has overall accountability for managing the risk. GOR monitors the top corporate risks regularly and engages with the risk owners as appropriate to ensure the risks are reviewed and assessed dynamically.

In addition to the above, a structured programme of annual control self-assessment (CSA) provide bottom-up assurance over core corporate controls and the outcome of the assessment is reported to and overseen by the Audit Committee.

Mitigation: As part of the risk deep dive exercise, mitigation measures that might reduce either impact and/or vulnerability are also considered. A programme of mitigation measures are agreed and packaged into a recommended action plan which is put to management for approval. The action plan is monitored as part of the risk management process with progress reported to the BRC. Through this approach the Board and management can see tangible improvements in systems and processes. Improvements are also reflected in risk scores as action plans are delivered.

Areas of the business particularly susceptible to top corporate risks, and controls which are considered critical to the mitigation of these major risks, are also prioritised for review as part of the Group’s internal audit plan which is prepared in conjunction with the Group’s risk management activities.

Environmental Social and Governance (ESG) risks: A specific taxonomy has been developed to holistically identify and manage ESG risks across the Group. The assessment of ESG risks is integrated with the wider top-down and bottom-up risk identification and management processes as described above. A formal assessment on ESG risks is reported at least annually to the BRC.

Oversight and Reporting of the Risk Management Framework

The structure, conduct and conclusions of the Group’s risk management activities including mitigation measures and action plans are subject to review by both the Management Committee and the BRC. The Chair of the BRC reports on these activities to the Board as a standing agenda item.

AREAS OF FOCUS IN 2025

(a) Safety and Security Risks

During this year the focus remained on the continuous improvement of risk identification, analysis and mitigation strategies. This includes mitigations associated with occupational health and safety, for example working at height and hazardous activities both in the aviation and non-aviation environments. In terms of top identified potential safety risks, these include an ongoing focus on the carriage of lithium batteries, supply-chain impact including resources associated with third-party suppliers and runway safety.

The risks associated with geopolitics, such as the ongoing military actions in Ukraine and the Middle East, remained an area of constant vigilance in 2025 – both from an airport and people security perspective, as well as in ensuring our global route network overflight risk is not compromised.

(b) Corporate Risks

Top corporate risks are continually monitored and mitigation actions are tracked to ensure timely completion. In addition, the process for risk identification, analysis and development of mitigation strategies is regularly reviewed for continuous improvement. In particular, the use of scenario analysis has been deployed more regularly in view of the highly uncertain external environment.

The global geopolitical environment in 2025 remains complex and uncertain, marked by continued military conflict, persistent and escalating tensions among major economies and evolving trade dynamics. Tariffs, sector-specific import/export controls, immigration rule changes, and geo-economic fragmentation continue to weigh on global growth prospects and supply chain stability. Cathay’s passenger travel and cargo businesses were impacted by these due to their influence on travel sentiments, shifting demand for air cargo, operational complexity, supply chain risks and potential longer-term supply chain restructuring. Geopolitics became the Group’s top risk, and a risk deep dive was performed to assess the impact on all business units and regions and available mitigation and response. A trade war response taskforce, led by the Chief Executive Officer, was set up

to closely monitor the development of tariff measures and their impact on Cathay, and to ensure adequate response plans were in place so that Cathay could adapt to the emerging risks and opportunities swiftly with agility. Travel sentiments in different key markets are being closely monitored to ensure agility in the airlines' response to market forces.

The aviation supply chain, which is still recovering from Covid, faces additional challenges resulting from escalated trade war in 2025. Given the interconnectedness of the global aviation supply chain, abrupt imposition of tariffs and other trade restrictions could cause sudden supply chain disruptions and cost volatility. Supplier risk and the potential disruptions to the business is overseen by the trade war response taskforce, and continues to be managed through conducting regular communications with and ongoing monitoring of key suppliers, performing proactive analysis on potential supply chain risks and designing mitigation strategies.

The three-runway system at HKIA (3RS) was launched on 28th November 2024. This presents an unprecedented opportunity to support Hong Kong to fortify its aviation hub status. However, such significant changes at an airport pose substantial operational and logistical challenges to all parties involved. A 3RS Operations Committee, led by Director Service Delivery, was set up to oversee the identification of related risks and ensure adequate mitigation plans are in place.

The aviation industry globally has experienced a marked increase in both the frequency and severity of cyberattacks in 2025, with several high-profile incidents causing significant disruptions across major airlines and airports. In addition to maintaining a comprehensive organisational-wide cybersecurity programme, measures were implemented to strengthen identity and access management by implementing multi-factor authentication and continuously monitoring for compromised credentials. Operational resilience is also improved through the adoption of a multi-cloud strategy.

Continuous improvement on company-wide risk awareness is undertaken, which includes new online training modules, as well as coaching and support by GOR to the risk champions (comprising representatives from all business units), equipping them with knowledge and tools to facilitate discussions about risks within their respective business teams and foster a proactive risk identification and mitigation mindset across the business.

KEY RISK MANAGEMENT AREAS

The Group is exposed to a broad range of risks. The following covers the principal risks facing the Group.

(a) Risks arising from changes in macroeconomic conditions

The Group's business is dependent on global economic conditions. Periods of significantly reduced economic activity, increased unemployment and reduced consumer spending could result in passengers choosing to reduce travel and slow down in global trade adversely impacting cargo demand. The economic environment could also create volatility in foreign exchange and interest rates.

The Group maintains a diverse portfolio of businesses which includes premium service Cathay Pacific, low-cost carrier HK Express, Cargo and Lifestyle, each with specialised teams to maximise business opportunities at any given time. Global economic conditions and their potential impact on demand are considered by the management team in determining future plans for the business.

For financial and market risks relating to currency and interest rates, please refer to the Financial Risk Management section under the Notes to the Financial Statements.

(b) Risks arising from the geopolitical, legal and regulatory environment

As an international airline, the business is subject to risk from any actual or potential political events (including war, terrorism, social unrest etc.). These may lead to closure or restriction of access to airspace or airports, and cause a reduction in passenger and cargo traffic. For example, the conflicts between Russia and Ukraine and in the Middle East contribute to volatility in the price of commodities and the global economy and financial markets. The Group's operations are also affected by tensions between major economies, the ongoing trade discussions, and imposition of sanctions and other trade or travel restrictions. This in turn affects revenue and may adversely affect financial performance, and also increases the cost of compliance.

The aviation industry is highly regulated. Failure to comply with applicable laws or regulations may result in loss, penalty and reputational damage to the Group.

The geopolitical environment and its potential impacts on the business continue to be closely monitored by the management team and business units. Taskforces are set up, with management oversight, to respond to rapidly-escalating events. Overflying risk is closely monitored across all regions in which the Group flies and conservative safety margins are factored into day-to-day flight planning.

Changes in the legal and regulatory environment within which the business operates are tracked and programmes are in place to comply with relevant obligations.

(c) Risks arising from supply chain disruptions

The aviation sector globally is experiencing supply chain challenges in the form of supply chain shortages and geopolitically-driven sanctions and tariffs on suppliers. Late delivery of parts or aircraft could lead to operational disruptions, revenue loss and also hindering the growth of the airlines.

The Group conducts regular communications with and ongoing monitoring of key suppliers, perform proactive analysis on potential supply chain risks and design mitigation strategies.

(d) Risks arising from the competitive environment

The airline business is highly competitive, especially in the Company's home base of Hong Kong. With the third runway in operation, competition is expected to grow in the coming years. Competition for passengers (for both premium and low-cost travel) and cargo impacts yields, puts pressure on revenues and may adversely affect financial performance. The successful execution of the airlines' dual-brand strategy and low-cost carrier model is also critical to the Group's long term sustainability. As an aviation hub, HKIA competes for traffic with other airports, particularly in the Greater Bay Area, the wider Asia region and the Middle East, and the loss of traffic to those airports may adversely affect the Group's business.

The Group continues to invest in all its lines of business to differentiate itself from competitors. These include initiatives to invest in products to enhance customer experience, maximise opportunities under the dual-brand strategy, manage the cost base to remain competitive, and improve agility in responding to changes in the external business environment. There is also strong focus on strengthening Cathay's brand power, and oversight from top management on protecting Cathay's reputation.

(e) Risks arising from workforce capacity and capability

Aviation is a very specialised industry. The Group requires experts and highly-trained professionals, both in the front line and for office positions, to support the airlines' business and operations. Fierce competition for talent, especially with global labour shortage in the aviation and travel sector, could negatively impact the Group's long term growth plans.

The Group monitors its workforce capacity and capability requirements on an ongoing basis. Established workforce and succession plans and employee wellbeing strategies are in place. Workforce-related issues are being monitored by the management team.

(f) Risks arising from climate change

Airlines are more exposed to transition risk, which refers to the potential financial impacts on companies as a result of the shift towards a low-carbon economy and the implementation of policies and regulations to address climate change. Impact of physical risk to airlines is mainly related to effect on its operation as a result of potential damage to property and infrastructure, or disruptions and personal injury from extreme weather events and sea level rise caused by climate change.

At Cathay Group, a sustainable development strategy, overseen by the Sustainability Leadership Group, is in place and climate change considerations are incorporated in business decisions. Key initiatives include carbon emission reduction and sustainable aviation fuel programmes. The Company also conducts an ongoing review on climate resilience to understand and manage the associated physical risks. Regular scenario planning exercises are also performed to better understand and manage transition as well as physical risks.

(g) Risks arising from a significant movement in jet fuel prices

Higher jet fuel prices would result in a higher overall cost base as fuel is one of the key components of the operating expenses for the Group. As such, a spike in the cost of fuel could translate into higher airfares which would impact travel and cargo demand. Further details about fuel price risk and the Group's approach to monitoring and mitigating the risk can be found in the Financial Risk Management section under the Notes to the Financial Statements.

RISK MANAGEMENT

(h) Risks arising from disruption of IT services

Reliance on IT services for core operational and customer processes continues to increase throughout the business. As such, core business operations could be at risk of disruption if IT services are not adequately resilient.

Programmes are in place to continually review and improve the IT infrastructure. Business Continuity and Disaster Recovery plans are in place to make sure resilience controls continue to operate effectively. The business also works closely with third-party suppliers who provide infrastructure that are critical to the business to make sure resilience arrangements are adequate.

(i) Risks arising from unauthorised access to IT systems

Risks from cyberattacks continue to be on the increase globally and across all industries as malicious actors seek to exploit any weaknesses in the IT security environment. The Group's operations rely on sophisticated IT systems, and its business carries a significant volume of customer and employee data within its systems. Any unauthorised access to these systems could cause disruptions to operations or put such personal data at risk.

The Group continues to enhance its cybersecurity maturity by investing in people, processes and technologies that strengthens its detection and response capabilities to these new threats from cyber criminals, third parties and hackers. A robust Privacy & Data Protection programme is in place that includes policies, procedures, manuals, guides and controls to protect personal data.

(j) Risks arising from emerging technologies

Technological advancements such as AI, machine learning and robotic process automation present valuable opportunities for innovation, thereby enhancing customer and employee experience and also operational efficiency to improve business performance. This requires the Group to continue strengthening its digital capability, including skills, governance and scalable platforms, to enable the effective and responsible adoption of new technologies. Lagging behind in adopting new technologies may hinder Cathay's vision to become a digital leader.

The Digital Leadership Group, chaired by the Chief Executive Officer, has been established to define the overall vision and strategy for the deployment of AI and advanced technologies and continuously monitor the market to identify opportunities suitable for the Company. A fit-for-purpose governance mechanism, supported by policies and impact and risk assessment processes, have been established to oversee the responsible and ethical use of AI and other advanced technologies.

(k) Risks arising from prolonged disruption events

Prolonged global or regional disruption events have the potential to create operational challenges and put strain on the balance sheet. An effective risk management framework has been established to respond to disruption events and sustain operations in the event of a significant drop in revenue over a prolonged period. The Group maintains and adheres strictly to an established Cash Management Policy, which includes a target liquidity balance. The Group has continued to maintain a healthy cash position. This is continuously monitored by the Finance Committee and the Board.

INDEPENDENT AUDITOR'S REPORT



To the members of
Cathay Pacific Airways Limited
(Incorporated in Hong Kong with
limited liability)

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

OPINION

We have audited the consolidated financial statements of Cathay Pacific Airways Limited and its subsidiaries (together "the Group") set out on pages 83 to 149, which comprise the consolidated statement of financial position as at 31st December 2025, the consolidated statement of profit or loss, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes, comprising material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31st December 2025 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

BASIS OF OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") as issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* ("the Code"), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

ASSESSING IMPAIRMENT OF GOODWILL

Refer to accounting policies 2, 7 and 8 and note 8 to the consolidated financial statements

The Key Audit Matter	How the matter was addressed in our audit
<p>The carrying values of the Group's goodwill arising from business combinations amounted to HK\$11,615 million as at 31st December 2025.</p> <p>Management is required to conduct an impairment assessment on the carrying value of the Group's cash-generating units ("CGUs"):</p> <ul style="list-style-type: none"> • Annually where the carrying value of the CGUs includes goodwill; and/or • When indicators of impairment are identified. <p>Management performs an impairment assessment of each CGU by comparing the carrying value of the CGU with its recoverable amount, which is the higher of its fair value less costs of disposal or its value in use based on discounted cash flow forecasts. The preparation of discounted cash flow forecasts involves estimating future cash flows and discount rates.</p> <p>We identified the assessment of impairment of goodwill as a key audit matter because of the significance of the carrying value of such assets to the consolidated financial statements and because the preparation of discounted cash flow forecasts involves estimating future cash flows and discount rates which are subject to a significant degree of judgement and could be subject to management bias.</p>	<p>Our audit procedures to assess the impairment of goodwill included the following:</p> <ul style="list-style-type: none"> • assessing management's identification of the Group's CGUs and the allocation of assets to the CGUs for the purpose of impairment assessment; • assessing management's view on whether there are impairment indicators on the carrying value of the Group's CGU; • assessing whether management had performed impairment testing in accordance with the requirements of the prevailing accounting standards; • meeting with management and reviewing board minutes and other papers to understand the Group's latest operating plans; • involving our internal valuation specialists to assess the methodology and significant assumptions including discount rates adopted by management in its impairment assessments; • evaluating the assumptions adopted in the preparation of the discounted cash flow forecasts, including projected future growth rates for income and expenses and discount rates; • performing sensitivity analyses on the key assumptions, including expected growth rates and discount rates adopted in the discounted cash flow forecasts and assessing whether there were any indicators of management bias in the selection of these assumptions. • comparing the value in use for the CGUs that has been estimated by management to the Group's market capitalisation.

REVENUE RECOGNITION

Refer to accounting policies 16 and 17 and notes 1 and 18 to the consolidated financial statements

The Key Audit Matter	How the matter was addressed in our audit
<p>Passenger and cargo sales are recognised as revenue when the related transportation service is provided. The value of the sales for which the related transportation service has not yet been provided at the end of the reporting period, adjusted for breakage, is recorded as a contract liability.</p> <p>The Group maintains sophisticated information technology ("IT") systems in order to track the point of service provision for each sale and also to track the issuance and subsequent redemption and utilisation of Asia Miles.</p> <p>The value attributed to Asia Miles is recognised as a contract liability. This arises as members of the programme accumulate Asia Miles by travelling on the Group's flights or when the Group sells Asia Miles to participating partners in the programme. The amount is subsequently recognised as revenue when the related goods or services are provided subsequent to the redemption of the Asia Miles. Management allocates the amount received in relation to mileage earning flights, based on stand-alone selling price, between the flight and Asia Miles earned by members of the programme. Management judgement is exercised in estimating the fair value of an Asia Mile and estimating the amount of breakage on award of Asia Miles.</p> <p>We identified revenue recognition as a key audit matter because revenue is one of the Group's key performance indicators and it involves complicated IT systems which gives rise to an inherent risk that revenue could be recorded incorrectly or could be subject to manipulation to meet targets or expectations. In addition the allocation of revenue between flights and Asia Miles also give rises to an inherent risk of error or manipulation.</p>	<p>Our audit procedures to assess revenue recognition included the following:</p> <ul style="list-style-type: none"> • assessing the design, implementation and operating effectiveness of management's general IT controls and key application controls over the Group's IT systems which govern revenue recognition, including access controls, controls over programme changes, interfaces between different systems as well as key manual internal controls over revenue recognition; • inspecting underlying documentation, on a sample basis, to assess whether the passenger, cargo and Asia Miles revenue was recognised in accordance with the Group's accounting policies; • inspecting underlying documentation for revenue related journal entries which met specified risk-based criteria; • assessing management's estimate of the unit stand-alone selling price and the amount of breakage on award of Asia Miles and the allocation of the amount received in relation to mileage earning flights between the flight and contract liability attributable to Asia Miles earned by members; • inspecting contracts with major partners of the Asia Miles programme to assess if there were any terms and conditions that may have affected the accounting treatment of the related Asia Miles.

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The Directors are responsible for the other information. The other information comprises all the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon as part of our engagement to audit the consolidated financial statements. We have performed an assurance engagement on the disclosed continuing connected transactions that form part of the other information and provided a separate assurance practitioner's conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRS Accounting Standards as issued by the HKICPA and the Hong Kong Companies Ordinance and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

INDEPENDENT AUDITOR'S REPORT

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is McSheaffrey, Paul Kevin (practising certificate number: P05040).

KPMG

Certified Public Accountants

8th Floor, Prince's Building

10 Chater Road

Central, Hong Kong

11th March 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the year ended 31st December 2025

	Note	2025 HK\$M	2024 HK\$M	2025 US\$M	2024 US\$M
Revenue					
Passenger services		78,848	68,589	10,109	8,793
Cargo services		27,572	27,417	3,535	3,515
Other services and recoveries		10,346	8,365	1,326	1,073
Total revenue		116,766	104,371	14,970	13,381
Expenses					
Staff		(20,080)	(16,840)	(2,574)	(2,159)
Inflight service and passenger expenses		(5,668)	(4,175)	(727)	(535)
Landing, parking and route expenses		(17,203)	(14,023)	(2,206)	(1,798)
Fuel, including hedging (losses)/gains		(31,344)	(28,260)	(4,018)	(3,623)
Aircraft maintenance		(9,877)	(8,498)	(1,266)	(1,089)
Aircraft depreciation and rentals		(9,285)	(9,801)	(1,190)	(1,257)
Other depreciation, amortisation and rentals		(2,819)	(2,709)	(361)	(347)
Others		(6,417)	(6,888)	(823)	(883)
Operating expenses		(102,693)	(91,194)	(13,165)	(11,691)
Operating profit before non-recurring items		14,073	13,177	1,805	1,690
Gains on deemed partial disposals of associates	2	–	578	–	74
Net reversal of impairment and other gains or charges		385	173	49	22
Operating profit	3	14,458	13,928	1,854	1,786
Finance charges		(3,169)	(3,897)	(406)	(500)
Finance income		492	841	63	108
Net finance charges	4	(2,677)	(3,056)	(343)	(392)
Share of profits of associates		529	331	68	42
Profit before taxation		12,310	11,203	1,579	1,436
Taxation	5	(1,482)	(1,315)	(190)	(169)
Profit for the year		10,828	9,888	1,389	1,267
Profit for the year attributable to					
Ordinary shareholders of the Cathay Group		10,828	9,607	1,389	1,232
Preference shareholder of the Cathay Group		–	281	–	35
Non-controlling interests		–	–	–	–
Profit for the year		10,828	9,888	1,389	1,267
Underlying profit attributable to shareholders of the Cathay Group*					
		9,565	9,137	1,226	1,171
Earnings per ordinary share					
Basic	6	165.5¢	149.2¢	21.2¢	19.1¢
Diluted	6	161.8¢	133.2¢	20.7¢	17.1¢

* The underlying profit was calculated excluding deemed partial disposal gains of nil (2024: HK\$578 million), a total of HK\$385 million (2024: HK\$173 million) in net reversal of impairment and other gains or charges, and income recognised under "Other services and recoveries" arising from the early termination of a service contract with HAECO ITM Limited involving engineering assets of HK\$878 million (2024: nil).

The financial statements are prepared and presented in HK\$, the functional currency of the Company. The US\$ figures are shown only as supplementary information and are translated at US\$1:HK\$7.8.

The notes on pages 88 to 139 and the material accounting policies on pages 140 to 149 form part of these financial statements.

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

for the year ended 31st December 2025

	Note	2025 HK\$M	2024 HK\$M	2025 US\$M	2024 US\$M
Profit for the year		10,828	9,888	1,389	1,267
Other comprehensive income					
Items that will or may be reclassified subsequently to profit or loss:					
Cash flow hedges					
– (losses)/gains recognised during the year		(2,477)	1,124	(318)	144
– losses/(gains) transferred to profit or loss	21	633	(708)	81	(91)
– deferred taxation	14	195	(54)	25	(7)
Share of other comprehensive income of associates					
– recognised during the year		(77)	(220)	(10)	(28)
Exchange differences on translation of foreign operations					
– gains/(losses) recognised during the year		736	(540)	94	(69)
– reclassified to profit or loss upon deemed partial disposal		7	54	1	7
Items that will not be reclassified subsequently to profit or loss:					
Remeasurement of defined benefit plans					
– defined benefit retirement schemes	13(a)	167	(119)	21	(15)
– long service payment obligation	13(c)	12	5	2	1
– deferred taxation	14	(38)	4	(5)	1
Revaluation of equity investments designated at fair value through other comprehensive income (non-recycling)					
– loss recognised during the year		–	(5)	–	(1)
Other comprehensive income for the year, net of taxation		(842)	(459)	(109)	(58)
Total comprehensive income for the year		9,986	9,429	1,280	1,209
Total comprehensive income attributable to					
Ordinary shareholders of the Cathay Group		9,986	9,148	1,280	1,173
Preference shareholder of the Cathay Group		–	281	–	36
Non-controlling interests		–	–	–	–
		9,986	9,429	1,280	1,209

The financial statements are prepared and presented in HK\$, the functional currency of the Company. The US\$ figures are shown only as supplementary information and are translated at US\$1:HK\$7.8.

