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## **CATHAY PACIFIC AIRWAYS LIMITED**

(Incorporated in Hong Kong with limited liability)

(Stock Code: 293)

### **Discloseable Transaction Purchase of 6 Airbus A350-900 Aircraft**

CPAS has entered into the Purchase Agreement with Airbus S.A.S., pursuant to which CPAS has agreed to purchase the Airbus Aircraft from Airbus S.A.S.

The Transaction constitutes a discloseable transaction of the Company under the Listing Rules.

#### **Background**

On 20th January 2012, CPAS and Airbus S.A.S. entered into the Purchase Agreement, pursuant to which CPAS has agreed to purchase the Airbus Aircraft from Airbus S.A.S.

The particulars of the Transaction are summarised as follows:

**Agreement:** Purchase Agreement dated 20th January 2012

**Parties:** (i) CPAS  
(ii) Airbus S.A.S.

**Aircraft to be acquired:**  
Airbus Aircraft, i.e. 6 Airbus A350-900 aircraft.

#### **Consideration:**

The aircraft basic price comprises the airframe price, price of specification change notices, and engine price. The aircraft basic price of the Airbus Aircraft is approximately US\$1.628 billion (equivalent to approximately HK\$12.698 billion). With regard to the Airbus Aircraft, Airbus S.A.S. has granted to CPAS significant price concessions which may be used towards the payment for the Airbus Aircraft. Such price concessions were determined after arm's length negotiations between the

parties and as a result, the actual consideration for the Airbus Aircraft is lower than the aircraft basic price mentioned above. The Transaction was negotiated and entered into in accordance with customary business practice. The Directors confirm that the extent of the price concessions granted to CPAS in the Transaction is comparable with the price concessions that CPAS had obtained in each Previous Aircraft Purchase. The Company believes that there is no material impact of the price concessions obtained in the Transaction on the unit operating cost of the Company's fleet. It is normal business practice of the global airline industry to disclose the aircraft basic price, instead of the actual price, for aircraft acquisitions. Disclosure of the actual consideration will result in the loss of the significant price concessions and hence will have a significant negative impact on the Company's cost incurred in undertaking the Transaction and will therefore not be in the interest of the Company and the shareholders as a whole. The Company has applied to the Stock Exchange for a waiver from strict compliance of Rule 14.58(4) of the Listing Rules in respect of disclosure of the actual consideration of the Airbus Aircraft.

**Payment and delivery terms:**

The consideration for the purchase of each of the Airbus Aircraft is payable in cash in eight instalments, with the first seven instalments to be paid prior to delivery of each aircraft and the balance, being a substantial portion of the consideration, to be paid upon delivery of the aircraft. The Company is expecting to take delivery of the Airbus Aircraft from 2016 to 2017.

**Source of funding:**

The Transaction will be funded through commercial bank loans, other debt instruments of the Company and/or cash generated from the Company's business operations.

**Reasons for, and benefits of, the Transaction**

The Airbus Aircraft will replenish and expand the fleet capacity of the Company. They will principally serve long-haul destinations in Europe. The Company expects that the Airbus Aircraft will deliver improved payload range capability at competitive operating costs whilst providing high standards of passenger comfort and safety. The Directors consider that the terms of the Transaction are fair and reasonable and in the interests of the shareholders as a whole.

**General**

The Company confirms that, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Airbus S.A.S. and its ultimate beneficial owner are third parties independent of and not connected with Cathay Pacific or any of its connected persons.

As the relevant percentage ratio under Rule 14.07 of the Listing Rules for the Transaction is above 5% but less than 25%, the Transaction constitutes a discloseable transaction and is therefore not subject to approval by the Company's shareholders under the Listing Rules.

## Directors

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

Executive Directors: Christopher Pratt (Chairman), James Barrington, Ivan Chu, Martin Murray and John Slosar;

Non-Executive Directors: Cai Jianjiang, Fan Cheng, James W.J. Hughes-Hallett, Peter Kilgour, Kong Dong, Ian Shiu, Merlin Swire and Zhao Xiaohang; and

Independent Non-Executive Directors: Irene Lee, Jack So, Tung Chee Chen and Peter Wong.