The notes on pages 88 to 139 and the material accounting policies on pages 140 to 149 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31st December 2025

	Note	2025 HK\$M	2024 HK\$M	2025 US\$M	2024 US\$M
ASSETS AND LIABILITIES					
Non-current assets and liabilities					
Property, plant and equipment	7	117,856	116,457	15,110	14,930
Intangible assets	8	14,335	14,420	1,838	1,849
Investments in associates	9	17,317	16,371	2,220	2,099
Other long-term receivables and investments	10	3,583	3,598	459	461
Deferred tax assets	14	1,430	1,152	183	148
		154,521	151,998	19,810	19,487
Interest-bearing liabilities	11	(45,193)	(56,849)	(5,794)	(7,288)
Other long-term payables	12	(3,882)	(3,462)	(497)	(444)
Other long-term contract liabilities	18	(145)	(197)	(19)	(25)
Deferred tax liabilities	14	(8,671)	(7,990)	(1,112)	(1,024)
		(57,891)	(68,498)	(7,422)	(8,781)
Net non-current assets		96,630	83,500	12,388	10,706
Current assets and liabilities					
Stock		1,864	1,386	239	178
Trade and other receivables	15	8,377	7,326	1,074	939
Liquid funds	16	12,289	10,534	1,576	1,351
		22,530	19,246	2,889	2,468
Interest-bearing liabilities	11	(13,908)	(11,626)	(1,783)	(1,492)
Trade and other payables	17	(22,203)	(18,477)	(2,847)	(2,369)
Contract liabilities	18	(21,650)	(18,365)	(2,776)	(2,354)
Taxation		(1,282)	(1,771)	(164)	(227)
		(59,043)	(50,239)	(7,570)	(6,442)
Net current liabilities		(36,513)	(30,993)	(4,681)	(3,974)
Total assets less current liabilities		118,008	121,005	15,129	15,513
Net assets		60,117	52,507	7,707	6,732
CAPITAL AND RESERVES					
Share capital	19	31,123	28,841	3,990	3,698
Reserves	21	28,987	23,659	3,716	3,033
Funds attributable to the shareholders of the Cathay Group		60,110	52,500	7,706	6,731
Non-controlling interests		7	7	1	1
Total equity		60,117	52,507	7,707	6,732

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The notes on pages 88 to 139 and the material accounting policies on pages 140 to 149 form part of these financial statements.

Patrick Healy

Director

Hong Kong, 11th March 2026

Wang Xiao Bin

Director

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31st December 2025

	Note	2025 HK\$M	2024 HK\$M	2025 US\$M	2024 US\$M
Operating activities					
Cash generated from operations	22	29,145	28,257	3,737	3,623
Interest received		346	540	44	69
Interest paid		(2,661)	(3,246)	(341)	(416)
Tax paid		(1,449)	(2,010)	(186)	(258)
Net cash inflow from operating activities		25,381	23,541	3,254	3,018
Investing activities					
Net decrease in liquid funds other than cash and cash equivalents		1,451	2,848	186	365
Proceeds from sales of property, plant and equipment		389	190	50	24
Net decrease in other long-term receivables and investments		153	164	20	21
Payments for property, plant and equipment and intangible assets		(9,830)	(9,207)	(1,260)	(1,180)
Dividends received		376	93	48	12
Repayment from/(loan to) associates		17	(170)	2	(22)
Net cash outflow from investing activities		(7,444)	(6,082)	(954)	(780)
Financing activities					
New financing	11	8,722	13,112	1,118	1,681
Loan repayments and principal elements of lease payments	11	(19,683)	(11,812)	(2,523)	(1,514)
Initial cash benefit from lease arrangements		-	172	-	22
Convertible bonds and warrants repurchase		-	(7,029)	-	(901)
Preference shares redemption		-	(9,750)	-	(1,250)
Dividends paid – ordinary shares	20	(4,491)	(4,056)	(576)	(520)
Dividends paid – preference shares		-	(471)	-	(60)
Net cash outflow from financing activities		(15,452)	(19,834)	(1,981)	(2,542)
Net increase/(decrease) in cash and cash equivalents		2,485	(2,375)	319	(304)
Cash and cash equivalents at 1st January		5,444	7,894	698	1,012
Effect of exchange differences		61	(75)	8	(10)
Cash and cash equivalents at 31st December	16	7,990	5,444	1,025	698

The financial statements are prepared and presented in HK\$, the functional currency of the Company. The US\$ figures are shown only as supplementary information and are translated at US\$1:HK\$7.8.

The notes on pages 88 to 139 and the material accounting policies on pages 140 to 149 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31st December 2025

Attributable to the shareholders of the Cathay Group

	Share capital HK\$M	Preference shares reserve HK\$M	Convertible bond reserve HK\$M	Retained profit HK\$M	Investment revaluation reserve (non-recycling) HK\$M	Cash flow hedge reserve HK\$M	Others HK\$M	Total HK\$M	Non-controlling interests HK\$M	Total equity HK\$M
At 1st January 2025	28,841	-	169	26,437	(164)	628	(3,411)	52,500	7	52,507
Profit for the year	-	-	-	10,828	-	-	-	10,828	-	10,828
Other comprehensive income	-	-	-	141	-	(1,649)	666	(842)	-	(842)
Total comprehensive income for the year	-	-	-	10,969	-	(1,649)	666	9,986	-	9,986
Convertible bonds conversion	2,282	-	(167)	-	-	-	-	2,115	-	2,115
2024 second interim dividend	-	-	-	(3,155)	-	-	-	(3,155)	-	(3,155)
2025 first interim dividend	-	-	-	(1,336)	-	-	-	(1,336)	-	(1,336)
At 31st December 2025	31,123	-	2	32,915	(164)	(1,021)	(2,745)	60,110	7	60,117
At 1st January 2024	28,828	9,750	526	21,186	(159)	266	(371)	60,026	7	60,033
Profit for the year	-	-	-	9,888	-	-	-	9,888	-	9,888
Other comprehensive income	-	-	-	(110)	(5)	362	(706)	(459)	-	(459)
Total comprehensive income for the year	-	-	-	9,778	(5)	362	(706)	9,429	-	9,429
Convertible bonds conversion	13	-	(1)	-	-	-	-	12	-	12
Convertible bonds repurchase	-	-	(356)	-	-	-	(796)	(1,152)	-	(1,152)
Redeemed preference shares	-	(9,750)	-	-	-	-	-	(9,750)	-	(9,750)
Warrants repurchase	-	-	-	-	-	-	(1,538)	(1,538)	-	(1,538)
2023 interim dividend	-	-	-	(2,768)	-	-	-	(2,768)	-	(2,768)
2024 first interim dividend	-	-	-	(1,288)	-	-	-	(1,288)	-	(1,288)
Dividend – preference shares	-	-	-	(471)	-	-	-	(471)	-	(471)
At 31st December 2024	28,841	-	169	26,437	(164)	628	(3,411)	52,500	7	52,507

The notes on pages 88 to 139 and the material accounting policies on pages 140 to 149 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Statement of Profit or Loss and Other Comprehensive Income

GENERAL INFORMATION

Cathay Pacific Airways Limited is a limited liability company incorporated in Hong Kong and its shares are listed on The Stock Exchange of Hong Kong Limited. The Company is managed and controlled in Hong Kong, and its principal activity is operation of scheduled airline services. Details of material subsidiaries, their principal activities and particulars of their issued capital, and details of material associates are listed on pages 138 and 139.

1. SEGMENT INFORMATION

(a) Segment results

	2025					
	The Company (note i) HK\$M	HK Express HK\$M	Air Hong Kong HK\$M	Airline services HK\$M	Associates HK\$M	Total HK\$M
Profit or loss						
Sales to external customers	105,631	6,778	3,222	1,135		116,766
Inter-segment sales	1,364	-	17	4,822		6,203
Segment revenue	106,995	6,778	3,239	5,957		122,969
Segment profit/(loss), before exceptional items	13,781	(996)	954	334	-	14,073
Reversal of impairment and other gains or charges	10	-	-	375	-	385
Segment profit/(loss)	13,791	(996)	954	709	-	14,458
Share of profits of associates	-	-	-	-	529	529
Profit/(loss) before net finance charges and taxation	13,791	(996)	954	709	529	14,987
Corporate items						
Net finance charges						(2,677)
Profit before taxation						12,310
Taxation						(1,482)
Profit for the year						10,828
Non-controlling interests						-
Profit attributable to the shareholders of the Cathay Group						10,828
Other segment information						
Depreciation and amortisation	10,177	742	2	649		11,570
Additions to property, plant and equipment and intangible assets	11,009	356	6	197		11,568

NOTES TO THE FINANCIAL STATEMENTS

Statement of Profit or Loss and Other Comprehensive Income

1. SEGMENT INFORMATION (continued)

	2024					
	The Company (note 1)	HK Express	Air Hong Kong	Airline services	Associates	Total
	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M
Profit or loss						
Sales to external customers	93,551	6,325	3,375	1,120		104,371
Inter-segment sales	1,186	–	11	3,977		5,174
Segment revenue	94,737	6,325	3,386	5,097		109,545
Segment profit/(loss), before non-recurring items	12,166	(204)	957	258	–	13,177
Gains on deemed partial disposal of associates	578	–	–	–	–	578
Net reversal of impairment and other gains or charges	173	–	–	–	–	173
Segment profit/(loss)	12,917	(204)	957	258	–	13,928
Share of profits of associates	–	–	–	–	331	331
Profit/(loss) before net finance charges and taxation	12,917	(204)	957	258	331	14,259
Corporate items						
Net finance charges						(3,056)
Profit before taxation						11,203
Taxation						(1,315)
Profit for the year						9,888
Non-controlling interests						–
Profit attributable to the shareholders of the Cathay Group						9,888
Other segment information						
Depreciation and amortisation	10,727	700	5	633		12,065
Additions to property, plant and equipment and intangible assets	10,036	207	1	165		10,409

- (i) These amounts are sub-consolidated with insignificant financial results of certain subsidiaries.
- (ii) The Company provides full-service international passenger and cargo air transportation. Management considers that there is no reasonable and complete basis for allocating operating results fully between passenger and cargo operations. Accordingly these operations are not disclosed as separate business segments.
- (iii) HK Express is a low cost passenger carrier offering scheduled services within Asia.
- (iv) Air Hong Kong provides express cargo air transportation offering scheduled services within Asia.
- (v) Airline services represents our supporting airline operations including catering, cargo terminal operations, ground handling services and commercial laundry operations.
- (vi) Associates represents the share of results from associates held by the Group under the equity method.

The composition of reportable segments of the Group is determined based on the nature of the business. Segment information is reported in a manner consistent with the internal financial reports provided to the Executive Directors for making strategic decisions. From 2025 the Executive Directors evaluate each segment on earnings before interest and tax (“EBIT”) and accordingly segment results are now presented on EBIT basis. Prior-year presentation has been restated to conform with this revised presentation.

Inter-segment sales are based on prices set on an arm’s length basis.

The Group has applied the practical expedient in paragraph 121 of HKFRS 15 “Revenue from Contracts with Customers” to its sales contracts such that the Group does not disclose the amount of the transaction price allocated to the remaining performance obligations when the performance obligation is part of a contract that has an original expected duration of one year or less.

NOTES TO THE FINANCIAL STATEMENTS

Statement of Profit or Loss and Other Comprehensive Income

1. SEGMENT INFORMATION (continued)

(b) Geographical information

	2025 HK\$M	2024 HK\$M
Revenue by origin of sale:		
North Asia		
– Chinese Mainland, Hong Kong and Taiwan	65,846	61,442
– Japan and Korea	4,912	4,253
Americas	16,011	14,615
Southeast Asia and Oceania	14,648	12,239
Europe	10,620	8,247
South Asia, Middle East and Africa	4,729	3,575
	116,766	104,371

Analysis of net assets by geographical segment:

The major revenue earning asset is the aircraft fleet, which is registered in Hong Kong and is employed across the Group's worldwide route network. Management considers that there is no suitable basis for allocating such assets and related liabilities to geographical segments. Accordingly, analysis of the Group's assets by geographical regions is not disclosed.

2. GAINS ON DEEMED PARTIAL DISPOSALS OF ASSOCIATES

Air China

On 7th February 2024 and 10th December 2024, the Group's interest in Air China was diluted to 15.87% and 15.09%, respectively, as a result of Air China issuing 393 million new H shares and 855 million new A shares to investors with proceeds of the issuance totalling HK\$2 billion and RMB6 billion.

Air China Cargo

On 30th December 2024, the Group's interest in Air China Cargo was diluted from 24.00% to 21.36% as a result of Air China Cargo offering 1,321 million new A shares to listing on Shenzhen Stock Exchange. On 7th February 2025, Air China Cargo exercised its over-allotment right after being listed. As a result, the Group's ownership was further diluted to 21.01%.

As a result of the above share issuances completed during the year ended 31st December 2024, deemed partial disposal gains of HK\$578 million were recognised in 2024, principally reflecting the change in the Group's share of net assets of Air China and Air China Cargo immediately before and after the dilutions.

The deemed partial disposal gain arising from the over-allotment exercised by Air China Cargo in February 2025 is immaterial to the Group.

NOTES TO THE FINANCIAL STATEMENTS

Statement of Profit or Loss and Other Comprehensive Income

3. OPERATING PROFIT

	2025 HK\$M	2024 HK\$M
Operating profit has been arrived at after charging/(crediting):		
Depreciation of property, plant and equipment		
– right-of-use assets	3,253	3,787
– owned	7,658	7,676
Amortisation of intangible assets	659	602
(Reversal of) impairment on non-financial assets		
– property, plant and equipment	(375)	(46)
– investments in associates	–	27
Expenses relating to short-term leases and leases of low-value assets	14	12
Gains on convertible bonds repurchase	–	(106)
Gains on disposal of property, plant and equipment, net	(369)	(42)
Losses on disposal of intangible assets	3	2
Cost of stock expensed	2,058	1,754
Exchange differences, net	(148)	(52)
Auditors' remuneration	17	17
Government grants	(192)	(266)
Dividend income from unlisted equity investments	(144)	(68)

4. NET FINANCE CHARGES

	2025 HK\$M	2024 HK\$M
Net interest charges comprise:		
– lease liabilities stated at amortised cost	1,305	1,456
– bank loans and overdrafts		
– wholly repayable within five years	858	984
– not wholly repayable within five years	317	476
– other borrowings		
– wholly repayable within five years	406	648
– not wholly repayable within five years	283	333
	3,169	3,897
Income from liquid funds:		
– funds with investment managers and other liquid investments at fair value through profit or loss	(176)	(327)
– bank deposits and others	(266)	(450)
	(442)	(777)
Transfer from cash flow hedge reserve:		
– gains on financial derivatives (note 28(iii))	(50)	(64)
	2,677	3,056

Finance income and charges relating to defeasance arrangements have been netted off in the above figures.

NOTES TO THE FINANCIAL STATEMENTS

Statement of Profit or Loss and Other Comprehensive Income

5. TAXATION

	2025 HK\$M	2024 HK\$M
Current tax expenses		
– Hong Kong profits tax	496	149
– overseas tax	328	140
– over provisions for prior years	(54)	(81)
Deferred tax expense		
– origination and reversal of temporary differences (note 14)	712	1,107
	1,482	1,315

Hong Kong profits tax is calculated at 16.5% (2024: 16.5%) on the estimated assessable profits for the year. Overseas tax is calculated at rates of tax applicable in countries in which the Group is assessable for tax. Tax provisions are reviewed regularly to take into account changes in legislation, practice and the status of negotiations with tax authorities (see note 27(c) to the financial statements).

A reconciliation between tax charge and accounting profit at applicable tax rates is as follows:

	2025 HK\$M	2024 HK\$M
Profit before taxation	12,310	11,203
Notional tax charge calculated at Hong Kong profits tax rate of 16.5% (2024: 16.5%)	2,031	1,848
Expenses not deductible for tax purposes	369	411
Income not subject to tax	(107)	(109)
Effect of changes in effective tax rate and jurisdictional differences	(866)	(616)
Current income tax arising from Pillar Two model rules	353	–
Tax over provisions arising from prior years	(54)	(81)
Recognition of tax losses and temporary differences previously not recognised	(244)	(138)
Tax charge	1,482	1,315

Further information on deferred taxation is shown in note 14 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Statement of Profit or Loss and Other Comprehensive Income

5. TAXATION (continued)

Pillar Two income taxes

The Group is subject to the Organisation for Economic Co-operation and Development (“OECD”) Global Anti-Base Erosion Model Rules (“Pillar Two model rules”) for global minimum tax reform. Hong Kong has enacted the legislation for Pillar Two effective from 1st January 2025. Based on the Group’s current assessment and quantification, the estimated exposure is currently estimated at HK\$353 million for the year ended 31st December 2025. However, some degree of uncertainty remains, as the OECD’s Inclusive Framework on Pillar Two has indicated that further guidance on Substance-Based Income Exclusion rules for assets and employees is forthcoming.

The Group has applied the temporary mandatory exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

6. EARNINGS PER ORDINARY SHARE

	2025			2024		
	Profit ^(a) HK\$M	Weighted average number of ordinary shares	Per share amount HK cents	Profit ^(a) HK\$M	Weighted average number of ordinary shares	Per share amount HK cents
Basic earnings per ordinary share	10,828	6,543,151,193	165.5	9,607	6,438,120,562	149.2
Effect of dilutive potential ordinary shares ^(b)						
– Deemed issue of ordinary shares from the exercise of warrants	–	–		–	135,936,979	
– Convertible bonds and its after tax effect of effective interest	52	181,137,094		231	810,201,493	
Diluted earnings per ordinary share	10,880	6,724,288,287	161.8	9,838	7,384,259,034	133.2

(a) The amounts represent the profit attributable to the ordinary shareholders of the Cathay Group, which is the profit for the year after non-controlling interests and dividends attributable to the holder of the cumulative preference shares classified as equity.

(b) The Company’s convertible bonds as at 31st December 2025 have a dilutive effect to the earnings per ordinary share. The dilutive impact for the year ended 31st December 2025 is presented above. Please refer to notes 11(a) and 19 to the financial statements for the background and details of convertible bonds.

NOTES TO THE FINANCIAL STATEMENTS

Statement of Financial Position

7. PROPERTY, PLANT AND EQUIPMENT

	Aircraft and related equipment		Other equipment		Land and buildings		Total HK\$M
	Owned	Right-of-use assets	Owned	Right-of-use assets	Owned	Right-of-use assets	
	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	
Cost							
At 1st January 2025	167,745	42,833	5,568	232	15,528	9,555	241,461
Additions	8,752	609	466	1	500	663	10,991
Disposals	(454)	(2,806)	(190)	(186)	-	(228)	(3,864)
Transfers	3,554	(3,554)	(10)	-	10	-	-
Other right-of-use asset adjustments	-	1,501	-	2	-	298	1,801
At 31st December 2025	179,597	38,583	5,834	49	16,038	10,288	250,389
At 1st January 2024	158,388	45,519	5,383	245	15,295	7,738	232,568
Additions	7,806	1,421	271	29	253	137	9,917
Disposals	(843)	(1,988)	(90)	(46)	(22)	(111)	(3,100)
Transfers	2,394	(2,394)	4	-	2	-	6
Other right-of-use asset adjustments	-	275	-	4	-	1,791	2,070
At 31st December 2024	167,745	42,833	5,568	232	15,528	9,555	241,461
Accumulated depreciation and impairment							
At 1st January 2025	88,908	16,105	4,429	160	10,192	5,210	125,004
Charge for the year	6,828	2,432	212	19	618	802	10,911
Disposals	(292)	(2,172)	(187)	(152)	-	(204)	(3,007)
Reversal of impairment	-	-	(88)	-	(233)	(54)	(375)
Transfers	2,070	(2,070)	-	-	-	-	-
At 31st December 2025	97,514	14,295	4,366	27	10,577	5,754	132,533
At 1st January 2024	81,331	16,457	4,313	173	9,608	4,598	116,480
Charge for the year	6,873	3,034	198	33	605	720	11,463
Disposals	(648)	(1,988)	(82)	(46)	(21)	(108)	(2,893)
Reversal of impairment	(46)	-	-	-	-	-	(46)
Transfers	1,398	(1,398)	-	-	-	-	-
At 31st December 2024	88,908	16,105	4,429	160	10,192	5,210	125,004
Net book value							
At 31st December 2025	82,083	24,288	1,468	22	5,461	4,534	117,856
At 31st December 2024	78,837	26,728	1,139	72	5,336	4,345	116,457

(a) Right-of-use assets

The Group is the lessee in respect of a number of aircraft and related equipment, land and buildings and other equipment held under leases. Future lease payments are recognised as right-of-use assets and lease liabilities in the consolidated statement of financial position in accordance with accounting policy 6.

During the year, additions to right-of-use assets were HK\$1,273 million (2024: HK\$1,587 million), a significant proportion of which is related to lease for new airport lounge and the delivery of leased aircraft.

Details of the maturity analysis of lease liabilities, cash outflows and significant non-cash transactions for leases are set out in notes 11 and 23 to the financial statements, respectively.

NOTES TO THE FINANCIAL STATEMENTS

Statement of Financial Position

7. PROPERTY, PLANT AND EQUIPMENT (continued)

(i) Aircraft and related equipment

The Group has obtained the right to use aircraft and related equipment through lease arrangements.

The Group held 29 aircraft at 31st December 2025 (2024: 29) under lease arrangements which transfer ownership of the underlying asset to the Group by the end of the lease term or which contain a purchase option that the Group is reasonably certain to exercise. The remaining lease terms ranged from three months to 10 years.

The Group also held 34 aircraft at 31st December 2025 (2024: 41) under lease arrangements which either do not transfer ownership of the underlying asset to the Group by the end of the lease term or which do not contain a purchase option that the Group is reasonably certain to exercise. The remaining lease terms ranged from three months to 13 years.

Some of the lease payments are partially fixed and partially floating that are generally linked to market rates of interest. The amounts of fixed and floating lease payments are included in the measurement of lease liabilities. There are no other variable lease payments that do not depend on an index or a rate.

Some leases include an option to renew the lease for an additional period after the end of the contract term. Where practicable, the Group seeks to include such extension options exercisable by the Group to provide operational flexibility. The Group assesses whether it is reasonably certain to exercise the extension options. If the Group is not reasonably certain to exercise the extension options, the future lease payments during the extension periods are not included in the measurement of lease liabilities. The potential exposure to these future lease payments is summarised below:

	Lease liabilities recognised (discounted)		Potential future lease payments under extension options not included in lease liabilities (undiscounted)	
	2025	2024	2025	2024
	HK\$M	HK\$M	HK\$M	HK\$M
Aircraft and related equipment	23,247	23,850	1,816	3,558

(ii) Other equipment

The Group leases other equipment under leases expiring from one to five years. Some leases include an option to renew the lease and none of the leases includes variable lease payments.

(iii) Ownership interests in leasehold land held for own use

The Group holds several leasehold land interests for its airline and related businesses, where its airline-related facilities are primarily located. The Group is the registered owner of these property interests, including the whole or part of an undivided share in the underlying land. Lump sum payments were made upfront to acquire these land interests from their previous registered owners, and there are no ongoing payments to be made under the terms of the land lease, other than payments based on rateable values set by the relevant government authorities. These payments vary from time to time and are payable to the relevant government authorities. The leases will expire within 22 years.

(iv) Properties leased for own use

The Group leases other properties under leases expiring from one to 10 years. Some leases include an option to renew the lease and some of the leases include insignificant amounts of variable lease payments.

NOTES TO THE FINANCIAL STATEMENTS

Statement of Financial Position

7. PROPERTY, PLANT AND EQUIPMENT (continued)

- (b) Advance payments are made to manufacturers for aircraft and related equipment to be delivered in future years. At 31st December 2025 advance payments included in owned aircraft and related equipment amounted to HK\$6,266 million (2024: HK\$5,107 million). No depreciation is provided on these advance payments.
- (c) Security, including charges over the assets concerned, is provided to the leasing companies or other parties that provide the underlying finance. Further information is provided in note 11 to the financial statements.
- (d) During the year ended 31st December 2025, no impairment was recognised for the Group's cash generating units and non-financial assets. A reversal of impairment of HK\$375 million (2024: HK\$46 million) was relating to previously impaired laundry and catering plants (2024: one previously impaired aircraft returning to service).

8. INTANGIBLE ASSETS

	Goodwill HK\$M	Computer software HK\$M	Others HK\$M	Total - Intangible assets HK\$M	Prepayments HK\$M	Total - Intangible assets and related prepayments HK\$M
Cost						
At 1st January 2025	11,654	9,521	39	21,214	30	21,244
Additions	-	577	-	577	-	577
Disposals	-	(4)	-	(4)	-	(4)
At 31st December 2025	11,654	10,094	39	21,787	30	21,817
At 1st January 2024	11,654	9,082	39	20,775	30	20,805
Additions	-	492	-	492	-	492
Transfer	-	(6)	-	(6)	-	(6)
Disposals	-	(47)	-	(47)	-	(47)
At 31st December 2024	11,654	9,521	39	21,214	30	21,244
Accumulated amortisation and impairment						
At 1st January 2025	39	6,732	39	6,810	14	6,824
Charge for the year	-	653	-	653	6	659
Disposals	-	(1)	-	(1)	-	(1)
At 31st December 2025	39	7,384	39	7,462	20	7,482
At 1st January 2024	39	6,183	36	6,258	8	6,266
Charge for the year	-	593	3	596	6	602
Disposals	-	(44)	-	(44)	-	(44)
At 31st December 2024	39	6,732	39	6,810	14	6,824
Net book value						
At 31st December 2025	11,615	2,710	-	14,325	10	14,335
At 31st December 2024	11,615	2,789	-	14,404	16	14,420

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8. INTANGIBLE ASSETS (continued)

Goodwill is allocated to the Group's Cash Generating Units ("CGUs") as follows:

	2025	2024
	HK\$M	HK\$M
Cathay Pacific Airways Limited	7,884	7,884
HK Express	3,616	3,616
Others	115	115
	11,615	11,615

The recoverable amount of each of the Group's CGUs was based on the higher of its fair value less costs of disposal and its value in use ("VIU"). The VIUs of the Group's two principal operating CGUs (the Company and HK Express) were estimated using a discounted cash flow analysis.

The calculations use cash flow projections that are based on business plans prepared by management and supported by the Board of Directors. The business plans reflect the most recent developments as at the reporting date. Management's expectations reflect performance to date and are consistent with the assumptions that it considers a market participant would make.

For the Company CGU the assessment assumes a growing momentum of passenger traffic. However, the revenue efficiency in the long-term forecast is considered weaker than historical levels owing to increased competition. Cash flows beyond the forecast period are extrapolated with an estimated general annual growth rate of 3.0% (2024: 3.0%) which does not exceed the long-term average growth rate for the industry (IATA's most recent 20-year global forecast is 3.8%). Cash outflows include capital and maintenance expenditure including the purchase of aircraft and other property, plant and equipment. The discount rate used of 8.2% (2024: 9.5%) is pre-tax and reflects the specific risks related to the relevant segment. The assessment results in headroom over the carrying values of the CGU as at 31st December 2025 and consequently no impairment has been made.

For the HK Express CGU, the assessment reflects stronger growth in the near term, due to increasing demand as a low cost carrier, and improved capacity from the expansion in its fleet profile. Cash flows beyond the forecast period are extrapolated with an estimated general annual growth rate of 3.0% (2024: 3.0%). The discount rate used of 10.8% (2024: 11.7%) is pre-tax and reflects the specific risks related to the HK Express segment. The assessment results in headroom over the carrying values of the CGU as at 31st December 2025 and consequently no impairment has been made.

The recoverable amounts of CGUs with allocated goodwill are determined based on value in use calculations, using cash flow projections derived from the approved forecast covering a period of 10 years, and application of a discounted terminal value. Projections for a period of greater than five years have been used on the basis that a longer projection period represents the long-term nature of aircraft assets and a more appropriate reflection of future cash flows from potential legislative, regulatory and structural changes in the industry. The key assumptions included passenger and cargo load factors, available seat kilometres, available freight tonne kilometres and gross passenger and cargo yield.

Management believes that any reasonably foreseeable change in any of the above key assumptions would not cause the carrying amounts of the CGUs including related goodwill to exceed the recoverable amounts of the respective CGUs.

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9. INVESTMENTS IN ASSOCIATES

	2025 HK\$M	2024 HK\$M
Share of net assets		
– listed in Hong Kong and Chinese Mainland	7,576	7,673
– listed in Chinese Mainland	6,191	5,489
– unlisted	903	662
Goodwill	2,714	2,597
	17,384	16,421
Less: impairment loss	(83)	(83)
	17,301	16,338
Loans due from associates	16	219
Less: share of post-acquisition losses that are in excess of cost of investment	–	(186)
	17,317	16,371

Material associates are listed on page 139.

The Group accounts for Air China and Air China Cargo three months in arrears. The Group's 2025 results included Air China and Air China Cargo's results for the 12 months ended 30th September 2025.

(a) Air China

Air China is a strategic partner for the Group, the national flag carrier and a leading provider of passenger, cargo and other airline-related services in the Chinese Mainland.

At 31st December 2025, the market value of the shares in an associate, Air China, based on the quoted market price of its shares listed in Hong Kong, is HK\$18,620 million (2024: HK\$13,564 million).

Air China is considered material to the Group and the share of assets and liabilities and results for the 12 months ended 30th September 2025 are summarised as below:

	2025 HK\$M	2024 HK\$M
Gross amounts of the associate's		
– current assets	52,971	42,929
– non-current assets	335,130	323,644
– current liabilities	(130,567)	(160,370)
– non-current liabilities	(210,878)	(165,812)
Revenue	187,248	179,067
Loss from continuing operations	(2,514)	(2,107)
Other comprehensive income	(489)	146
Total comprehensive income	(3,003)	(1,961)
Dividend received from the associate	–	–
Reconciled to the Group's interests in the associate		
– gross amounts of net assets of the associate	46,656	40,391
– Group's share of net assets of the associate at effective interest (2025: 15.09%; 2024: 15.09%)	7,040	6,095
– effect of cross shareholding and others	536	1,578
– goodwill	2,714	2,597
	10,290	10,270

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9. INVESTMENTS IN ASSOCIATES (continued)

The Group held 2,634 million shares of Air China, representing a 15.09% interest at 31st December 2025 and 2024 and had significant influence through its representation on the Board of Directors of Air China, co-operation agreements in between, therefore equity accounted for its share of Air China's results.

(b) Air China Cargo

Air China Cargo is a strategic partner for the Group, a leading provider of cargo and other related services in the Chinese Mainland.

At 31st December 2025, the market value of the shares in an associate, Air China Cargo, based on the quoted market price of its shares listed in the Chinese Mainland, is HK\$16,889 million (2024: HK\$25,138 million).

Air China Cargo is considered material to the Group and the share of assets and liabilities and results for the 12 months ended 30th September 2025 are summarised as below:

	2025 HK\$M	2024 HK\$M
Gross amounts of the associate's		
– current assets	10,098	8,481
– non-current assets	22,220	16,709
– current liabilities	(3,186)	(2,949)
– non-current liabilities	(106)	(141)
Revenue	25,552	20,558
Profit from continuing operations	2,172	1,717
Other comprehensive income	4	(2)
Total comprehensive income	2,176	1,715
Dividend received from the associate	181	–
Reconciled to the Group's interests in the associate		
– gross amounts of net assets of the associate	29,026	22,100
– Group's share of net assets of the associate at effective interest (2025: 21.01%; 2024: 21.36%)	6,098	4,721
– others	93	768
	6,191	5,489

The Group held 2,565 million (2024: 2,565 million) shares of Air China Cargo, representing a 21.01% (2024: 21.36%) interest at 31st December 2025 and had significant influence through its shareholding of Air China Cargo and therefore equity accounted for its share of Air China Cargo's results.

(c) Other associates

Aggregate information of associates that are not individually material is summarised as below:

	2025 HK\$M	2024 HK\$M
Aggregate carrying amount of individually immaterial associates	836	612
Aggregate amounts of the Group's share of those associates		
– profit/(loss) from continuing operations	264	(16)
– other comprehensive income	24	(22)
– total comprehensive income	288	(38)

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10. OTHER LONG-TERM RECEIVABLES AND INVESTMENTS

	2025 HK\$M	2024 HK\$M
Unlisted equity investments		
– designated at fair value through other comprehensive income (non-recycling)	55	40
– measured at fair value through profit or loss	840	830
Other long-term receivables measured at amortised cost	934	1,113
Derivative financial assets – long-term portion	54	124
Retirement benefit assets (note 13(a))	1,700	1,491
	3,583	3,598

All derivative financial assets – long-term portion are qualified for hedge accounting in both years.

11. INTEREST-BEARING LIABILITIES

	2025 HK\$M	2024 HK\$M
Non-current liabilities:		
Loans and other borrowings	22,249	33,174
Lease liabilities	22,944	23,675
	45,193	56,849
Current liabilities:		
Loans and other borrowings	10,176	7,423
Lease liabilities	3,732	4,203
	13,908	11,626
Total borrowings	59,101	68,475
Liquid funds	(12,289)	(10,534)
Net borrowings	46,812	57,941

Included in other borrowings, HK\$3,511 million (2024: HK\$4,646 million) relates to sale-and-leaseback financing arrangements without asset transfer at the end of contract term. Included in lease liabilities, HK\$10,460 million (2024: HK\$10,844 million) pertains to leases without asset transfer components, and HK\$16,216 million (2024: HK\$17,034 million) pertains to leases with asset transfer components.

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11. INTEREST-BEARING LIABILITIES (continued)

(a) Loans and other borrowings

	2025 HK\$M	2024 HK\$M
Bank loans		
– secured	15,417	19,345
– unsecured	5,282	6,260
Other borrowings		
– secured	4,343	6,012
– unsecured	6,905	8,980
Unsecured bank overdrafts	478	–
	32,425	40,597
Amount due within one year or repayable on demand included in current liabilities	(10,176)	(7,423)
	22,249	33,174
Repayable as follows:		
Bank loans		
– within one year	4,118	5,977
– after one year but within two years	4,822	5,257
– after two years but within five years	9,273	11,075
– after five years	2,486	3,296
	20,699	25,605
Other borrowings		
– within one year	5,580	1,446
– after one year but within two years	1,825	7,664
– after two years but within five years	2,003	3,827
– after five years	1,840	2,055
	11,248	14,992
Unsecured bank overdrafts		
– repayable on demand (note 16)	478	–
Amount due within one year or repayable on demand included in current liabilities	(10,176)	(7,423)
	22,249	33,174

Save as disclosed in note 19 to the financial statements and below, there were no purchase, sale or redemption by the Company, or any of its subsidiaries, of the Company's listed debt securities for both years.

At 31st December 2025, the Group had loans totalling HK\$16,959 million (2024: HK\$18,157 million) which were defeased by funds. Accordingly, these loans and the related funds, as well as related expenses and income, have been defeased in the financial statements.

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11. INTEREST-BEARING LIABILITIES (continued)

Loans and other borrowings of the Group not wholly repayable within five years amounted to HK\$10,766 million (2024: HK\$14,178 million).

Pledged assets

At 31st December 2025, aircraft and related equipment of HK\$39,205 million and land and building of HK\$1,973 million (2024: aircraft and related equipment of HK\$40,763 million and land and building of HK\$1,957 million) are pledged as security for the secured loans and other borrowings. Loans and other borrowings are repayable up to 2035 (2024: 2035).

Convertible bonds

On 5th February 2021, the Group completed the issuance of HK\$6,740 million guaranteed convertible bonds ("Bonds") at a rate of 2.75%, with maturity in 2026. The bonds are convertible at a conversion price of HK\$8.57 per share and entitle the holder to convert up to 786,464,410 ordinary shares of the Company. The bonds are accounted for as compound financial instruments, with both a liability component and an equity component. Please refer to note 19 to the financial statements for the conversion and repurchase of convertible bonds.

As at 31st December 2025, the liability component had a carrying value of HK\$30 million (2024: HK\$2,120 million).

Medium Term Note Programme

During the year ended 31st December 2024, the following transactions have taken place under the Group's US\$2.5 billion Medium Term Note Programme. The Group issued HK\$1,825 million unlisted notes; and redeemed HK\$488 million and RMB230 million (HK\$253 million) of unlisted notes listed. No further transactions were undertaken in 2025.

(b) Lease liabilities

The Group has commitments under lease agreements in respect of aircraft and related equipment, other equipment and buildings. Lease liabilities are repayable on various dates up to 2038. The reconciliation of future lease payments and their carrying values at the end of the current and previous reporting periods is as follows:

	2025 HK\$M	2024 HK\$M
Future payments	31,380	33,586
Interest charges relating to future periods	(4,704)	(5,708)
Present value of future payments	26,676	27,878
Amount due within one year included in current liabilities	(3,732)	(4,203)
	22,944	23,675

The present value of future payments is repayable as follows:

	2025 HK\$M	2024 HK\$M
Within one year	3,732	4,203
After one year but within two years	4,509	3,572
After two years but within five years	9,359	10,387
After five years	9,076	9,716
	26,676	27,878

The undiscounted future payments are repayable as follows:

	2025 HK\$M	2024 HK\$M
Within one year	4,698	5,484
After one year but within two years	5,375	4,576
After two years but within five years	11,046	12,409
After five years	10,261	11,117
	31,380	33,586

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11. INTEREST-BEARING LIABILITIES (continued)

(c) Reconciliation of interest-bearing liabilities

	Loans and other borrowings HK\$M	Lease liabilities HK\$M	Total HK\$M
At 1st January 2025	40,597	27,878	68,475
Changes from financing cash flows			
– new financing	8,555	167	8,722
– repayments	(15,563)	(4,120)	(19,683)
Other changes			
– exchange losses	66	61	127
– changes resulting from new leases	–	1,434	1,434
– changes resulting from lease modification	–	1,801	1,801
– changes resulting from lease termination	–	(668)	(668)
– convertible bonds conversion	(2,115)	–	(2,115)
– others	407	123	530
At 31st December 2025	31,947	26,676	58,623
At 1st January 2024	39,295	28,999	68,294
Changes from financing cash flows			
– new financing	12,280	832	13,112
– repayments	(6,880)	(4,932)	(11,812)
Other changes			
– exchange gains	(154)	(395)	(549)
– changes resulting from new leases	–	1,196	1,196
– changes resulting from lease modification	–	2,070	2,070
– changes resulting from lease termination	–	(4)	(4)
– convertible bonds repurchase	(4,463)	–	(4,463)
– others	519	112	631
At 31st December 2024	40,597	27,878	68,475

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12. OTHER LONG-TERM PAYABLES

	2025 HK\$M	2024 HK\$M
Deferred liabilities	3,302	3,180
Long service payment obligations (note 13(c))	106	99
Derivative financial liabilities – long-term portion	474	183
	3,882	3,462

All derivative financial liabilities – long-term portion are qualified for hedge accounting in both years.

The Group had a maintenance provision of HK\$2,973 million (2024: HK\$3,161 million) for returning the aircraft to lessors under certain maintenance conditions. The movements during the year are as follows:

	2025 HK\$M	2024 HK\$M
At 1st January	3,161	3,239
Additional provision made	533	511
Reversals	(479)	(188)
Provision utilised	(242)	(401)
At 31st December	2,973	3,161
Amount expected to be utilised within one year included in trade and other payables	(281)	(446)
Included in deferred liabilities above	2,692	2,715

13. POST-EMPLOYMENT BENEFITS

The Group operates various defined benefit and defined contribution retirement schemes for its employees in Hong Kong and in certain overseas locations. The assets of these schemes are held in separate trustee-administered funds. The retirement schemes in Hong Kong are registered under and comply with the Occupational Retirement Schemes Ordinance and the Mandatory Provident Fund Schemes Ordinance (“MPFSO”). In addition, the employees employed under the Hong Kong Employment Ordinance are also entitled to long service payment if the eligibility criteria are met. Most of the employees engaged outside Hong Kong are covered by appropriate local arrangements.

The Group operates the following principal schemes:

(a) Defined benefit retirement schemes

A defined benefit scheme is a retirement plan that defines the benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The Group has an obligation to provide participating employees with these benefits.

The principal schemes in Hong Kong comprise The Swire Group Retirement Benefits Scheme (“SGRBS”), the Cathay Pacific Airways Group Retirement Benefits Scheme (“CPAGRBS”) and the Cathay Pacific Airways Limited Retirement Scheme (“CPALRS”).

SGRBS, in which the Company, Cathay Pacific Catering Services (H.K.) Limited (“Cathay Dining”) and Vogue Laundry Service Limited (“VLS”) are participating employers, and CPAGRBS in which Hong Kong Airport Services Limited (“HAS by Cathay”) is a participating employer, provide resignation and retirement benefits to its members, which include the Company’s cabin attendants who joined before September 1996 and other locally engaged employees who joined before June 1997, upon their cessation of service. The Company, Cathay Dining, VLS and HAS by Cathay meet the full cost of all benefits due by SGRBS or CPAGRBS to their employee members, who are not required to contribute to the scheme.

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13. POST-EMPLOYMENT BENEFITS (continued)

Aircrew employed by the Company in Hong Kong before April 1993 were eligible to join another scheme, the CPALRS. Both members and the Company contribute to CPALRS.

The majority of the Group's schemes are final salary guarantee lump sum defined benefit plans.

Contributions to the defined benefit retirement schemes are made in accordance with the funding rates recommended by independent qualified actuaries to ensure that the plans will be able to meet their liabilities as they become due. The funding rates for the principal schemes in Hong Kong are subject to annual review and are determined by taking into consideration the difference between the market value of plan assets and the present value of accrued past service liabilities, on an on-going basis, as computed by reference to actuarial valuations. Such schemes in Hong Kong are valued annually by qualified actuaries for funding purposes.

The disclosures for schemes in Hong Kong are based on actuarial valuations prepared by an independent firm of actuaries, Mercer (Hong Kong) Limited ("Mercer"), every three years and as needed in accordance with Hong Kong's Occupational Retirement Schemes Ordinance. The disclosures and valuations are updated annually in the intervening years by Cannon Trustees Limited, the main administration manager of the Group's defined benefit schemes. The most recent valuations prepared by Mercer for schemes in Hong Kong were for the period ended 31st December 2024.

Through its defined benefit retirement schemes the Group is exposed to a number of risks, the most significant of which is market risk.

Market risk embodies the potential for losses and gains and includes price risk, interest rate risk and currency risk as well as factors specific to an individual investment or its issuer or risk specific to a certain market. Market risk is managed principally through diversification of the investments by the investment managers appointed. Investment managers are governed by agreements that stipulate the performance objective of the investments, which is referenced to a recognised benchmark and the predicated tracking error around this benchmark. A committee monitors the overall market risk position of the Group's principal schemes in Hong Kong on a quarterly basis.

The Group's obligations are 147.0% (2024: 141.3%) covered by the plan assets held by the trustees at 31st December 2025.

	2025 HK\$M	2024 HK\$M
Net expenses recognised in the profit or loss:		
Current service cost	103	114
Net interest income	(80)	(66)
Total included in staff costs	23	48
Actual return on plan assets	758	375
	2025 HK\$M	2024 HK\$M
Net assets recognised in the consolidated statement of financial position:		
Present value of funded obligations	3,618	3,617
Fair value of plan assets	(5,318)	(5,108)
Retirement benefit assets (note 10)	(1,700)	(1,491)

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Statement of Financial Position

13. POST-EMPLOYMENT BENEFITS (continued)

	2025 HK\$M	2024 HK\$M
Movements in present value of funded obligations comprise:		
At 1st January	3,617	3,730
Remeasurements		
– actuarial losses/(gains) arising from changes in financial assumptions	151	(82)
– experience losses	167	386
Movements for the year		
– current service cost	103	114
– interest expense	193	124
– employee contributions	2	3
– benefits paid	(563)	(625)
– transfer	(52)	(33)
At 31st December	3,618	3,617

The weighted average duration of the defined benefit obligations is five years (2024: five years).

	2025 HK\$M	2024 HK\$M
Movements in fair value of plan assets comprise:		
At 1st January	5,108	5,318
Movements for the year		
– return on plan assets excluding interest income	485	185
– interest income	273	190
– employee contributions	2	3
– employer contributions	65	70
– benefits paid	(563)	(625)
– transfer	(52)	(33)
At 31st December	5,318	5,108

No curtailment gain/loss was incurred in the year ended 31st December 2025 and 2024.

There were no plan amendments during the year.

	2025 HK\$M	%	2024 HK\$M	%
Fair value of plan assets comprises:				
Equities				
– Asia Pacific	411	7	359	7
– Europe	240	5	199	4
– Americas	755	14	743	14
– Emerging markets	575	11	528	10
Bonds				
– Global	1,491	28	1,512	30
– Emerging markets	83	2	81	2
Absolute return funds	822	15	876	17
Cash	941	18	810	16
	5,318	100	5,108	100

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Statement of Financial Position

13. POST-EMPLOYMENT BENEFITS (continued)

At 31st December 2025, the prices of 56% of equities and 38% of bonds were quoted on active markets (31st December 2024: 49% and 38% respectively). The remainder of the prices were not quoted on active markets.

The majority of plan assets are invested in the Swire Group Unitised Trust ("the Trust"). The Trust has three sub-funds in which the assets are invested in accordance with separate and distinct investment policies and objectives. The Trust and sub-funds are overseen by a committee, which meets four times a year.

The make-up of the Trust is the result of the asset allocation of each plan. The asset allocation of each plan targets a mix of equities, bonds and absolute return funds.

The management of the assets within the sub-funds is delegated by the committee to a number of reputable investment managers.

The contributions are calculated based upon funding recommendations arising from actuarial valuations. The Group expects to make contributions of HK\$65 million to the schemes in 2026.

	2025	2024
The significant actuarial assumptions (expressed as weighted averages) are:		
Discount rate	3.73%	4.52%
Expected rate of future salary increases	2.46%	2.62%

The sensitivity of the defined benefit obligations to changes in the significant actuarial assumptions is set out below. This shows how the defined benefit obligations at 31st December 2025 would have (increased)/decreased as a result of 0.5% change in the actuarial assumptions:

	Increase by 0.5%		Decrease by 0.5%	
	2025 HK\$M	2024 HK\$M	2025 HK\$M	2024 HK\$M
Discount rate	109	90	(116)	(96)
Expected rate of future salary increases	(70)	(55)	69	54

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligations to changes in the significant actuarial assumptions, the same method has been applied as when calculating the retirement benefit liabilities recognised in the consolidated statement of financial position.

(b) Defined contribution retirement schemes

A defined contribution scheme is a retirement plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions.

Aircrew employed by the Company in Hong Kong are eligible to join a defined contribution retirement scheme, the CPA Provident Fund 1993. Other locally engaged employees under permanent contract terms are eligible to join the CPA Provident Fund – Right Choice.

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Statement of Financial Position

13. POST-EMPLOYMENT BENEFITS (continued)

Under the terms of these schemes, other than the Company's contributions, staff may elect to contribute from 0% to 10% of their monthly salaries. Employees who leave the scheme before the completion of a specified vesting period forfeit contributions made by the Group on their behalf and such forfeited contributions may be used to reduce existing level of employer contributions by the Group. The amounts utilised in the course of the year amounted to HK\$18 million (2024: HK\$27 million). Amounts available at 31st December 2025 for such use in future years amounted to HK\$2 million (2024: HK\$2 million).

A Mandatory Provident Fund ("MPF") scheme was established under the MPFSO in December 2000. Where staff elect to join the MPF scheme, both the employers and staff are required to contribute 5% of the employees' relevant income (capped at HK\$30,000). Staff may elect to contribute more than the minimum as a voluntary contribution.

Contributions to defined contribution retirement schemes charged to profit or loss were HK\$907 million (2024: HK\$741 million).

(c) Long service payment ("LSP") obligations

Hong Kong employees that have been employed continuously for at least five years are entitled to long service payment in accordance with the Hong Kong Employment Ordinance under certain circumstances. Currently, the Group does not have any separate funding arrangement in place to meet its LSP obligation.

Starting from 1st May 2025, the Hong Kong Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 came into effect, which abolishes the statutory right of an employer to reduce its LSP payable to a Hong Kong employee by drawing on its mandatory contributions to the MPF scheme. Separately, a 25-year scheme to provide a subsidy for employers' costs in relation to the post-transition portion of the LSP has been implemented with effect from 1st May 2025.

The Group has accounted for the offsetting mechanism and its abolition as disclosed in material accounting policy 13.

	2025 HK\$M	2024 HK\$M
At 1st January	99	90
Remeasurements recognised in other comprehensive income:		
Actuarial losses arising from changes in financial assumptions	(12)	(5)
Expenses recognised in profit or loss:		
Current service cost	19	14
Interest cost	3	3
Benefits paid directly by the employer	(3)	(3)
At 31st December (note 12)	106	99

The weighted average duration of the defined benefit obligation is 12.1 (2024:11.8) years.

Actuarial assumptions (expressed as weighted averages) are as follows:

	2025	2024
Discount rate	3.3-3.7%	3.6-3.8%
Future salary increases	2.5-3.8%	2.5-3.8%
Expected investment return on offsettable MPF accrued benefits	2.5-4.0%	2.5-4.0%

The Group's LSP obligations are not sensitive to these actuarial assumptions, thus a sensitivity analysis is not presented.

NOTES TO THE FINANCIAL STATEMENTS

Statement of Financial Position

14. DEFERRED TAXATION

	2025 HK\$M	2024 HK\$M
Deferred tax assets:		
– provisions	(6)	(19)
– tax losses	(5,940)	(6,676)
– lease liabilities	(1,246)	(1,138)
– cash flow hedges	(113)	–
Deferred tax liabilities:		
– accelerated tax depreciation	8,461	8,552
– investments in associates	283	239
– right-of-use assets	1,103	1,004
– cash flow hedges	–	82
– retirement benefits	152	114
Provision in respect of certain lease arrangements	4,547	4,680
	7,241	6,838

The following amounts, determined after appropriate offsetting, are shown separately on the consolidated statement of financial position:

	2025 HK\$M	2024 HK\$M
Net deferred tax asset recognised in the consolidated statement of financial position	(1,430)	(1,152)
Net deferred tax liability recognised in the consolidated statement of financial position	8,671	7,990
	7,241	6,838

	2025 HK\$M	2024 HK\$M
Movements in deferred taxation comprise:		
At 1st January	6,838	6,671
Movements for the year		
– charged to profit or loss		
– deferred tax charge (note 5)	712	1,107
– operating expenses	32	60
– (credited)/charged to other comprehensive income		
– transferred to cash flow hedge reserve	(195)	54
– transferred to retained profit	38	(4)
– initial cash benefit from lease arrangements	–	172
Current portion of provision in respect of certain lease arrangements included in current liabilities – taxation	(184)	(1,222)
At 31st December	7,241	6,838

NOTES TO THE FINANCIAL STATEMENTS

Statement of Financial Position

14. DEFERRED TAXATION (continued)

Deferred tax assets are recognised in respect of tax losses carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Group has unrecognised tax losses of HK\$18,860 million (2024: HK\$20,452 million) to carry forward against future taxable profits. These amounts are analysed as follows:

	2025 HK\$M	2024 HK\$M
No expiry date	18,860	20,435
Expiring in 2025	–	17
	18,860	20,452

The provision in respect of certain lease arrangements corresponds to payments which are expected to be made during the years 2026 to 2034 (2024: 2025 to 2034) as follows:

	2025 HK\$M	2024 HK\$M
After one year but within five years	4,119	3,539
After five years but within 10 years	428	1,141
	4,547	4,680

15. TRADE AND OTHER RECEIVABLES

	2025 HK\$M	2024 HK\$M
Trade debtors, net of loss allowances	5,228	4,731
Derivative financial assets – current portion	193	505
Other receivables and prepayments	2,926	2,078
Due from associates and other related companies	30	12
	8,377	7,326

At 31st December 2025, derivatives financial assets – current portion which did not qualify for hedge accounting amounted to HK\$1 million (2024: nil).

	2025 HK\$M	2024 HK\$M
Analysis of trade debtors (net of loss allowances) by invoice date:		
Within one month	4,618	4,241
One to three months	596	478
More than three months	14	12
	5,228	4,731

The movements in the expected credit loss allowance in respect of trade debtors during the year are as follows:

	2025 HK\$M	2024 HK\$M
At 1st January	104	41
Expected credit loss recognised, net	7	63
At 31st December	111	104

NOTES TO THE FINANCIAL STATEMENTS

Statement of Financial Position

16. LIQUID FUNDS

	2025 HK\$M	2024 HK\$M
Cash and cash equivalents		
Short-term deposits and bank balances	8,468	5,444
Other liquid funds		
Short-term deposits maturing beyond three months when placed	–	1,446
Funds with investment managers		
– debt securities listed outside Hong Kong	3,803	3,257
– bank deposits	15	384
Other liquid investments		
– debt securities listed outside Hong Kong	3	3
Liquid funds	12,289	10,534
	2025 HK\$M	2024 HK\$M
Cash and cash equivalents in liquid funds	8,468	5,444
Bank overdrafts (note 11(a))	(478)	–
Cash and cash equivalents in the consolidated statement of cash flow	7,990	5,444

Included in other liquid investments are debt securities of HK\$3 million (2024: HK\$3 million) which are pledged as part of long-term financing arrangements. The arrangements provide that these deposits and debt securities must be maintained at specified levels for the duration of the financing.

Available unrestricted funds to the Group are as follows:

	2025 HK\$M	2024 HK\$M
Liquid funds	12,289	10,534
Less: amounts pledged as part of long-term financing		
– debt securities listed outside Hong Kong	(3)	(3)
Committed undrawn facilities	13,149	8,542
Available unrestricted liquidity to the Group	25,435	19,073

Committed undrawn facilities may be drawn at any time in either Hong Kong dollar or United States dollar.

NOTES TO THE FINANCIAL STATEMENTS

Statement of Financial Position

17. TRADE AND OTHER PAYABLES

	2025 HK\$M	2024 HK\$M
Trade creditors	9,529	7,480
Derivative financial liabilities – current portion	1,402	277
Other payables	10,671	9,935
Due to associates	91	334
Due to other related companies	510	451
	22,203	18,477

	2025 HK\$M	2024 HK\$M
Analysis of trade creditors by invoice date:		
Within one month	9,122	7,033
One to three months	334	384
More than three months	73	63
	9,529	7,480

The Group's general payment terms are one to two months from the invoice date.

At 31st December 2025, no derivatives financial liabilities – current portion which did not qualify for hedge accounting (2024: HK\$9 million).

Included in other payables above, the Group had a provision of HK\$37 million (2024: HK\$170 million) for possible or actual taxation (other than income tax), litigation and claims. The movements during the year are as follows:

	2025 HK\$M	2024 HK\$M
At 1st January	170	657
Reversal	(2)	(465)
Provision utilised	(131)	(22)
At 31st December	37	170

NOTES TO THE FINANCIAL STATEMENTS

Statement of Financial Position

18. CONTRACT LIABILITIES

	2025 HK\$M	2024 HK\$M
Non-current	145	197
Current	21,650	18,365
	21,795	18,562

The Group had the following contract liabilities recognised in the consolidated statement of financial position:

		2025 HK\$M	2024 HK\$M
Passenger revenue, fuel and insurance surcharge	(a)	14,747	12,762
Loyalty programme	(b)	7,007	5,768
Cargo revenue	(c)	41	32
		21,795	18,562

The following table summarises the Group's revenue recognised during the year that was included in the contract liabilities at the beginning of the year:

		2025 HK\$M	2024 HK\$M
Passenger revenue, fuel and insurance surcharge	(a)	11,507	8,435
Cargo revenue	(c)	32	108

- (a) The Group typically receives ticket fares from passengers in advance of carriage. The value of unflown passenger sales is recognised as a contract liability until the transportation service is provided.
- (b) The value attributable to the award of programme miles as a part of an initial sales transaction is deferred until such time as the members redeem their programme miles or when they expire. Programme miles can be redeemed at any point prior to expiry. Programme miles have an activity based expiry and so do not expire as long as the member has any type of qualifying activity within any 18-month period. Programme miles are combined in one homogenous pool and are not separately identifiable. As such, the revenue is comprised of programme miles that were part of the loyalty programme deferred revenue balance at the beginning of the period, as well as miles that were issued during the period.

Changes in loyalty programme contract liabilities are as follows:

	2025 HK\$M	2024 HK\$M
At 1st January	5,768	4,839
Deferral of revenue – mileage credits issued through travel or sold to co-branded credit card and other partners	4,768	3,928
Recognition of revenue – mileage credits redeemed or expired	(3,529)	(2,999)
At 31st December	7,007	5,768

- (c) The Group receives deposits from cargo customers. Revenue is recognised when the transportation service is provided.

NOTES TO THE FINANCIAL STATEMENTS

Statement of Financial Position

19. SHARE CAPITAL

	2025		2024	
	Number of ordinary shares	HK\$M	Number of ordinary shares	HK\$M
Issued and fully paid				
At 1st January	6,439,409,250	28,841	6,437,900,319	28,828
Conversion of Bonds (notes 11(a))	283,447,261	2,282	1,508,931	13
At 31st December	6,722,856,511	31,123	6,439,409,250	28,841

Save as described below, there was no purchase, sale or redemption by the Company, or any of its subsidiaries, of the Company's ordinary shares (including sale of treasury shares) during the years ended 2025 and 2024.

On 14th November 2024, Cathay Pacific Finance III Limited as the Issuer and the Company entered into a Dealer Manager Agreement with dealers for the repurchase of the Bonds at HK\$9.3663 (the "Bonds Repurchase"). A total principal amount of HK\$6.722 million of the Bonds was outstanding, out of which HK\$4.558 million, representing 67.89% in aggregate principal amount of the Bonds, was repurchased, settled and cancelled by 2nd January 2025 under the Bonds Repurchase. After completion of the Bonds Repurchase, the outstanding principal amount of the Bonds was HK\$2,164 million.

As a result of the dividends declared in 2024 and 2025, the conversion price of the Bonds was adjusted to HK\$7.42 per ordinary share, increasing the maximum number of ordinary shares issuable upon full conversion of the outstanding Bonds to 237,196,765 based on the then outstanding principal amount.

For the year ended 31st December 2025, a total of HK\$2,134 million (2024: HK\$12 million) of the total convertible bonds were converted, and a total of 283,447,261 (2024: 1,508,931) ordinary shares were issued. The conversions during the year represent 31.7% (2024: less than 0.003%) of the Bonds.

Details of issue of the Bonds, adjustments to the conversion price of the Bonds and Bonds Repurchase are set out in the Company's announcements.

20. DIVIDENDS

(a) Dividends payable to ordinary shareholders attributable to the year are as follows:

	2025 HK\$M	2024 HK\$M
First interim dividend declared and paid of HK\$0.20 per ordinary share (2024: HK\$0.20 per ordinary share)	1,336	1,288
Second interim dividend proposed after the end of the reporting period of HK\$0.64 per ordinary share (2024: HK\$0.49 per ordinary share)	3,892	3,155
	5,228	4,443

The 2025 Second Interim Dividend will be paid on Thursday, 7th May 2026 to ordinary shareholders registered at the close of business on the record date, being Thursday, 2nd April 2026. Ordinary shares of the Company will be traded ex-dividend as from Tuesday, 31st March 2026.

The register of members will be closed on Thursday, 2nd April 2026, during which day no transfer of shares will be effected. In order to qualify for entitlement to the 2025 Second Interim Dividend, all transfer forms accompanied by the relevant share certificates must 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 Wednesday, 1st April 2026.

The 2025 Second Interim Dividend was proposed after the end of the reporting period and therefore has not been recognised as a liability at 31st December 2025.

(b) Dividends payable to ordinary shareholders attributable to the previous financial year, approved and paid during the year.

	2025 HK\$M	2024 HK\$M
Interim dividend in respect of the previous financial year, approved and paid during the year, of HK\$0.49 per ordinary share (2024: HK\$0.43 per ordinary share)	3,155	2,768

NOTES TO THE FINANCIAL STATEMENTS

Statement of Financial Position

21. RESERVES

	2025 HK\$M	2024 HK\$M
Convertible bond reserve	2	169
Retained profit	32,915	26,437
Investment revaluation reserve (non-recycling)	(164)	(164)
Cash flow hedge reserve	(1,021)	628
Others	(2,745)	(3,411)
	28,987	23,659

Investment revaluation reserve (non-recycling) of the Group comprises the cumulative net change in the fair values of equity investments designated at fair value through other comprehensive income that are held at the end of the reporting period.

Cash flow hedge reserve of the Group relates to the effective portion of the cumulative net change in the fair values of hedging instruments. Refer to note 28 to the financial statements for details of the Group's hedging instruments.

Other reserves of the Group comprise exchange gains arising from revaluation of foreign investments which amounted to HK\$163 million (2024: losses HK\$580 million) and share of associates' other negative reserves of HK\$574 million (2024: HK\$497 million). In addition, other reserves include carried forward balances relating to repurchase of warrants and convertible bond equity portion HK\$1,538 million and HK\$796 million respectively.

The (losses)/gains transferred from cash flow hedge reserve of the Group to profit or loss items was as follows:

	2025 HK\$M	2024 HK\$M
Revenue	25	607
Fuel	(660)	34
Net finance credit	50	64
Other expenses	(48)	3
Net (losses)/gains transferred to profit or loss	(633)	708

The cash flow hedge reserve of the Group is expected to be (charged)/credited to profit or loss or transferred to relevant assets as noted below when the hedged transactions affect profit or loss or the relevant assets are recognised.

	Total HK\$M
2026	(1,047)
2027	(33)
2028	59
2029	58
2030	(58)
	(1,021)

The actual amount ultimately recognised in profit or loss or transferred to relevant assets will depend upon the fair values of the hedging instruments at the time that the hedged transactions affect profit or loss or the relevant assets are recognised.

Distributable reserves of the Company at 31st December 2025 amounted to HK\$38,098 million (2024: HK\$31,190 million), as calculated under the provisions of Part 6 of the Hong Kong Companies Ordinance (Cap. 622).

NOTES TO THE FINANCIAL STATEMENTS

Statement of Financial Position

21. RESERVES (continued)

	Retained profit HK\$M	Preference shares reserve HK\$M	Convertible bond reserve HK\$M	Investment revaluation reserve (non- recycling) HK\$M	Cash flow hedge reserve HK\$M	Other reserve HK\$M	Total HK\$M
Company							
At 1st January 2025	31,190	–	169	(109)	628	(2,334)	29,544
Profit for the year	11,268	–	–	–	–	–	11,268
Other comprehensive income	131	–	–	–	(1,649)	–	(1,518)
Total comprehensive income for the year	11,399	–	–	–	(1,649)	–	9,750
Convertible bond conversion	–	–	(167)	–	–	–	(167)
Dividend – ordinary shares	(4,491)	–	–	–	–	–	(4,491)
At 31st December 2025	38,098	–	2	(109)	(1,021)	(2,334)	34,636
At 1st January 2024	27,267	9,750	526	(109)	266	–	37,700
Profit for the year	8,541	–	–	–	–	–	8,541
Other comprehensive income	(91)	–	–	–	362	–	271
Total comprehensive income for the year	8,450	–	–	–	362	–	8,812
Convertible bond conversion	–	–	(1)	–	–	–	(1)
Convertible bond repurchase	–	–	(356)	–	–	(796)	(1,152)
Redeemed preference shares	–	(9,750)	–	–	–	–	(9,750)
Warrants repurchase	–	–	–	–	–	(1,538)	(1,538)
Dividend – ordinary shares	(4,056)	–	–	–	–	–	(4,056)
Dividend – preference shares	(471)	–	–	–	–	–	(471)
At 31st December 2024	31,190	–	169	(109)	628	(2,334)	29,544

NOTES TO THE FINANCIAL STATEMENTS

Statement of Cash Flows

22. RECONCILIATION OF OPERATING PROFIT TO CASH GENERATED FROM OPERATIONS

	2025 HK\$M	2024 HK\$M
Operating profit	14,458	13,928
Depreciation of property, plant and equipment	10,911	11,463
Amortisation of intangible assets	659	596
Reversal of impairment of property, plant and equipment	(375)	(46)
Gains on disposal of property, plant and equipment, net	(369)	(42)
Losses on disposal of intangible assets	3	2
Gains on deemed partial disposals of associates	–	(578)
Fair value gains on equity investments measured at fair value through profit or loss	(10)	(48)
Impairments of investment in associates	–	27
Gains on convertible bonds repurchase	–	(106)
Dividend income from unlisted equity investments	(144)	(68)
Losses/(gains) from financial derivatives, cash flow hedge reserve and other items not involving cash flows	142	(443)
Cash generated from operations before working capital changes	25,275	24,685
Increase in stock	(478)	(419)
Increase in trade debtors and other receivables	(1,345)	(974)
(Decrease)/increase in net amounts due to associates and other related companies	(202)	397
Increase in trade creditors, other payables and deferred liabilities	2,907	1,803
Increase in contract liabilities	3,233	3,087
Non-operating movements in debtors and creditors	(245)	(322)
Cash generated from operations	29,145	28,257

23. TOTAL CASH OUTFLOW FOR LEASES

Cash outflows for leases included in the consolidated statement of cash flows comprise the following:

	2025 HK\$M	2024 HK\$M
Within operating cash flows	473	459
Within investing cash flows	–	385
Within financing cash flows	3,953	4,100
	4,426	4,944

Significant non-cash transactions for leases:

During the year ended 31st December 2025, the Group entered into new lease arrangements in respect of property, plant and equipment with a total capitalised value at lease commencement date of HK\$1,434 million (2024: HK\$1,196 million), a significant proportion of which is related to the delivery of leased aircraft. In addition, lease modification of HK\$1,801 million (2024: HK\$2,070 million) is related to aircraft lease extension.

NOTES TO THE FINANCIAL STATEMENTS

Directors and Employees

24. DIRECTORS' REMUNERATION

- (a) Directors' remuneration disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and part 2 of the Companies (Disclosure of Information about Benefit of Directors) Regulation are:

	Cash			Non-cash				2025 Total HK\$'000	2024 Total HK\$'000
	Basic salary/ Fees (note i) HK\$'000	Bonus (in respect of 2024) HK\$'000	Allowances & benefits HK\$'000	Contributions to retirement schemes HK\$'000	Bonus paid into retirement schemes HK\$'000	Other benefits HK\$'000	Housing benefits HK\$'000		
Executive Directors									
Healy, Patrick	3,510	3,697	1,106	947	3,696	-	-	12,956	10,855
Hughes, Gregory (up to March 2023)	-	-	-	-	-	-	-	-	2,187
Lam, Ronald	4,341	8,324	2,148	1,217	-	-	-	16,030	14,148
Lau, Lavinia	3,262	3,028	1,872	244	-	40	-	8,446	7,957
McGowan, Alexander	3,136	2,912	1,802	1,170	-	109	-	9,129	8,182
Sharpe, Rebecca	3,225	3,017	2,421	871	3,017	52	-	12,603	11,582
Non-Executive Directors									
Bradley, Guy	-	-	-	-	-	-	-	-	-
Liu, Tiexiang (from December 2025)	13	-	-	-	-	-	-	13	-
Ma, Chongxian (up to December 2025)	562	-	-	-	-	-	-	562	575
McCallum, Gordon	-	-	-	-	-	-	-	-	-
Sun, Yuquan	575	-	-	-	-	-	-	575	575
Swire, Merlin	-	-	-	-	-	-	-	-	-
Tang, Augustus (from September 2024)	-	-	-	-	-	-	-	-	-
Wang, Mingyuan	575	-	-	-	-	-	-	575	575
Xiao, Feng	947	-	-	-	-	-	-	947	947
Zhang, Zhuo Ping (up to September 2024)	-	-	-	-	-	-	-	-	-
Independent Non-Executive Directors									
Chan, Bernard	718	-	-	-	-	-	-	718	709
Cheng, Lily (from May 2024)	904	-	-	-	-	-	-	904	558
Harrison, John (up to May 2024)	-	-	-	-	-	-	-	-	695
Mueller, Christoph	1,029	-	-	-	-	-	-	1,029	1,029
Wang, Xiao Bin (from May 2024)	1,029	-	-	-	-	-	-	1,029	635
Tung, Andrew (up to May 2024)	-	-	-	-	-	-	-	-	356
2025 Total	23,826	20,978	9,349	4,449	6,713	201	-	65,516	-
2024 Total	22,738	19,328	8,826	4,816	5,665	192	-	-	61,565

(i) Non-Executive Directors and Independent Non-Executive Directors, who are not directors and/or employees of the Swire group, receive fees as members of the Board and its committees. Executive Directors receive salaries. For Directors employed by the Swire group, the remuneration disclosed represents the amount charged to the Company.

(ii) The total emoluments of Executive Directors are charged to the Group in accordance with the amount of time spent on its affairs.

NOTES TO THE FINANCIAL STATEMENTS

Directors and Employees

24. DIRECTORS' REMUNERATION (continued)

- (b) The five individuals whose emoluments were the highest in the Group for the year ended 31st December 2025 and 2024 are as follows:

	2025	2024
Number of individuals:		
Executive Directors	4	4
Senior staff	1	1
	5	5

Details of their emoluments are as follows:

	Cash			Non-cash				Total HK\$'000
	Basic salary HK\$'000	Bonus HK\$'000	Allowances & benefits HK\$'000	Contributions to retirement schemes HK\$'000	Bonus paid into retirement schemes HK\$'000	Other benefits HK\$'000	Housing benefits HK\$'000	
2025 Total	16,241	20,280	9,654	4,759	9,044	290	-	60,268
2024 Total	15,245	18,154	9,688	5,290	5,626	394	-	54,397

The bonuses disclosed above are related to services for the previous year.

The number of the above Executive Directors and senior staff whose emoluments fell within the following bands:

HK\$	2025	2024
8,000,001 – 8,500,000	-	1
9,000,001 – 9,500,000	1	-
9,500,001 – 10,000,000	1	1
10,500,001 – 11,000,000	-	1
11,500,001 – 12,000,000	-	1
12,500,001 – 13,000,000	2	-
14,000,001 – 14,500,000	-	1
16,000,001 – 16,500,000	1	-
	5	5

NOTES TO THE FINANCIAL STATEMENTS

Directors and Employees

25. DIRECTOR AND EMPLOYEE INFORMATION – THE COMPANY

The table below sets out the number of individuals, including those who have retired or resigned during the year, in each employment category whose total remuneration for the year fell into the following ranges:

HK\$	2025			2024		
	Director	Flight staff	Other staff	Director	Flight staff	Other staff
0 – 1,000,000	11	13,441	9,522	14	12,216	9,691
1,000,001 – 1,500,000	2	484	629	1	461	629
1,500,001 – 2,000,000	–	716	180	–	626	172
2,000,001 – 2,500,000	–	426	96	1	413	107
2,500,001 – 3,000,000	–	351	38	–	255	31
3,000,001 – 3,500,000	–	208	20	–	215	15
3,500,001 – 4,000,000	–	152	8	–	82	6
4,000,001 – 4,500,000	–	55	3	–	31	2
4,500,001 – 5,000,000	–	58	4	–	40	5
5,000,001 – 5,500,000	–	31	6	–	24	2
5,500,001 – 6,000,000	–	5	–	–	6	1
6,000,001 – 6,500,000	–	2	2	–	4	–
6,500,001 – 7,000,000	–	2	–	–	–	–
7,000,001 – 7,500,000	–	1	–	–	–	1
7,500,001 – 8,000,000	–	–	–	1	–	–
8,000,001 – 8,500,000	1	–	–	1	–	–
9,000,001 – 9,500,000	1	–	–	–	–	–
9,500,001 – 10,000,000	–	–	1	–	–	1
10,500,001 – 11,000,000	–	–	–	1	–	–
11,500,001 – 12,000,000	–	–	–	1	–	–
12,500,001 – 13,000,000	2	–	–	–	–	–
14,000,001 – 14,500,000	–	–	–	1	–	–
16,000,001 – 16,500,000	1	–	–	–	–	–
	18	15,932	10,509	21	14,373	10,663

NOTES TO THE FINANCIAL STATEMENTS

Related Party Transactions

26. RELATED PARTY TRANSACTIONS

- (a) Material transactions between the Group and associates and other related parties which were carried out in the normal course of business on commercial terms are summarised below:

	2025		2024	
	Associates	Other related parties	Associates	Other related parties
	HK\$M	HK\$M	HK\$M	HK\$M
Revenue	1,028	26	135	18
Aircraft maintenance	(685)	(2,369)	(1,231)	(2,369)
Other operating expenses	(516)	(658)	(464)	(575)
Dividend income	233	141	25	66
Finance income	17	–	5	–
Fixed asset purchased	169	208	–	–
Lease payments	(1)	(53)	(1)	(50)

Other related parties are companies under control of a company which has significant influence on the Group.

- (i) The Group entered into four leases expiring from two months to four years in respect of certain leasehold properties from a related party of the Group for storage of engines and inventories. Monthly rental is HK\$4 million as at 31st December 2025 (2024: HK\$4 million), which was determined with reference to amounts charged by the related party to third parties. For the year ended 31st December 2025, lease payments of HK\$52 million (2024: HK\$49 million) were paid. The balances of right-of-use assets and lease liabilities as at 31st December 2025 were HK\$51 million and HK\$60 million respectively (2024: HK\$89 million and HK\$101 million respectively).

The lease payments are included in continuing connected transactions in note 26(a)(ii) to the financial statements below.

The Group recognised a non-recurring gain of approximately HK\$878 million under Revenue – Other services and recoveries in the second half of 2025. This arose from an early termination of a service contract with HAECO ITM Limited involving engineering assets. The non-recurring gain was measured at fair value.

- (ii) Continuing connected transactions

The Company has complied with the disclosure and shareholders' approval requirements in accordance with Chapter 14A of the Listing Rules. For details, please refer to the section headed Directors' Report in this annual report.

JS&SHK

Under the JS&SHK Services Agreement, the Group paid fees and reimbursed costs to JS&SHK in exchange for services provided. Service fees calculated at 2.5% of the Group's profit before taxation, results of associates, non-controlling interests, and any profits or losses on disposal of property, plant and equipment are paid annually. Such transactions constitute continuing connected transactions. For the year ended 31st December 2025, service fee paid/payable amounted to HK\$295 million (2024: HK\$258 million).

The JS&SHK Services Agreement has been renewed every three years, including a renewal on 1st October 2022 for a term of three years from 1st January 2023 to 31st December 2025, and most recently renewed on 1st October 2025 for a term of three years is from 1st January 2026 to 31st December 2028 and it is renewable for successive periods of three years thereafter unless either party to it gives to the other notice of termination of not less than three months expiring on any 31st December.

HAECO

Under the HAECO 2022 Framework Agreement with HAECO, the Group paid fees to, and received fees from, the HAECO group in respect of aircraft maintenance and related services, aircraft engines and aircraft parts and components and inventory technical management services. Payment is made in cash within 30 days of receipt of invoices. Such transactions constitute continuing connected transactions. The amounts paid/payable to the HAECO group for the year ended 31st December 2025 totalled HK\$3,283 million (2024: HK\$3,500 million). The amounts received/receivable from the HAECO group for the year ended 31st December 2025 totalled HK\$910 million (2024: HK\$15 million). The term of the HAECO 2022 Framework Agreement is for 10 years ending on 31st December 2032.

NOTES TO THE FINANCIAL STATEMENTS

Related Party Transactions

26. RELATED PARTY TRANSACTIONS (continued)

Air China

Under the 2023 Air China Framework Agreement, the Group paid fees to, and received fees from, the Air China group in respect of transactions between the Group on the one hand and the Air China group on the other hand arising from joint venture arrangements for the operation of passenger air transportation, code sharing arrangements, interline arrangements, aircraft leasing, frequent flyer programmes, the provision of airline catering, ground support and engineering services, and other services agreed to be provided and other transactions agreed to be undertaken under the 2023 Air China Framework Agreement. Such transactions constitute continuing connected transactions. The amounts paid/payable to the Air China group for the year ended 31st December 2025 totalled HK\$382 million (2024: HK\$369 million). The amounts received/receivable from the Air China group for the year ended 31st December 2025 totalled HK\$135 million (2024: HK\$110 million).

The New Air China Framework Agreement is for three years from 1st January 2026 to 31st December 2028 and it is renewable for successive periods of three years thereafter unless either party to it gives to the other notice of termination of not less than three months expiring on any 31st December. The New Air China Framework Agreement was entered into with Air China in respect of transactions between the Group and its 30%-controlled companies and their subsidiaries ("30%-controlled Corporations") on the one hand and the Air China group and Air China's 30%-controlled Corporations on the other hand arising from interline arrangements, code sharing arrangements, joint operating arrangements, aircraft leasing, frequent flyer programmes, the provision of airline catering, ground support and engineering services, inbound/outbound cargo handling services, and other services agreed to be provided and other transactions agreed to be undertaken under the New Air China Framework Agreement.

CASL

Pursuant to the written agreements covered under CASL Framework Agreement dated 26th April 2024, the Group paid fees to CASL for its provision of line maintenance services, base maintenance services, supply of materials and tooling, stores rental and various aircraft maintenance support services. Payments under the written agreements are required to be made in cash within 45 days (or, in some cases, 30 days) of receipt of invoices. Such transactions constitute continuing connected transactions. The amounts paid/payable to CASL for the year ended 31st December 2025 totalled HK\$203 million (2024: HK\$229 million).

The current term of CASL Framework Agreement is for three years ending on 31st December 2026, unless a party to it terminates with immediate effect by giving to the other notice in the event of material default.

Air China Cargo

Under the Air China Cargo Framework Agreement with Air China Cargo dated 31st December 2024, the Group paid fees to, and received fees from, the Air China Cargo Group for the agency service arrangements on cargo space sales, ground handling services, software services, code sharing arrangements and services, rental services and other support services to be provided by and received by the Group in its ordinary and usual course of business with members of Air China Cargo Group. Such transactions constitute continuing connected transactions. The amounts paid/payable to the Air China Cargo Group for the year ended 31st December 2025 totalled HK\$46 million (2024: HK\$40 million). The amounts received/receivable from the Air China Cargo Group for the year ended 31st December 2025 totalled HK\$8 million (2024: HK\$11 million).

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

The current term of the Air China Cargo Framework Agreement is for three years from 1st January 2024 ending on 31st December 2026, unless either party to it terminates with immediate effect by giving to the other notice in the event of material default.

- (b) Amounts due from and due to associates and other related companies at 31st December 2025 are disclosed in notes 15 and 17 to the financial statements. These balances arising in the normal course of business are non-interest bearing and have no fixed repayment terms.
- (c) Performance guarantees given by the Company of an associate at 31st December 2025 are disclosed in note 27(b) to the financial statements.
- (d) There were no material transactions with Directors except for those relating to shareholdings (as disclosed in the sections headed "Directors' Report" and "Corporate Governance Report"). Remuneration of Directors is disclosed in note 24 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Supplementary Information

27. CAPITAL COMMITMENTS AND CONTINGENCIES

- (a) Outstanding capital commitments authorised at the year end but not provided for in the financial statements:

	2025 HK\$M	2024 HK\$M
Authorised and contracted for		
– aircraft and related equipment	127,700	95,966
– others	850	718
Authorised but not contracted for		
– aircraft and related equipment	8,480	18,429
– others	664	841
	137,694	115,954

- (b) Performance guarantees outstanding at the year end:

	2025 HK\$M	2024 HK\$M
Associates	206	206

- (c) 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.
- (d) 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 20.

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 ("ECJ") in early June 2022 and a final ECJ judgment was handed down in the first quarter of 2026.

The Company is a defendant in a number of civil 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 these actions.

NOTES TO THE FINANCIAL STATEMENTS

Supplementary Information

28. FINANCIAL RISK MANAGEMENT

In the normal course of business, the Group is exposed to credit, liquidity, currency, interest rate and fuel price volatility risks. These exposures are managed, sometimes with the use of derivative financial instruments, by the Group treasury function in accordance with the policies approved by the Board.

Derivative financial instruments are used solely for financial risk management purposes and the Group does not use derivative financial instruments for proprietary trading purposes. Derivative financial instruments which constitute an effective accounting hedge do not expose the Group to market risk since any change in their market value will be offset by a compensating change in the market value of the hedged items. Exposure to foreign exchange rates, interest rates and jet fuel prices movements are regularly reviewed and positions are amended in compliance with internal guidelines and limits.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. Credit risk for the Group arises from activities with treasury counterparties and trade debtors.

The Group's exposure to credit risk arising from treasury activities is limited. To manage credit risk in respect of treasury activities, derivative financial transactions, deposit placements and fund transactions are only carried out with financial institutions which have high credit ratings and all counterparties are subject to prescribed trading limits which are regularly reviewed. Risk exposures are monitored regularly by reference to market values.

The credit risk with regard to trade debtors is relatively low. Trade debtors mainly represent passenger and freight sales due from agents and amounts due from airlines for interline services provided. The majority of the agents are connected to the settlement systems operated by the International Air Transport Association ("IATA") which is responsible for assessing the credit worthiness of such agents and collecting bank guarantees or other monetary collateral according to local industry practice. In most cases amounts due from airlines are settled on net basis via an IATA clearing house.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. The Group normally grants a credit term of 30 days to customers or follows the local industry standard with the debt in certain circumstances being partially protected by bank guarantees or other monetary collateral.

The Group measures loss allowances for trade debtors at an amount equal to lifetime expected credit losses, which is calculated using a provision matrix based on the Group's historical credit loss experience. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer bases, the loss allowance based on past due status is assessed on a collective basis.

Expected loss rates are based on historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

At the reporting date there was no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the consolidated statement of financial position and the amount of guarantees granted as disclosed in note 27(b) to the financial statements. Collateral and guarantees received in respect of credit terms granted at 31st December 2025 totalled HK\$382 million (2024: HK\$457 million).

The movement in the expected credit loss allowance in respect of trade debtors during the year is set out in note 15 to the financial statements.

(b) Liquidity risk

Prudent liquidity risk management consists of maintaining sufficient liquid funds and the availability of an adequate amount of committed undrawn credit facilities to meet obligations when due.

The Group will fund its committed contractual maturities through cash flows earned and financing available under its credit lines. The Group also implemented a liquidity cash pooling scheme, which enables the Group to manage and optimise its working capital funding requirement on a daily basis.

NOTES TO THE FINANCIAL STATEMENTS

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28. FINANCIAL RISK MANAGEMENT (continued)

Management monitors rolling forecasts of the Group's liquidity reserve (comprising liquid funds and the undrawn credit facilities below) on the basis of expected cash flows. In addition, the Group's liquidity management policy includes monitoring balance sheet liquidity ratios against internal and external benchmarks and maintaining debt financing plans.

Management has assessed cash flow forecasts under various scenarios. Management is of the opinion that the Group has sufficient unrestricted liquidity for at least the next 12 months from the date of approval of the consolidated financial statements. Accordingly, management concludes that it is appropriate to prepare the financial statements on a going concern basis.

At the end of the reporting period, the Group held liquid funds (note 16 to the financial statements) of HK\$12,289 million (2024: HK\$10,534 million) that is available for managing liquidity risk.

(i) Financial arrangements

The Group had access to the following liquid funds and undrawn facilities at the end of the reporting period:

	2025 HK\$M	2024 HK\$M
Available unrestricted liquidity to the Group (note 16)	25,435	19,073
Uncommitted bank overdraft facilities	4,322	417

Due to the dynamic nature of the underlying businesses, the Group treasury function also maintains funding flexibility through available committed and uncommitted credit facilities. Committed undrawn facilities may be drawn at any time in either Hong Kong dollar or United States dollar. Uncommitted bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice.

(ii) Payment profile of financial liabilities

The undiscounted payment profile of financial liabilities is outlined as follows:

	2025				Total HK\$M
	Within one year HK\$M	After one year but within two years HK\$M	After two years but within five years HK\$M	After five years HK\$M	
Group					
Loans and other borrowings	(11,416)	(7,600)	(15,264)	(5,063)	(39,343)
Lease liabilities	(4,698)	(5,375)	(11,046)	(10,261)	(31,380)
Other long-term payables	-	-	(1,648)	(1,654)	(3,302)
Trade and other payables	(20,801)	-	-	-	(20,801)
Derivative financial liabilities, net	(1,320)	(329)	-	-	(1,649)
Total	(38,235)	(13,304)	(27,958)	(16,978)	(96,475)
	2024				Total HK\$M
	Within one year HK\$M	After one year but within two years HK\$M	After two years but within five years HK\$M	After five years HK\$M	
Group					
Loans and other borrowings	(9,797)	(14,447)	(16,527)	(6,430)	(47,201)
Lease liabilities	(5,484)	(4,576)	(12,409)	(11,117)	(33,586)
Other long-term payables	-	(1,341)	(1,218)	(621)	(3,180)
Trade and other payables	(18,200)	-	-	-	(18,200)
Derivative financial liabilities, net	(294)	(137)	-	-	(431)
Total	(33,775)	(20,501)	(30,154)	(18,168)	(102,598)

NOTES TO THE FINANCIAL STATEMENTS

Supplementary Information

28. FINANCIAL RISK MANAGEMENT (continued)

(c) Market risk

(i) Foreign currency risk

The Group's revenue streams are denominated in a number of currencies other than the functional currency of the revenue-generating entity resulting in exposure to foreign exchange rate fluctuations. To manage this exposure, assets are, where possible, financed in those foreign currencies in which sales transactions are anticipated, thus establishing a natural hedge. In addition, the Group uses currency derivatives to reduce foreign currency exposure from highly probable forecast sales transactions in foreign currencies. The use of foreign currency borrowings and currency derivatives to hedge highly probable forecast sales transactions in foreign currencies is a key component of the financial risk management process, as the change in value of the highly probable forecast sales transactions in foreign currencies is effectively mitigated by the exchange differences realised on the repayment of foreign currency borrowings and the settlement of currency derivatives.

Hedges of foreign currency risk

The following table details the notional amount of currency derivative contracts and the carrying amount of foreign currency borrowings that have been designated as cash flow hedges of the Group's highly probable forecast sales transactions and fair value hedges of the fair value change of the Group's United States dollars denominated medium term notes at the end of the reporting period:

	2025 HK\$M	2024 HK\$M
Currency derivative contracts – outgoing currencies		
Renminbi	10,497	5,969
Australian dollars	2,914	1,604
Pound sterling	2,351	1,160
Euros	2,128	1,292
New Taiwan dollars	1,929	714
Canadian dollars	1,480	854
Indian rupee	987	754
Japanese yen	514	415
Indonesian Rupiah	457	433
Others	1,107	943
Foreign currency borrowings		
Japanese yen	1,135	1,189
Cross currency interest rate swaps – incoming currency		
United States dollars	(5,057)	(5,048)
	2025	2024
	Assets HK\$M	Liabilities HK\$M
	Assets HK\$M	Liabilities HK\$M
Cash flow hedges		
Carrying amount of currency derivative contracts	206	(391)
Fair value hedges		
Carrying amount of cross currency interest rate swaps	–	(29)

NOTES TO THE FINANCIAL STATEMENTS

Supplementary Information

28. FINANCIAL RISK MANAGEMENT (continued)

Currency derivative assets are included in the "Other long-term receivables and investments" (note 10) and "Trade and other receivables" (note 15), and currency derivative liabilities are included in the "Other long-term payables" (note 12) and "Trade and other payables" (note 17) line items in the consolidated statement of financial position respectively.

The foreign currency borrowings designated as hedging instruments to hedge forecast sales transactions will mature over the next four years (2024: five years).

The Group uses currency forward contracts to manage the fluctuation in exchange rates arising from the Group's highly probable forecast sales transactions. The currency forward contracts have a maturity of less than two years (2024: less than two years) from the reporting date and have a weighted average forward exchange rate between the respective foreign currencies and United States dollars as follows:

	2025 USD to	2024 USD to
Renminbi	6.98	7.01
Australian dollars	1.54	1.51
Pound sterling	0.76	0.78
Euros	0.88	0.91
New Taiwan dollars	30.15	30.95
Canadian dollars	1.38	1.36
Indian rupee	89.11	85.94
Japanese yen	141.55	144.06
Indonesian Rupiah	16,718.98	16,123.05

The Group designates currency forward contracts as hedging instruments in cash flow hedges of the Group's highly probable forecast sales transactions and does not separate the forward and spot element of a currency forward contract but instead designates the currency forward contract in its entirety in a hedging relationship.

The Group uses cross currency interest rate swaps to manage the fluctuation of exchange rates between Hong Kong dollars and United States dollars arising from United States dollars denominated medium term notes. The cross currency interest rate swaps have a maturity of less than one year (2024: less than two years) from the reporting date and have a weighted average forward exchange rate between Hong Kong dollars and United States dollars as follows:

	2025 USD to	2024 USD to
Hong Kong dollars	7.82	7.82

The Group designates cross currency interest rate swaps relating to United States dollars denominated medium term notes as hedging instruments in fair value hedges and does not separate the forward and spot element and foreign currency basis spread of a cross currency interest rate swaps but instead designates the cross currency interest rate swaps in its entirety in a hedging relationship.

For cash flow hedges, the Group applies a hedge ratio of 1:1 and determines the existence of an economic relationship between the foreign currency borrowings and currency derivative contracts, and the highly probable forecast sales transactions based on their currency types, currency amounts and the timing of their respective cash flows. For fair value hedges, the Group applies a hedge ratio of 1:1 and determines the existence of an economic relationship between the change in fair value of the United States dollars denominated medium term notes and the cross currency interest rate swaps.

The main sources of ineffectiveness in these hedging relationships are:

- the effect of the counterparty's and the Group's own credit risk on the fair value of the currency forward contracts which is not reflected in the fair value of the hedged cash flows attributable to the change in forward rates; and
- changes in the timing of the hedged transactions.

NOTES TO THE FINANCIAL STATEMENTS

Supplementary Information

28. FINANCIAL RISK MANAGEMENT (continued)

The following table provides a reconciliation of the hedging reserve in respect of foreign currency risk and shows the effectiveness of the hedging relationships:

	2025 HK\$M	2024 HK\$M
Balance at 1st January	915	541
Effective portion of the cash flow hedge recognised in other comprehensive income	(727)	1,038
Amounts reclassified to profit or loss*	(25)	(607)
Related tax	86	(57)
Balance at 31st December	249	915
Change in fair value of the derivative instruments during the year	(727)	1,038
Effective portion of the cash flow hedge recognised in other comprehensive income	(727)	1,038

* Amounts reclassified to profit or loss are recognised in "Passenger services revenue" and "Cargo services revenue" in the consolidated statement of profit or loss.

Exposure to currency risk

The currencies giving rise to a risk of translation of financial assets or liabilities denominated in a currency other than the functional currency of the entity at end of the reporting period in the Group's financial statements in 2025 and 2024 are primarily United States dollars, Euros, Australian dollars, Singapore dollars, Renminbi and Japanese yen.

At the reporting date, the exposure to these currencies in relation to recognised assets and liabilities was as follows:

	2025					
	USD HK\$M	EUR HK\$M	AUD HK\$M	SGD HK\$M	RMB HK\$M	JPY HK\$M
Trade debtors and other receivables	3,317	306	203	36	876	222
Liquid funds	11,202	358	87	52	173	68
Loans and other borrowings	(17,906)	(379)	-	-	-	(36)
Lease liabilities	(17,977)	(38)	(29)	(10)	(150)	(2,191)
Trade creditors and other payables	(6,358)	(438)	(244)	(62)	(706)	(126)
Net exposure	(27,722)	(191)	17	16	193	(2,063)

	2024					
	USD HK\$M	EUR HK\$M	AUD HK\$M	SGD HK\$M	RMB HK\$M	JPY HK\$M
Loans due from associates	186	-	-	-	-	-
Trade debtors and other receivables	3,542	245	150	33	798	193
Liquid funds	8,527	54	114	43	205	58
Loans and other borrowings	(23,624)	-	-	-	-	(108)
Lease liabilities	(19,936)	(40)	(36)	(19)	(80)	(2,161)
Trade creditors and other payables	(5,471)	(244)	(120)	(47)	(328)	(110)
Net exposure	(36,776)	15	108	10	595	(2,128)

NOTES TO THE FINANCIAL STATEMENTS

Supplementary Information

28. FINANCIAL RISK MANAGEMENT (continued)

Sensitivity analysis for foreign currency exposure

A five percent appreciation of the Hong Kong dollar against the following currencies at the reporting date would have resulted in a change in profit or loss and other equity components by the amounts shown below. It represents the translation of financial assets and liabilities denominated in a currency other than the functional currency of the entity at end of the reporting period and the change in fair value of currency derivatives at the reporting date. The analysis assumes that all other variables, in particular interest rates, remain constant. It has been performed on the same basis as for 2024.

	2025	
	Net increase/(decrease) in profit or loss	Net increase/(decrease) in other equity components
	HK\$M	HK\$M
United States dollars*	1,408	(1,007)
Euros	(13)	1,886
Australian dollars	(3)	2,558
Singapore dollars	(1)	367
Renminbi	(15)	9,102
Japanese yen	47	454
Net increase	1,423	13,360
	2024	
	Net increase/(decrease) in profit or loss	Net increase/(decrease) in other equity components
	HK\$M	HK\$M
United States dollars*	1,956	(627)
Euros	–	1,043
Australian dollars	(5)	1,266
Singapore dollars	–	254
Renminbi	(27)	4,885
Japanese yen	48	393
Net increase	1,972	7,214

* Hong Kong dollars are pegged with United States dollars between the range of 7.75 to 7.85 (US\$: HK\$). The above analysis on five percent appreciation of Hong Kong dollars against United States dollars is for illustrative purpose only.

(ii) Interest rate risk

The Group's exposure to interest rate risk arises primarily from long-term borrowings. Interest rate swaps are used to achieve an appropriate mix of fixed rate and floating rate exposure consistent with the Group's policy. Interest rate risk is measured by using sensitivity analysis on variable rate financial instruments.

NOTES TO THE FINANCIAL STATEMENTS

Supplementary Information

28. FINANCIAL RISK MANAGEMENT (continued)

Hedges of interest rate risk

The following table details the interest rate swaps that have been designated as cash flow hedges of the interest rate risk inherent in the Group's variable rate financial liabilities at the end of the reporting period:

	2025 HK\$M	2024 HK\$M
Notional amount		
United States dollars	8,184	1,710
Carrying amount		
Asset	40	25
Liability	(126)	(2)

Interest rate swap assets are included in the "Other long-term receivables and investments" (note 10) and "Trade and other receivables" (note 15), and interest rate swap liabilities are included in the "Other long-term payables" (note 12) and "Trade and other payables" (note 17) line items in the consolidated statement of financial position respectively.

The swaps will mature over the next nine years (2024: three years) matching the maturity of the related financial liabilities and have fixed swap rates ranging from 2.24% to 4.95% (2024: 2.69% to 4.22%).

The Group seeks to hedge the benchmark interest rate component only and applies a hedge ratio of 1:1. The existence of an economic relationship between the interest rate swaps and the variable rate borrowings is determined by matching their critical contract terms, including the reference interest rates, tenors, interest repricing dates, maturity dates, interest payment dates, the notional amounts of the swaps and the outstanding principal amounts of the financial liabilities.

The main source of ineffectiveness in these hedging relationships is the effect of the counterparty's and the Group's own credit risk on the fair value of the swaps which is not reflected in the fair value of the hedged cash flows attributable to the change in interest rates, and differences in repricing dates between the swaps and the borrowings. The Group considers the ineffectiveness to be immaterial.

The following table provides a reconciliation of the hedging reserve in respect of interest rate risk and shows the effectiveness of the hedging relationships:

	2025 HK\$M	2024 HK\$M
Balance at 1st January	15	43
Effective portion of the cash flow hedge recognised in other comprehensive income	(51)	33
Amounts reclassified to profit or loss*	(50)	(64)
Related tax	10	3
Balance at 31st December	(76)	15
Change in fair value of the derivative instruments during the year	(51)	33
Effective portion of the cash flow hedge recognised in other comprehensive income	(51)	33

* Amounts reclassified to profit or loss are recognised in "Finance income" in the consolidated statement of profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

Supplementary Information

28. FINANCIAL RISK MANAGEMENT (continued)

Interest rate profile

At the reporting date, the interest rate profile of the interest-bearing financial instruments was as follows:

	2025 HK\$M	2024 HK\$M
Fixed rate instruments		
Loan due from an associate	16	29
Loans and other borrowings	(11,251)	(14,509)
Lease liabilities	(14,332)	(14,134)
Interest rate and cross currency interest rate swaps	(8,239)	(1,758)
Net exposure	(33,806)	(30,372)
	2025 HK\$M	2024 HK\$M
Variable rate instruments		
Loan due from an associate	–	186
Liquid funds	12,289	10,534
Loans and other borrowings	(21,174)	(26,088)
Lease liabilities	(12,344)	(13,744)
Interest rate and cross currency interest rate swaps	8,184	1,710
Net exposure	(13,045)	(27,402)

Sensitivity analysis for interest rate exposure

An increase of 25 basis points in interest rates at the reporting date would have decreased profit or loss and increased other equity components by the amounts shown below. It represents the change in fair value of interest rate swaps at the reporting date and the increase in net finance charges on variable rate financial instruments. The analysis assumes that all other variables, in particular foreign currency rates, remain constant. It has been performed on the same basis as for 2024.

	2025		2024	
	Net decrease in profit or loss HK\$M	Net increase in other equity components HK\$M	Net decrease in profit or loss HK\$M	Net increase in other equity components HK\$M
Variable rate instruments	(28)	58	(58)	43

(iii) Fuel price risk

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

NOTES TO THE FINANCIAL STATEMENTS

Supplementary Information

28. FINANCIAL RISK MANAGEMENT (continued)

Hedges of fuel price risk

The following table details the crude oil forward contracts that have been designated as cash flow hedges of the Group's highly probable forecast fuel purchase transactions at the end of the reporting period:

		2025	2024
Notional amount	<i>Barrel (million)</i>	24.5	20.8
Carrying amount			
Asset	<i>HK\$M</i>	–	62
Liability	<i>HK\$M</i>	(1,330)	(398)

Crude oil forward contract assets are included in the "Other long-term receivables and investments" (note 10) and "Trade and other receivables" (note 15), and crude oil forward contract liabilities are included in the "Other long-term payables" (note 12) and "Trade and other payables" (note 17) line items in the consolidated statement of financial position respectively.

The crude oil forward contracts have a maturity of less than two years (2024: less than two years) from the reporting date and have a weighted average strike price (Brent, US\$/barrel) as follows:

	2025 US\$/barrel	2024 US\$/barrel
Within one year	69.58	75.22
After one year but within two years	64.68	72.50

The price risk of jet fuel purchases includes a crude oil price risk component, even though crude oil is not specified in any contractual arrangement. The Group considers the crude oil component to be a separately identifiable and reliably measureable component of jet fuel price. As such, crude oil forward contracts are designated as a hedge of the crude oil risk component of highly probable forecast fuel purchase transactions.

The Group seeks to hedge the crude oil price risk component only and applies a hedge ratio of 1:1. The main source of ineffectiveness in these hedging relationships is the effect of the counterparty's and the Group's own credit risk on the fair value of the crude oil forward contracts which is not reflected in the fair value of the hedged cash flows attributable to the change in crude oil price.

The following table provides a reconciliation of the hedging reserve in respect of fuel price risk and shows the effectiveness of the hedging relationships:

	2025 HK\$M	2024 HK\$M
Balance at 1st January	(302)	(318)
Effective portion of the cash flow hedge recognised in other comprehensive income	(1,699)	53
Amounts reclassified to profit or loss*	708	(37)
Related tax	99	–
Balance at 31st December	(1,194)	(302)
Change in fair value of the derivative instruments during the year	(1,699)	53
Effective portion of the cash flow hedge recognised in other comprehensive income	(1,699)	53

* Amounts reclassified to profit or loss are recognised in "Fuel, including hedging losses" in the consolidated statement of profit or loss.

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28. FINANCIAL RISK MANAGEMENT (continued)

Sensitivity analysis for fuel price exposures

An increase/(decrease) of five percent in the crude oil price at the reporting date would have resulted in a change in other equity components by the amounts shown below. It represents the change in fair value of crude oil forward contracts at the reporting date. The analysis assumes that all other variables remain constant and it has been performed on the same basis as for 2024.

	2025	2024
	Net increase/(decrease) in other equity components HK\$M	Net increase/(decrease) in other equity components HK\$M
Increase in crude oil price by 5%	493	498
Decrease in crude oil price by 5%	(493)	(498)

(d) Fair values of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortised cost were not materially different from their fair values at 31st December 2025 and 2024 except for the following financial instruments, for which their carrying amounts and fair values are shown below:

	2025		2024	
	Carrying amount HK\$M	Fair value HK\$M	Carrying amount HK\$M	Fair value HK\$M
Loans and other borrowings	(32,425)	(33,621)	(40,597)	(42,396)

The fair value of these financial instruments are measured using valuation techniques in which all significant inputs are based on observable market data. The most significant inputs are market interest rates.

(e) Financial instruments carried at fair value

The following table presents the carrying value of financial instruments measured at fair value at 31st December 2025 across three levels of the fair value hierarchy defined in HKFRS 13 "Fair Value Measurement" with the fair value of each financial instrument categorised in its entirety based on the lowest level of input that is significant to that fair value measurement. Level 1 includes financial instruments with fair values measured using only unadjusted quoted prices in active markets for identical assets or liabilities. Level 2 includes financial instruments with fair values measured using inputs other than quoted prices within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value has been determined based on quotes from market makers or discounted cash flow valuation techniques in which all significant inputs are based on observable market data. The most significant inputs are market interest rates, exchange rates and fuel price. Level 3 includes financial instruments with fair values measured using discounted cash flow valuation techniques in which any significant input is not based on observable market data.

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28. FINANCIAL RISK MANAGEMENT (continued)

	2025				2024			
	Level 1 HK\$M	Level 2 HK\$M	Level 3 HK\$M	Total HK\$M	Level 1 HK\$M	Level 2 HK\$M	Level 3 HK\$M	Total HK\$M
Recurring fair value measurement								
Assets								
Unlisted equity investments at fair value	-	-	895	895	-	-	870	870
Liquid funds								
– funds with investment managers	-	3,803	-	3,803	-	3,257	-	3,257
– other liquid investments	-	3	-	3	-	3	-	3
Derivative financial assets	-	247	-	247	-	629	-	629
	-	4,053	895	4,948	-	3,889	870	4,759
Liabilities								
Derivative financial liabilities	-	(1,876)	-	(1,876)	-	(460)	-	(460)
	-	(1,876)	-	(1,876)	-	(460)	-	(460)

There were no transfers between Level 1 and Level 2 or transfers into or out of Level 3 fair value hierarchy classifications.

The fair value of the unlisted equity investments in Level 3 is determined using discounted cash flow valuation techniques. The significant unobservable input used in the fair value measurement is the discount rate. At 31st December 2025 and 2024, information about fair value measurements using significant unobservable inputs (Level 3) is as follows:

Significant unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value	Possible reasonable change	(Negative)/positive impact on fair value (HK\$M)
Unlisted equity investments				
Discount rate	2025: 8.0-12.0% (2024: 8.0-11.0%)	The higher the discount rate, the lower the fair value	2025: +/- 0.5% (2024: +/- 0.5%)	2025: (31)/34 (2024: (30)/33)

The movement during the year in the balance of Level 3 fair value measurements is as follows:

	2025 HK\$M	2024 HK\$M
Unlisted equity investments at fair value		
At 1st January	870	827
Addition	15	-
Unrealised loss recognised in other comprehensive income during the year	-	(5)
Fair value gains recognised in profit or loss during the year	10	48
At 31st December	895	870

Any gain or loss arising from the remeasurement of the Group's equity investments held for strategic purposes are recognised in the investment revaluation reserve (non-recycling) in other comprehensive income. Upon disposal of the equity investments, the amount accumulated in other comprehensive income is transferred directly to retained profit.

Any gain or loss arising from the remeasurement of the Group's equity investments held for trading purposes are recognised in profit or loss as "Others".

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28. FINANCIAL RISK MANAGEMENT (continued)

(f) Offsetting financial assets and financial liabilities

The Group enters into derivative transactions under ISDA master agreements, providing offsetting in the event of default. The ISDA agreements do not meet the criteria for offsetting in the consolidated statement of financial position. This is because the Group does not currently have any legally enforceable right to offset recognised amounts, as the right to offset is enforceable only on the occurrence of future events such as default on the bank loans or other credit events. At 31st December 2025, the Group also had loans which were defeased by funds (see note 11(a) to the financial statements).

The table below illustrates the net amounts of financial instruments with the same counterparty:

	2025		
	Amount of financial assets/(liabilities) presented in the statement of financial position	Financial instruments not offset in the statement of financial position	Net amount
	HK\$M	HK\$M	HK\$M
Group			
Derivative financial assets	247	(231)	16
Derivative financial liabilities	(1,876)	231	(1,645)
	(1,629)	–	(1,629)
	2024		
	Amount of financial assets/(liabilities) presented in the statement of financial position	Financial instruments not offset in the statement of financial position	Net amount
	HK\$M	HK\$M	HK\$M
Group			
Derivative financial assets	629	(169)	460
Derivative financial liabilities	(460)	169	(291)
	169	–	169

29. CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to maintain an efficient mix of debt and equity in order to achieve a low cost of capital, whilst taking into account the desirability of retaining financial flexibility to pursue business opportunities and adequate access to liquidity to mitigate the effect of unforeseen events on cash flows.

The Group regards the net debt/equity ratio and adjusted net debt/equity ratio (excluding leases without assets transfer components) as the key measurements of capital risk management. The calculation of net borrowings is shown in note 11 to the financial statements. The adjusted net borrowings, net debt/equity ratio and adjusted net debt/equity ratio are shown in Financial and Operational Highlights section and a ten year history of net debt/equity ratio is included on pages 150 and 151 of the annual report. The Group's strategy is to maintain the adjusted net debt/equity ratio within its debt covenants of 2.

The Group is not subject to externally imposed capital requirements.

During the year ended 31st December 2025, no significant changes were made in the objectives, policies or processes relating to the management of the Group's capital risk management.

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30. COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

<i>Note</i>	2025 HK\$M	2024 HK\$M	2025 US\$M	2024 US\$M
ASSETS AND LIABILITIES				
Non-current assets and liabilities				
Property, plant and equipment	101,450	100,746	13,006	12,916
Intangible assets	10,129	10,264	1,299	1,316
Investments in subsidiaries	21,056	19,162	2,699	2,457
Investments in associates	10,506	10,506	1,347	1,347
Other long-term receivables and investments	3,101	2,957	398	379
	146,242	143,635	18,749	18,415
Interest-bearing liabilities	(39,027)	(51,662)	(5,003)	(6,623)
Other long-term payables	(2,213)	(1,807)	(284)	(232)
Other long-term contract liabilities	(145)	(197)	(19)	(25)
Deferred tax liabilities	(8,178)	(7,536)	(1,048)	(966)
	(49,563)	(61,202)	(6,354)	(7,846)
Net non-current assets	96,679	82,433	12,395	10,569
Current assets and liabilities				
Stock	1,831	1,353	235	173
Trade and other receivables	7,386	6,540	947	838
Liquid funds	12,121	10,369	1,554	1,329
	21,338	18,262	2,736	2,340
Interest-bearing liabilities	(13,112)	(8,920)	(1,681)	(1,144)
Trade and other payables	(17,844)	(14,847)	(2,288)	(1,903)
Contract liabilities	(20,562)	(17,209)	(2,636)	(2,206)
Taxation	(740)	(1,334)	(95)	(171)
	(52,258)	(42,310)	(6,700)	(5,424)
Net current liabilities	(30,920)	(24,048)	(3,964)	(3,084)
Total assets less current liabilities	115,322	119,587	14,785	15,331
Net assets	65,759	58,385	8,431	7,485
CAPITAL AND RESERVES				
Share capital	31,123	28,841	3,990	3,698
Reserves	34,636	29,544	4,441	3,787
Total equity	65,759	58,385	8,431	7,485

The financial statements are prepared and presented in HK\$, the functional currency. The US\$ figures are shown only as supplementary information and are translated at US\$1:HK\$7.8.

Patrick Healy

Director

Hong Kong, 11th March 2026

Wang Xiao Bin

Director

NOTES TO THE FINANCIAL STATEMENTS

Supplementary Information

31. NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

Off-market share buy-back

On 12th February 2026, an extraordinary general meeting of the Company was held to approve an off-market buy-back by the Company of 643,076,181 Shares (the "Buy-back Shares") owned by Qatar Airways Group Q.C.S.C. ("Qatar Airways") at the buy-back price of HK\$10.8374 for each Buy-back Share (the "Share Buy-back"). The total consideration for the Share Buy-back was HK\$6,969,273,804.

The Company's announced on dated 24th February 2026 that, the Share Buy-back was completed on the same date, and the Buy-back Shares would be held by the Company as treasury shares (the "Treasury Shares"). On 11th March 2026, the Board, having considered, amongst others, the Company's latest assessment on the market conditions and capital management needs, approved, and the Company will proceed with the cancellation of the Treasury Shares.

For details of the Share Buy-back, please refer to the Company's announcements dated 5th November 2025, 26th November 2025, 24th December 2025, 6th January 2026, 14th January 2026, 12th February 2026 and 24th February 2026, and the circular to the shareholders dated 14th January 2026.

MATERIAL SUBSIDIARIES AND ASSOCIATES

at 31st December 2025

SUBSIDIARIES

	Place of incorporation/ establishment and operation	Principal activities	Percentage of issued capital owned	Issued and paid up share capital and debt securities
AHK Air Hong Kong Limited	Hong Kong	Cargo airline	100	1,000,000 shares
Airline Property Limited	Hong Kong	Property investment	100	2 shares
Airline Stores Property Limited	Hong Kong	Property investment	100	2 shares
Airline Training Property Limited	Hong Kong	Property investment	100	2 shares
Asia Miles Limited	Hong Kong	Travel reward programme	100	2 shares
Cathay Holidays Limited	Hong Kong	Travel tour operator	100	40,000 shares
Cathay Pacific Aircraft Leasing (H.K.) Limited	Hong Kong	Aircraft financing facilitator	100	1 share
Cathay Pacific Aircraft Services Limited	Isle of Man	Aircraft acquisition facilitator	100	10,000 shares of US\$1 each
Cathay Pacific Catering Services (H.K.) Limited	Hong Kong	Airline catering	100	600 shares
Cathay Pacific Finance Limited	Hong Kong	Aircraft financing facilitator	100	1 share
Cathay Pacific Finance III Limited	Cayman Islands	Financial services	100	1 share of US\$1, and 2.75% guaranteed convertible bonds in total outstanding principal amount of HK\$30 million
Cathay Pacific MTN Financing (HK) Limited	Hong Kong	Financial services	100	1 share, and HK\$1,825 million and US\$650 million medium term notes issued and outstanding
Cathay Pacific Services Limited	Hong Kong	Cargo terminal	100	1 share
Connaught Network Services Private Limited	India	Information processing	100*	90,000 shares
Guangzhou Guo Tai Information Processing Company Limited	People's Republic of China	Information processing	100*	Registered capital of HK\$8,000,000 (wholly foreign owned enterprise)
Hong Kong Airport Services Limited	Hong Kong	Aircraft ramp handling	100	100 shares
Hong Kong Aviation and Airport Services Limited	Hong Kong	Property investment	100*	2 shares
Hong Kong Express Airways Limited	Hong Kong	Operation of scheduled airline services	100	1,000,000 shares
Vogue Laundry Service Limited	Hong Kong	Laundry and dry cleaning	100	3,700 shares

Material subsidiaries and associates are those which materially affect the results or assets of the Group.

All shares are ordinary shares unless otherwise stated.

* Shareholding held through subsidiaries.

MATERIAL SUBSIDIARIES AND ASSOCIATES

ASSOCIATES

	Place of incorporation/ establishment and operation	Principal activities	Percentage of issued capital owned
Air China Cargo Co., Ltd.	People's Republic of China	Cargo airline	21.01*
Air China Limited	People's Republic of China	Operation of scheduled airline services	15.09

* Shareholding held through subsidiaries.

MATERIAL ACCOUNTING POLICIES

1. BASIS OF ACCOUNTING

These financial statements have been prepared in accordance with HKFRS Accounting Standards, which collective term includes all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), Hong Kong Accounting Standards (“HKASs”), Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The measurement basis used is historical cost modified by the use of fair value for certain financial assets and liabilities and post-employment benefits as explained in accounting policies 9, 10, 11, 12 and 13 below.

The preparation of the financial statements in conformity with HKFRS Accounting Standards requires management to make certain critical accounting estimates and assumptions which affect the amounts of intangible assets, significant influences in associates, fair value of contract liabilities, post-employment benefits obligations and taxation included in the financial statements. These critical accounting estimates and assumptions are continually re-evaluated and are based on management’s expectations of future events which are considered to be reasonable. Further details on these critical accounting estimates and assumptions are disclosed in notes 8, 9, 28(e), 13 and 14 to the financial statements, respectively.

The HKICPA has issued the following amendments to HKFRSs for the current accounting period of the Group with no material impact from adopting these amendments.

- Amendments to HKAS 21 “The effects of changes in foreign exchange rates: Lack of exchangeability”

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period and is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application.

2. BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31st December together with the Group’s share of the results and net assets of its associates. Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The results of subsidiaries are included in the consolidated statement of profit or loss and the consolidated statement of other comprehensive income. Where interests have been bought or sold during the year, only those results relating to the period of control are included in the financial statements.

Goodwill represents the excess of the cost of subsidiaries and associates over the fair value of the Group’s share of the net assets at the date of acquisition. Goodwill arising from the acquisition of subsidiaries is allocated to cash-generating units and is tested annually for impairment.

On disposal of a subsidiary or an associate, goodwill is included in the calculation of any gain or loss.

Non-controlling interests in the consolidated statement of financial position comprise the outside shareholders’ proportion of the net assets of subsidiaries and are treated as a part of equity. In the consolidated statement of profit or loss and the consolidated statement of other comprehensive income, non-controlling interests are disclosed as an allocation of the profit or loss and total comprehensive income for the year. Loans from holders of non-controlling interests are presented as financial liabilities in the consolidated statement of financial position in accordance with accounting policy 10.

In the Company’s statement of financial position, investments in subsidiaries are stated at cost less any impairment loss recognised and intra-Group balances with those companies. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

MATERIAL ACCOUNTING POLICIES

3. ASSOCIATES

Associates are those companies, not being subsidiaries, in which the Group holds a substantial long-term interest in the equity share capital and over which the Group is in a position to exercise significant influence.

The consolidated statement of profit or loss and the consolidated statement of other comprehensive income includes the Group's share of results of associates as reported in their financial statements made up to dates not earlier than three months prior to 31st December. In the consolidated statement of financial position, investments in associates represent the Group's share of net assets, goodwill arising on acquisition of the associates (less any impairment) and loans to those companies.

In the Company's statement of financial position, investments in associates are stated at cost less any impairment loss recognised and loans to those companies. The results of associates are accounted for by the Company on the basis of dividends received and receivable.

4. FOREIGN CURRENCIES

Foreign currency transactions entered into during the year are translated into Hong Kong dollars at the market rates ruling at the relevant transaction dates whilst the following items are translated at the rates ruling at the reporting date:

- (a) foreign currency denominated financial assets and liabilities.
- (b) assets and liabilities of foreign subsidiaries and associates.

Exchange differences arising on the translation of foreign currencies into Hong Kong dollars are reflected in profit or loss except that:

- (a) unrealised exchange differences on foreign currency denominated financial assets and liabilities, as described in accounting policies 9, 10 and 11 below, that qualify as effective cash flow hedge instruments under HKFRS 9 "Financial Instruments" are recognised in other comprehensive income and accumulated separately in equity via the statement of changes in equity. These exchange differences are included in profit or loss as an adjustment to the hedged item in the same period or periods during which the hedged item affects profit or loss.
- (b) unrealised exchange differences on net investments in foreign subsidiaries and associates (including intra-Group balances of an equity nature) and related long-term liabilities are recognised in other comprehensive income and accumulated separately in equity via the statement of changes in equity.

5. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is stated at cost less accumulated depreciation and impairment.

The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. The cost relating to an acquired (owned or leased) aircraft reflects all components in its full service potential excluding the maintenance condition of its landing gear, airframe and engines. The cost relating to the maintenance element is identified on acquisition as a separate component and depreciated until its next major maintenance event occurs. Expenditure for heavy maintenance visits on aircraft, engine overhauls and landing gear overhauls, is capitalised at cost and depreciated over the average expected life between major overhauls, estimated to be 4 to 10 years. Expenditure for engine overhaul costs covered by power-by-hour (fixed rate charged per hour) maintenance agreements is expensed by hours flown. Expenditure for other maintenance and repairs is charged to profit or loss.

Depreciation of owned property, plant and equipment is calculated on a straight line basis to write down cost over their anticipated useful lives to their estimated residual values as follows:

Aircraft	over 23-29 years to residual value of either nil or the lower of 1% of cost or expected realisable value
Aircraft product	over 5-10 years to a residual value of nil
Other equipment	over 3-25 years to a residual value of nil
Buildings	over the lease term of the leasehold land to nil residual value

5. PROPERTY, PLANT AND EQUIPMENT (continued)

Depreciation of right-of-use assets is calculated on a straight line basis to write down cost over the underlying lease term to nil residual value. However, if the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option, depreciation is calculated on a straight line basis to write down cost over the anticipated useful life of the underlying asset to its estimated residual value in a similar manner as for an item of owned property, plant and equipment.

Major modifications to aircraft and reconfiguration costs are capitalised as part of aircraft cost and are depreciated over periods of up to 10 years.

The depreciation policy and the carrying amount of property, plant and equipment are reviewed annually taking into consideration factors such as changes in fleet composition, current and forecast market values and technical factors which affect the life expectancy of the assets. Any impairment in value is recognised by writing down the carrying amount to estimated recoverable amount which is the higher of the value in use (the present value of future cash flows) and the fair value less costs of disposal.

6. LEASED ASSETS

The Group leases various aircraft, property facilities and offices and other equipment. Lease contracts are typically made for fixed periods of one to 50 years but may have extension and early termination options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(a) As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

The initial fair value of refundable rental deposits is accounted for separately from the right-of-use assets in accordance with the accounting policy applicable to investments in debt securities carried at amortised cost. Any difference between the initial fair value and the nominal value of the deposits is accounted for as additional lease payments made and is included in the cost of right-of-use assets.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases with a lease term of 12 months or less and leases of low-value assets. Payments associated with short-term leases and leases of low-value assets are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of a similar value in a similar economic environment with similar terms and conditions.

MATERIAL ACCOUNTING POLICIES

6. LEASED ASSETS (continued)

After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or a rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

With respect to lease agreements, where the Group is required to return the aircraft with adherence to certain maintenance conditions, a provision is made during the lease term. The provision is based on the present value of the expected future cost of meeting the maintenance and non-maintenance return condition, having regard to the current fleet plan and long-term maintenance schedules.

Where the lease is capitalised, the right-of-use asset recognised is initially measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses outlined in accounting policy 5.

The lease liability is remeasured under the following circumstances:

- a change in future lease payments arising from a change in an index or a rate;
- a change in the Group's estimate of the amount expected to be payable under a residual value guarantee;
- a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option; or
- a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification").

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within 12 months after the reporting period.

(b) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying asset to the lessee. If this is not the case, the lease is classified as an operating lease.

When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. The rental income from operating leases is credited to profit or loss on a straight line basis over the life of the related lease.

When the Group is an intermediate lessor, the sub-leases are classified as a finance lease or as an operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the exemption described in accounting policy 6(a), then the Group classifies the sub-lease as an operating lease.

7. INTANGIBLE ASSETS

Intangible assets comprise mainly goodwill arising on consolidation and computer software licences. The accounting policy for goodwill is outlined in accounting policy 2.

Expenditure on computer software licences and others which gives rise to economic benefits is capitalised as part of intangible assets and is amortised on a straight line basis. The useful life of expenditure on computer software licences and others is four to 15 years.

8. IMPAIRMENT OF OTHER NON-CURRENT ASSETS

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("CGUs"). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, when the asset or CGU recoverable amount exceeds its carrying amount, an impairment loss is reversed only to the extent that the resulting carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

9. FINANCIAL ASSETS

Other long-term receivables, bank and security deposits, trade and other short-term receivables are stated at amortised cost less allowance for credit losses.

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for expected credit losses in accordance with the policy set out below.

The accounting policy for derivative financial assets is outlined in accounting policy 11.

Investments are recognised or derecognised by the Group on the date when the purchase or sale of the assets occurs. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss, for which transaction costs are recognised directly in profit or loss. These investments are subsequently accounted for as follows:

Non-equity investments held by the Group are classified into one of the following measurement categories:

- (a) amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method;
- (b) fair value through other comprehensive income, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss; or
- (c) fair value through profit or loss, if the investment does not meet the criteria for being measured at amortised cost or fair value through other comprehensive income or if it is held for trading. Changes in the fair value of the investment (including interest) are recognised in profit or loss.

9. FINANCIAL ASSETS (Continued)

Equity investments are classified as fair value through profit or loss unless the equity investments are not held for trading purposes and on initial recognition of the investment the Group makes an election to designate the investment at fair value through other comprehensive income (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the investment revaluation reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the investment revaluation reserve (non-recycling) is transferred to retained profit. It is not recycled through profit or loss. Dividends from equity investments, irrespective of whether classified at fair value through profit or loss or fair value through other comprehensive income (non-recycling), are recognised in profit or loss as other income.

Funds with investment managers and other liquid investments which are managed and evaluated on a fair value basis are designated at fair value through profit or loss.

Expected credit losses

The Group applies the expected credit loss model to the financial assets measured at amortised cost (including cash and cash equivalents, trade and other receivables and loans to associates).

Financial assets measured at fair value, including equity investments measured at fair value through profit or loss, equity investments designated at fair value through other comprehensive income (non-recycling) and derivative financial assets, are not subject to the expected credit loss assessment.

Measurement of expected credit losses

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

In measuring expected credit losses, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

Expected credit losses are measured on either of the following bases:

- (i) 12-month expected credit losses: these are losses that are expected to result from possible default events within 12 months after the reporting date; or
- (ii) lifetime expected credit losses: these are losses that are expected to result from all possible default events over the expected lives of the items to which the expected credit loss model applies.

Loss allowances for trade debtors are always measured at an amount equal to lifetime expected credit losses. Expected credit losses on trade debtors are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date. For all other financial instruments, the Group recognises a loss allowance equal to 12-month expected credit losses unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime expected credit losses.

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held). The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

9. FINANCIAL ASSETS (continued)

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- (i) failure to make payments of principal or interest on their contractually due dates;
- (ii) an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);
- (iii) an actual or expected significant deterioration in the operating results of the debtor; and
- (iv) existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

Expected credit losses are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the expected credit losses amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for the financial instrument with a corresponding adjustment to its carrying amount through a loss allowance account.

Write-off policy

The gross carrying amount of a financial instrument is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of the financial instrument that was previously written off are recognised as a reversal of impairment in profit or loss in the periods in which the recoveries occur.

10. FINANCIAL LIABILITIES

Loans and other borrowings, lease liabilities and trade and other payables are stated at amortised cost.

Where long-term loans have been defeased by funds and other investments, those loans and deposits (and income and charge arising therefrom) are netted off, in order to reflect the overall commercial effect of the arrangements. Such netting off occurs where there is a current legally enforceable right to set off the loan and the deposit and the Group intends either to settle on a net basis or to realise the deposit and settle the loans simultaneously.

The accounting policy for derivative financial liabilities is outlined in accounting policy 11.

Financial liabilities are recognised or derecognised when the contracted obligations are incurred or extinguished.

Interest expenses incurred under financial liabilities are calculated and recognised using the effective interest method.

11. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments are used solely to manage exposures to fluctuations in foreign currency rates, interest rates and jet fuel prices in accordance with the Group's risk management policies. The Group does not hold or issue derivative financial instruments for proprietary trading purposes.

All derivative financial instruments are recognised at fair value in the statement of financial position.

Cash flow hedges

Where derivative financial instruments are designated as hedging instruments in a cash flow hedge and hedge exposure to fluctuations in foreign currency rates, interest rates or jet fuel prices, any fair value change is accounted for as follows:

- (a) the effective portion of the fair value change is recognised in other comprehensive income and accumulated separately in equity and is included in profit or loss as an adjustment to revenue, net finance charges or fuel expense in the same period or periods during which the hedged transaction affects profit or loss.
- (b) the ineffective portion of the fair value change is recognised in profit or loss immediately.

Derivative financial instruments which do not qualify as hedging instruments are accounted for as fair value through profit or loss and any fair value change is recognised in profit or loss immediately.

11. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

Fair value hedges

When a derivative is designated as the hedging instrument in a hedge of the change in fair value of a recognised asset or liability or a firm commitment that could affect profit or loss, changes in the fair value of the derivative are recognised immediately in profit or loss. The change in fair value of the hedged item attributable to the hedged risk is recognised in profit or loss. If the hedged item would otherwise be measured at cost or amortised cost, then its carrying amount is adjusted accordingly.

If the hedging derivative expires or is sold, terminated or exercised, or the hedge no longer meets the criteria for fair value hedge accounting, or the hedge designation is revoked, then hedge accounting is discontinued prospectively.

12. FAIR VALUE MEASUREMENT

Fair value of financial assets and financial liabilities is determined either by reference to quoted market values or by using discounted cash flow valuation techniques in which the significant inputs are based on observable market data where available.

13. POST-EMPLOYMENT BENEFITS

The Group has the three categories of defined benefit plans including defined benefit scheme, defined contribution scheme and long service payment obligations under the Hong Kong Employment Ordinance.

For defined benefit schemes and long service payment obligations, retirement benefit costs are assessed using the projected unit credit method. Under this method, the cost of providing retirement benefits is charged to the consolidated statement of profit or loss and the consolidated statement of other comprehensive income so as to spread the regular cost over the service lives of employees.

The asset or liability recognised in the statement of financial position is the present value of the cost of providing these benefits (the defined benefit obligations) less the fair value of the plan assets at the end of the reporting period. The defined benefit obligations are calculated by independent actuaries and are determined by discounting the estimated future cash flows using interest rates of high quality corporate bonds. The plan assets are valued on a bid price basis.

When the benefits of a plan are changed, or when a plan is curtailed, current service cost for the portion of the changed benefit related to past service by employees, or the gain or loss on curtailment, is recognised as an expense in profit or loss at the earlier of when the plan amendment or curtailment occurs and when related restructuring costs or termination benefits are recognised.

Actuarial gains and losses arising from experience adjustments, changes in financial assumptions and return on plan assets excluding interest income are charged or credited to other comprehensive income in the period in which they arise. Past service costs are recognised in profit or loss immediately.

For defined contribution schemes, the Group's contributions are charged to profit or loss immediately in the period to which the contributions relate.

14. INCOME TAX

Income tax expense comprises current tax and deferred tax. It is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Current tax comprises the estimated tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Deferred taxation is provided in full on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred tax arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the recognition, has no impact on taxable nor accounting profit or loss, it is not recognised.

14. INCOME TAX (Continued)

Deferred tax assets relating to unused tax losses and deductible temporary differences are recognised to the extent that it is probable that future taxable profits will be available against which these unused tax losses and deductible temporary differences can be utilised.

In addition, where initial cash benefits have been received in respect of certain lease arrangements, provision is made for the future obligation to make tax payments.

The Group recognised deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

15. STOCK

Stock held for consumption is valued either at cost or weighted average cost less any applicable allowance for obsolescence. Stock held for sales is stated at the lower of cost and net realisable value. Net realisable value represents estimated resale price less any estimated costs necessary to make the sale.

16. REVENUE RECOGNITION

Passenger and cargo sales are recognised as revenue when the transportation service is provided. Revenue is allocated between passenger services revenue and loyalty programme revenue based on their relative stand-alone selling prices. Revenue from catering and other services is recognised when the services are rendered. Interest income is recognised as it accrues while dividend income is recognised when the right to receive payment is established.

The Group takes advantage of the practical expedient in paragraph 63 of HKFRS 15 and does not adjust the consideration for any effects of a significant financing component as it is expected at contract inception that the period between the transfer of goods and services and customer payments will be one year or less.

Breakage on passenger revenue is recognised in proportion to the pattern of rights exercised by the customer to match the timing of revenue recognition with the underlying ticket performance obligations. This is based on historical experience. This estimation is made such that the revenue recognised from passenger ticket breakage is not expected to result in a significant reversal of cumulative revenue in the future.

The value of unflown passenger sales is recognised as a contract liability in the statement of financial position. It is expected to be recognised as passenger services revenue within 12 months when the transportation service is provided.

Contract costs

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained e.g. an incremental sales commission.

The Group recognises the incremental costs of obtaining contracts as an expense when incurred as the amortisation period of the asset that the Group otherwise would have recognised is one year or less from the initial recognition of the asset.

17. LOYALTY PROGRAMME

The Company operates a customer loyalty programme called Asia Miles (the "programme"). As members accumulate miles by travelling on Cathay Pacific flights, or when the Company sells miles to participating partners in the programme, revenue from the initial sales transaction equal to the programme awards at their stand-alone selling price is deferred as a contract liability until the miles are redeemed or the passenger is uplifted in the case of the Group's flight redemptions. Breakage, the proportion of points that are expected to expire, is recognised to reduce the revenue deferred, and is determined by a number of assumptions including historical experience, future redemption pattern and programme design.

Marketing revenue, associated with the sales of miles to participating partners is measured as the difference between the consideration received and the revenue deferred, and is recognised when the service is performed.

18. GOVERNMENT GRANTS

Government grants are recognised when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them.

Income grants are presented as revenue from other services and recoveries.

Cost waivers or cost reductions are disclosed net of respective cost categories and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Grants that compensate for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

19. MAINTENANCE AND OVERHAUL COSTS

Replacement spares and labour costs for maintenance and overhaul of aircraft are charged to profit or loss on consumption and as incurred respectively unless they are capitalised according to the accounting policy 5.

20. PROVISIONS AND CONTINGENT LIABILITIES

Provisions are recognised when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where it is not probable that an outflow of economic benefits is required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognised for any expected reimbursement that would be virtually certain. The amount recognised for the reimbursement is limited to the carrying amount of the provision.

21. ONEROUS CONTRACTS

An onerous contract exists when the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract. Provisions for onerous contracts are measured at the present value of the lower of the expected cost of terminating the contract and the net cost of fulfilling the contract. The cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling that contract.

22. RELATED PARTIES

Related parties are individuals and companies, including subsidiary, fellow subsidiary, jointly controlled and associated companies and key management (including close members of their families), where the individual, Company or Group has the ability, directly or indirectly, to control the other party or exercise significant influence or joint control over the other party in making financial and operating decisions.

23. CONVERTIBLE BONDS

Convertible bonds that can be converted into ordinary shares at the option of the holder, where a fixed number of shares are issued for a fixed amount of financial assets, are accounted for as compound financial instruments, i.e. they contain both a liability component and an equity component.

At initial recognition the liability component of the convertible bonds is measured at the fair value based on the future interest and principal payments, discounted at the prevailing market rate of interest for similar non-convertible instruments. The equity component is the difference between the initial fair value of the convertible bonds as a whole and the initial fair value of the liability component. Transaction costs that relate to the issue of a compound financial instrument are allocated to the liability and equity components in proportion to the allocation of proceeds.

The liability component is subsequently carried at amortised cost. Interest expense recognised in profit or loss on the liability component is calculated using the effective interest method. The equity component is not remeasured and is recognised in the convertible bond reserve until the bonds are converted.

STATISTICS

		2025	2024	2023
Consolidated profit or loss summary	HK\$M			
Passenger services		78,848	68,589	61,437
Cargo services		27,572	27,417	25,606
Other services and recoveries		10,346	8,365	7,442
Revenue		116,766	104,371	94,485
Operating expenses		(102,693)	(91,194)	(81,486)
Operating gain/(loss) before non-recurring items		14,073	13,177	12,999
Profit on disposal of investments		–	–	–
Gain on deemed partial disposals of associates		–	578	1,929
Restructuring costs		–	–	–
Net reversal of/(impairment) and other gains or charges		385	173	197
Net finance charges		(2,677)	(3,056)	(2,733)
Share of profits/(losses) of associates		529	331	(1,534)
Profit/(loss) before taxation		12,310	11,203	10,858
Taxation		(1,482)	(1,315)	(1,068)
Profit/(loss) for the year		10,828	9,888	9,790
Attributable to				
Ordinary shareholders of the Cathay Group		10,828	9,607	9,067
Preference shareholder of the Cathay Group		–	281	722
Non-controlling interests		–	–	1
Profit/(loss) for the year		10,828	9,888	9,790
Dividends paid to ordinary shareholders		4,491	4,056	–
Consolidated statement of financial position summary	HK\$M			
Property, plant and equipment and intangible assets		132,191	130,877	130,627
Long-term receivables and investments		20,900	19,969	19,654
Borrowings		(59,101)	(68,475)	(68,294)
Liquid funds		12,289	10,534	15,530
Net borrowings		(46,812)	(57,941)	(52,764)
Net current liabilities (excluding liquid funds, bank overdrafts and current portion of borrowings)		(34,894)	(29,901)	(27,751)
Other long-term payables and long-term contract liabilities		(4,027)	(3,659)	(3,062)
Deferred taxation		(7,241)	(6,838)	(6,671)
Net assets		60,117	52,507	60,033
Financed by:				
Funds attributable to the ordinary shareholders of the Cathay Group*		60,110	52,500	50,085
Funds attributable to the preference shareholder of the Cathay Group		–	–	9,941
Funds attributable to the shareholders of the Cathay Group		60,110	52,500	60,026
Non-controlling interests		7	7	7
Total equity		60,117	52,507	60,033
Per ordinary share				
Ordinary shareholders' funds	HK\$	8.94	8.15	7.78
EBITDA	HK\$	4.06	4.09	4.03
Profit/(loss)/earnings – basic	HK cents	165.5	149.2	140.8
– diluted	HK cents	161.8	133.2	125.8
Dividend	HK\$	0.84	0.69	0.43
Ratios				
Profit/(loss) margin	%	9.3	9.5	10.4
Return on capital employed	%	12.4	11.6	10.6
Dividend cover	Times	2.1	2.2	3.3
Cash interest cover	Times	12.6	10.4	12.2
Gross debt/equity ratio	Times	0.98	1.30	1.14
Net debt/equity ratio	Times	0.78	1.10	0.88
Adjusted net debt/equity ratio (excludes leases without asset transfer components)**	Times	0.60	0.90	0.69

* Funds attributable to the ordinary shareholders are arrived at after deducting preference shares reserve (2022: capital) and unpaid cumulative dividends attributable to the preference shareholder as at 31st December of the respective reporting period.

** On adoption of HKFRS 16 with effect from 1st January 2019, the Group recognised lease liabilities in relation to leases without asset transfer components. This resulted in a significant increase in the Group's total and net borrowings, and hence the Group's net debt/equity ratio. To allow for comparability of gearing ratios over time and against group borrowing covenants, the Group has chosen to present the adjusted net debt/equity ratio which excludes leases without asset transfer components.

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	2022	2021	2020	2019	2018	2017	2016
	14,333	4,357	11,950	73,985	73,119	66,408	66,926
	30,554	35,814	27,890	23,810	28,316	23,903	20,063
	6,149	5,416	7,094	9,178	9,625	6,973	5,762
	51,036	45,587	46,934	106,973	111,060	97,284	92,751
	(47,565)	(46,037)	(58,639)	(103,646)	(107,465)	(99,563)	(93,276)
	3,471	(450)	(11,705)	3,327	3,595	(2,279)	(525)
	-	-	-	-	-	586	-
	-	210	-	114	-	244	-
	-	(385)	(2,383)	-	-	-	-
	-	(818)	(4,056)	-	-	-	-
	(2,909)	(2,629)	(2,895)	(2,939)	(2,114)	(1,761)	(1,301)
	(6,677)	(1,985)	(1,282)	1,643	1,762	2,630	2,049
	(6,115)	(6,057)	(22,321)	2,145	3,243	(580)	223
	(507)	531	674	(454)	(466)	(308)	(497)
	(6,622)	(5,526)	(21,647)	1,691	2,777	(888)	(274)
	(7,237)	(6,123)	(21,876)	1,691	2,345	(1,259)	(575)
	614	596	228	-	-	-	-
	1	1	1	-	432	371	301
	(6,622)	(5,526)	(21,647)	1,691	2,777	(888)	(274)
	-	-	-	(1,495)	(590)	-	(1,259)
	133,655	139,025	146,986	155,265	128,298	122,403	117,390
	19,789	27,859	29,394	30,878	31,585	32,212	27,902
	(77,106)	(89,854)	(93,129)	(97,260)**	(73,877)	(78,394)	(70,169)
	18,277	19,284	19,341	14,864	15,296	19,094	20,290
	(58,829)	(70,570)	(73,788)	(82,396)**	(58,581)	(59,300)	(49,879)
	(20,700)	(11,172)	(14,249)	(23,690)	(20,329)	(18,649)	(21,727)
	(3,123)	(3,919)	(4,210)	(4,806)	(4,649)	(3,502)	(7,517)
	(6,983)	(8,974)	(10,872)	(12,475)	(12,385)	(11,892)	(10,643)
	63,809	72,249	73,261	62,776	63,939	61,272	55,526
	42,865	51,920	53,529	62,773	63,936	61,101	55,365
	20,938	20,324	19,728	-	-	-	-
	63,803	72,244	73,257	62,773	63,936	61,101	55,365
	6	5	4	3	3	171	161
	63,809	72,249	73,261	62,776	63,939	61,272	55,526
	6.66	8.07	8.32	15.96	16.25	15.53	14.07
	1.40	1.45	(0.97)	4.91	3.85	2.68	2.56
	(112.4)	(95.1)	(424.3)	39.1	54.2	(29.1)	(13.3)
	(112.4)	(95.1)	(424.3)	39.1	54.2	(29.1)	(13.3)
	-	-	-	0.18	0.30	0.05	0.05
	(13.0)	(12.1)	(46.1)	1.6	2.1	(1.3)	(0.6)
	(2.8)	(2.0)	(12.8)	3.5	4.0	0.8	1.0
	-	-	-	2.4	2.0	(6.4)	(2.9)
	9.3	6.2	(5.3)	6.5	10.4	4.9	9.1
	1.21	1.24	1.27	1.55	1.16	1.28	1.27
	0.92	0.98	1.01	1.31**	0.92	0.97	0.90
	0.71	0.75	0.75	0.99	0.92	0.97	0.90

Note:

- (1) The Group adopted HKFRS 16 with effect from 1st January 2019, and has changed its accounting policies in relation to lessee accounting. Under the transition methods chosen, the Group recognised the cumulative effect of the initial application of HKFRS 16 as an adjustment to the opening balance of equity at 1st January 2019. Comparative information in years earlier than 2019 is not restated and in accordance with the policies applicable in those years.
- (2) The Group adopted HKFRS 9 and HKFRS 15 with effect from 1st January 2018, and has changed its accounting policies in relation to financial instruments and revenue recognition. Under the transition methods chosen, the Group recognised the cumulative effect of the initial application of HKFRS 9 and HKFRS 15 as an adjustment to the opening balance of equity at 1st January 2018. Comparative information in years earlier than 2018 is not restated and in accordance with the policies applicable in those years.
- (3) The Group changed its accounting policy in relation to its long service payment ("LSP") obligations following the HKICPA guidance on the accounting implications of the abolition of the mandatory provident fund ("MPF") - LSP offsetting mechanism issued in July 2023. The policy was applied retrospectively as from June 2022 by recognising a catch-up adjustment on the Group's LSP obligations. The policy change does not have any effect on earlier periods before the legislative changes. Comparative information in 2022 is restated.

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		2025	2024	2023
The Company's operating summary (and Cathay Dragon as at 31st December 2020 and previous years)				
Available tonne kilometres ("ATK")	Million	28,773	24,836	21,225
Revenue tonne kilometres ("RTK")	Million	20,461	17,362	15,090
ATK per employee	'000	1,133	1,081	1,165
Kilometres flown	Million	518	428	344
Block hours	'000 hours	737	611	492
Aircraft departures	'000	134	114	90
Length of scheduled routes network	'000 kilometres	546	491	491
Number of destinations at year end	Destinations	283	242	241
Staff number at year end	Number	25,381	22,949	18,211
Available seat kilometres ("ASK")	Million	140,681	111,789	85,607
Revenue passenger kilometres ("RPK")	Million	119,875	93,016	73,342
Revenue passengers carried	'000	28,871	22,827	17,985
Revenue load factor	%	76.5	75.0	77.3
Passenger load factor	%	85.2	83.2	85.7
Excess baggage carried	Tonnes	6,486	4,083	4,337
On-time performance (passenger)	%	75.3	72.9	76.2
Cargo carried	'000 tonnes	1,677	1,532	1,381
Revenue freight tonne kilometres ("RFTK")	Million	9,037	8,503	8,099
Cargo load factor	%	58.8	59.9	62.0
Average aircraft utilisation				
	<i>Hours per day</i>			
A320-200		-	-	-
A321-200		-	-	-
A321-200neo		8.2	6.9	3.8
A330-300		8.2	6.2	4.8
A340-300		-	-	-
A350-900		13.9	11.2	9.6
A350-1000		15.1	13.3	13.4
747-400		-	-	-
777-200/300		6.9	4.7	2.8
777-300ER		13.6	10.8	7.1
747-400F/BCF/ERF/8F		12.6	12.7	13.2
Fleet average		11.3	9.4	7.7
Fleet profile				
The Company (and Cathay Dragon as at 31st December 2020)				
A320-200		-	-	-
A321-200		-	-	2
A321-200neo		16	16	12
A330-300		43	43	43
A340-300		-	-	-
A350-900		30	30	30
A350-1000		18	18	18
747-400		-	-	-
777-200		-	-	-
777-300		17	17	17
777-300ER		35	36	39
747-400F		-	-	-
747-400BCF		-	-	-
747-400ERF		6	6	6
747-8F		14	14	14
Total		179	180	181
Aircraft operated by Cathay Dragon (note 1):				
A320-200		-	-	-
A321-200		-	-	-
A330-300		-	-	-
Total		-	-	-

Note:

(1) Cathay Dragon's remaining aircraft were transferred to the Company and HK Express.

(2) The Group adopted HKFRS 16 with effect from 1st January 2019, and has changed its accounting policies in relation to lessee accounting. Under the transition methods chosen, the Group recognised the cumulative effect of the initial application of HKFRS 16 as an adjustment to the opening balance of equity at 1st January 2019. Comparative information in years earlier than 2019 is not restated and in accordance with the policies applicable in those years.

STATISTICS

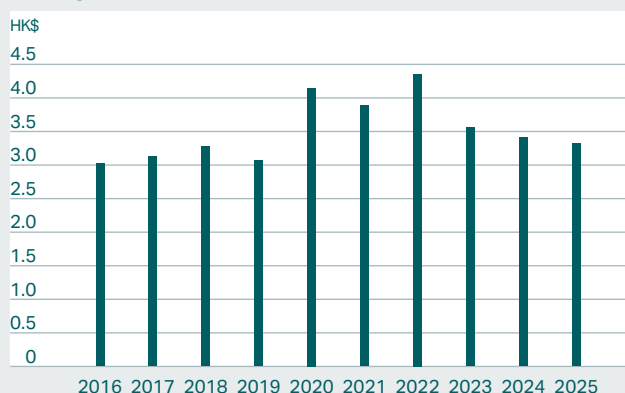
	2022	2021	2020	2019	2018	2017	2016
	10,100	11,354	14,620	33,077	32,387	31,439	30,462
	7,190	8,615	10,220	24,090	24,543	23,679	22,418
	614	679	752	1,256	1,217	1,208	1,142
	147	175	226	618	611	596	579
	212	237	304	880	877	857	826
	42	42	55	175	177	175	172
	490	504	622	670	715	653	636
	255	255	255	255	232	200	182
	16,462	16,721	19,452	27,342	26,623	26,029	26,674
	20,056	13,228	34,609	163,244	155,362	150,138	146,086
	14,764	4,120	20,079	134,397	130,630	126,663	123,478
	2,804	717	4,631	35,233	35,468	34,820	34,323
	71.6	68.4	67.7	77.4	79.6	79.7	79.5
	73.6	31.1	58.0	82.3	84.1	84.4	84.5
	2,343	607	563	2,179	2,329	2,449	2,471
	80.1	86.2	86.7	76.3	72.7	71.2	72.1
	1,154	1,333	1,332	2,022	2,152	2,056	1,854
	5,774	8,220	8,309	11,311	12,122	11,633	10,675
	70.6	81.4	73.3	64.4	68.8	67.8	64.4
	–	–	1.2	8.9	8.8	9.3	9.3
	0.5	–	1.1	9.1	10.1	9.4	9.4
	0.8	0.3	–	–	–	–	–
	1.4	1.1	2.3	9.8	10.4	10.7	11.4
	–	–	–	–	–	3.8	8.3
	2.6	4.0	3.9	14.6	15.0	14.1	12.7
	10.1	10.3	10.2	14.6	12.6	–	–
	–	–	–	–	–	–	5.2
	0.4	0.1	1.3	8.0	8.6	8.8	9.4
	1.8	2.1	3.7	14.9	15.6	16.0	16.0
	10.4	12.3	13.1	12.4	12.8	12.5	11.7
	3.3	3.4	4.3	11.9	12.3	12.3	12.2
	4	7	11	–	–	–	–
	3	5	7	–	–	–	–
	7	5	2	–	–	–	–
	43	51	51	29	33	37	41
	–	–	–	–	–	–	4
	28	28	27	24	22	22	10
	18	15	13	12	8	–	–
	–	–	–	–	–	–	–
	–	–	–	1	4	5	5
	17	17	17	17	14	12	12
	41	45	51	51	52	53	53
	–	–	–	–	–	–	–
	–	–	–	1	1	–	1
	6	6	6	6	6	6	6
	14	14	14	14	14	14	14
	181	193	199	155	154	149	146
	–	–	–	15	15	15	15
	–	–	–	8	8	8	8
	–	–	–	25	25	24	20
	–	–	–	48	48	47	43

Note:

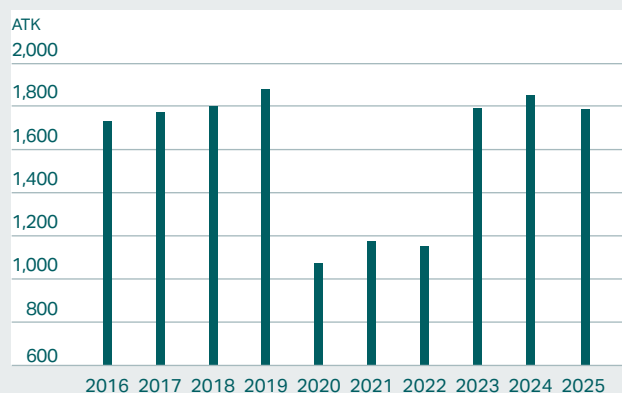
(3) The Group adopted HKFRS 9 and HKFRS 15 with effect from 1st January 2018, and has changed its accounting policies in relation to financial instruments and revenue recognition. Under the transition methods chosen, the Group recognised the cumulative effect of the initial application of HKFRS 9 and HKFRS 15 as an adjustment to the opening balance of equity at 1st January 2018. Comparative information in years earlier than 2018 is not restated and in accordance with the policies applicable in those years.

STATISTICS

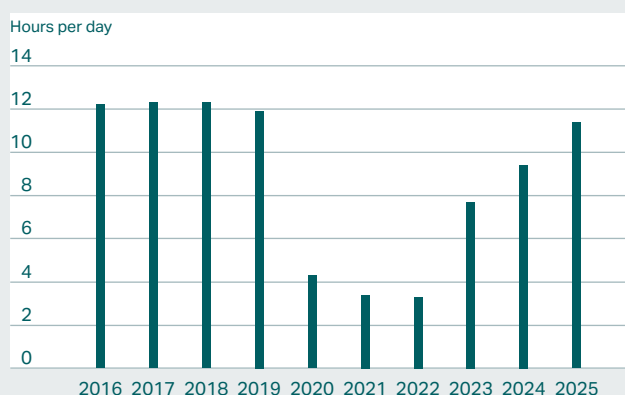
Cost per ATK (with fuel)



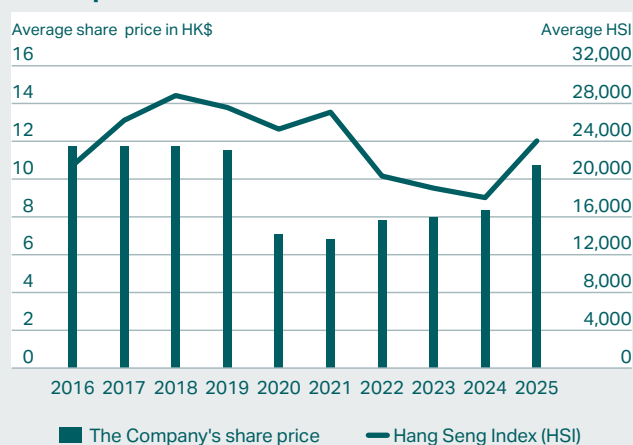
ATK per HK\$'000 staff cost



Aircraft utilisation



Share price



		2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
The Company's productivity											
Cost per ATK (with fuel)	HK\$	3.32	3.40	3.55	4.35	3.88	4.14	3.06	3.27	3.12	3.02
ATK per HK\$'000 staff cost	Unit	1,788	1,853	1,793	1,153	1,174	1,074	1,879	1,801	1,775	1,730
Aircraft utilisation	Hours per day	11.3	9.4	7.7	3.3	3.4	4.3	11.9	12.3	12.3	12.2
Share prices											
	HK\$										
High		12.9	9.8	8.9	9.0	7.9	10.0	13.9	14.7	13.4	14.0
Low		8.7	7.7	7.1	6.3	6.0	5.1	9.5	9.9	10.4	10.1
Year-end		12.4	9.5	8.2	8.5	6.4	7.2	11.5	11.1	12.1	10.2
Price ratios (Note)											
	Times										
Price/earnings		7.5	6.4	5.8	(7.6)	(6.7)	(1.7)	26.8	18.6	(37.8)	(69.8)
Market capitalisation/ funds attributable to the ordinary shareholders of the Cathay Group		1.4	1.2	1.1	1.3	0.8	0.9	0.7	0.7	0.8	0.7
Price/cash flows		2.8	2.2	1.6	2.6	3.5	(3.3)	2.5	2.5	7.4	5.2

Note: Based on year end share price, where applicable.

GLOSSARY

TERMS

Borrowings Total borrowings (loans, other borrowings and lease liabilities) less security deposits, notes and zero coupon bonds.

Net borrowings Borrowings and bank overdrafts less liquid funds.

Available tonne kilometres ("ATK") Overall capacity, measured in tonnes available for the carriage of passengers, excess baggage, cargo on each sector multiplied by the sector distance.

Available freight tonne kilometres ("AFTK") Cargo capacity, measured in tonnes available for the carriage of freight on each sector multiplied by the sector distance.

Available seat kilometres ("ASK") Passenger seat capacity, measured in seats available for the carriage of passengers on each sector multiplied by the sector distance.

Revenue passenger kilometres ("RPK") Number of passengers carried on each sector multiplied by the sector distance.

Revenue freight tonne kilometres ("RFTK") Amount of cargo, measured in tonnes, carried on each sector multiplied by the sector distance.

Revenue tonne kilometres ("RTK") Traffic volume, measured in tonnes from the carriage of passengers, excess baggage, cargo on each sector multiplied by the sector distance.

On-time performance Departure within 15 minutes of scheduled departure time.

EBITDA Earnings before interest, tax, depreciation and amortisation.

Recoveries Cost recoveries from incidental activities.

RATIOS

$$\text{Earnings/(loss) per ordinary share} = \frac{\text{Profit/(loss) attributable to the ordinary shareholders of the Cathay Group}}{\text{Weighted average number of ordinary shares (by days) in issue for the year}}$$

$$\text{Profit/(loss) margin} = \frac{\text{Profit/(loss) attributable to the shareholders of the Cathay Group}}{\text{Revenue}}$$

$$\text{Shareholders' funds per ordinary share} = \frac{\text{Funds attributable to the shareholders of the Cathay Group}}{\text{Total issued and fully paid ordinary shares at end of the year}}$$

$$\text{Ordinary shareholders' funds per ordinary share} = \frac{\text{Funds attributable to the ordinary shareholders of the Cathay Group}}{\text{Total issued and fully paid ordinary shares at end of the year}}$$

$$\text{Return on capital employed} = \frac{\text{Operating profit and share of profits of associates less taxation}}{\text{Average of total equity and net borrowings}}$$

$$\text{Dividend cover} = \frac{\text{Profit/(loss) attributable to the ordinary shareholders of the Cathay Group}}{\text{Dividends payable to ordinary shareholders}}$$

$$\text{Cash interest cover} = \frac{\text{Cash generated from/(used in) operations}}{\text{Net interest paid}}$$

$$\text{Gross debt/equity ratio} = \frac{\text{Borrowings}}{\text{Funds attributable to the shareholders of the Cathay Group}}$$

$$\text{Net debt/equity ratio} = \frac{\text{Net borrowings}}{\text{Funds attributable to the shareholders of the Cathay Group}}$$

$$\text{Adjusted net debt/equity ratio excluding leases without asset transfer components} = \frac{\text{Net borrowings less lease liabilities without asset transfer components}}{\text{Funds attributable to the shareholders of the Cathay Group}}$$

$$\text{Passenger/Cargo load factor} = \frac{\text{Revenue passenger kilometres/Cargo revenue tonne kilometres}}{\text{Available seat kilometres/Available freight tonne kilometres}}$$

$$\text{Revenue load factor} = \frac{\text{Total passenger, cargo traffic revenue}}{\text{Maximum possible revenue at current yields and capacity}}$$

$$\text{Breakeven load factor} = \text{A theoretical revenue load factor at which the traffic revenue equates to the net operating expenses.}$$

$$\text{Passenger/Cargo yield} = \frac{\text{Passenger revenue/Cargo revenue}}{\text{Revenue passenger kilometres/Cargo revenue tonne kilometres}}$$

$$\text{Cost per ATK} = \frac{\text{Total operating expenses of the Company}}{\text{ATK of the Company}}$$

CORPORATE AND SHAREHOLDER INFORMATION

Cathay Pacific Airways Limited is incorporated in Hong Kong with limited liability.

INVESTOR RELATIONS

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Email: ir@cathaypacific.com

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Hong Kong

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Calls within U.S.A. - toll free: 1-888-269-2377
International callers: 1-201-680-6825
Email: shrrelations@cpushareownerservices.com
Website: www.computershare.com/investor

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ADR CPCAY

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10 Chater Road, Central
Hong Kong

FINANCIAL CALENDAR

Year ended 31st December 2025	
Annual report available to shareholders	10th April 2026
Annual General Meeting	13th May 2026
Six months ending 30th June 2026	
Interim results announcement	August 2026

DISCLAIMER

This document may contain forward-looking statements that reflect the Company's beliefs, plans or expectations about the future or future events. These forward-looking statements are based on a number of assumptions, estimates and projections, and are therefore subject to inherent risks, uncertainties and other factors beyond the Company's control. The actual results or outcomes of events may differ materially and/or adversely due to a number of factors, including changes in the economies and industries in which the Group operates (in particular in Hong Kong and the Chinese Mainland), macro-economic and geopolitical uncertainties, changes in the competitive environment, data quality, foreign exchange rates, interest rates and commodity prices, and the Group's ability to identify and manage risks to which it is subject. Nothing contained in these forward-looking statements is, or shall be, relied upon as any assurance or representation as to the future or as a representation or warranty otherwise. Neither the Company nor its directors, officers, employees, agents, affiliates, advisers or representatives assume any responsibility to update these forward-looking statements or to adapt them to future events or developments or to provide supplemental information in relation thereto or to correct any inaccuracies.

References in this document to Hong Kong are to Hong Kong SAR, to Macao are to Macao SAR and to Taiwan are to the Taiwan region.

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