## Definitions

<b>“2005 Purchase Agreement”</b>	The aircraft purchase agreement dated 14th December 2005 entered into by CPAS and Boeing Company pursuant to which CPAS has agreed to purchase and Boeing Company has agreed to sell certain Boeing 777-300ER aircraft.
<b>“Airbus Aircraft”</b>	6 Airbus A350-900 aircraft to be purchased by CPAS pursuant to the Purchase Agreement.
<b>“Airbus S.A.S.”</b>	Airbus S.A.S., legal successor of Airbus SNC, formerly known as Airbus GIE, a société par actions simplifiée duly created and existing under the French law, the principal activity of which is aircraft manufacturing.
<b>“Aircraft General Terms Agreement”</b>	The aircraft general terms agreement dated 14th December 1999 between CPAS and Airbus S.A.S. pursuant to which the general terms and conditions for the subsequent sale of Airbus A330-300 aircraft by Airbus S.A.S. to CPAS are set out.
<b>“Boeing Company”</b>	The Boeing Company, a corporation organised and existing under the General Corporation Law of the State of Delaware, U.S.A., the principal activity of which is aircraft manufacturing.
<b>“Cathay Pacific” or “Company”</b>	Cathay Pacific Airways Limited, a company incorporated in Hong Kong and listed on the Stock Exchange, the principal activity of which is the operation of scheduled airline services.
<b>“CPAS”</b>	Cathay Pacific Aircraft Services Limited, a company incorporated in the Isle of Man and wholly owned by Cathay Pacific, the principal activity of which is to act as an aircraft acquisition facilitator.
<b>“Directors”</b>	The directors of the Company.
<b>“Listing Rules”</b>	The Rules Governing the Listing of Securities on the Stock Exchange.

**“Previous Aircraft Purchase”**

The acquisition by CPAS of:

- (a) 12 Boeing 777-300ER aircraft pursuant to the 2005 Purchase Agreement, in respect of which the Company published an announcement dated 14th December 2005 and dispatched a circular to shareholders dated 22nd December 2005;
- (b) 2 Boeing 777-300ER aircraft pursuant to a supplemental agreement dated 1st June 2006 to the 2005 Purchase Agreement, in respect of which the Company published an announcement dated 1st June 2006 and dispatched a circular to shareholders dated 8th June 2006;
- (c) 6 Boeing 747-400ERF freighters pursuant to a purchase agreement dated 22nd June 2006 between CPAS and Boeing Company, in respect of which the Company published an announcement dated 22nd June 2006 and dispatched a circular to shareholders dated 29th June 2006;
- (d) 5 Boeing 777-300ER aircraft pursuant to a supplemental agreement dated 7th August 2007 to the 2005 Purchase Agreement, in respect of which the Company published an announcement dated 7th August 2007 and dispatched a circular to shareholders dated 22nd August 2007;
- (e) 7 Boeing 777-300ER aircraft pursuant to a supplemental agreement dated 8th November 2007 to the 2005 Purchase Agreement, in respect of which the Company published an announcement dated 8th November 2007 and dispatched a circular to shareholders dated 21st November 2007;
- (f) 10 Boeing 747-8 freighters pursuant to a purchase agreement dated 8th November 2007 between CPAS and Boeing Company, in respect of which the Company published an announcement dated 8th November 2007 and dispatched a circular to shareholders dated 21st November 2007;
- (g) 8 Airbus A330-300 aircraft pursuant to a supplemental agreement dated 6th December 2007 to the Aircraft General Terms Agreement, in respect of which the Company published an announcement dated 6th December 2007 and dispatched a circular to shareholders dated 21st December 2007;
- (h) 30 Airbus A350-900 aircraft pursuant to a purchase

agreement dated 16th September 2010 between CPAS and Airbus S.A.S., in respect of which the Company published an announcement dated 16th September 2010 and dispatched a circular to shareholders dated 21st September 2010;

- (i) 6 Boeing 777-300ER aircraft pursuant to a supplemental agreement dated 21st September 2010 to the 2005 Purchase Agreement, in respect of which the Company published an announcement dated 21st September 2010;
- (j) 15 Airbus A330-300 aircraft pursuant to a supplemental agreement dated 9th March 2011 to the Aircraft General Terms Agreement, in respect of which the Company published an announcement dated 9th March 2011 and dispatched a circular to shareholders dated 30th March 2011;
- (k) 10 Boeing 777-300ER aircraft pursuant to a supplemental agreement dated 9th March 2011 to the 2005 Purchase Agreement, in respect of which the Company published an announcement dated 9th March 2011 and dispatched a circular to shareholders dated 30th March 2011;
- (l) 4 Boeing 777-300ER aircraft pursuant to a supplemental agreement dated 10th August 2011 to the 2005 Purchase Agreement, in respect of which the Company published an announcement dated 10th August 2011 and dispatched a circular to shareholders dated 19th August 2011; and
- (m) 8 Boeing 777-200F freighters pursuant to a purchase agreement dated 10th August 2011 between CPAS and Boeing Company, in respect of which the Company published an announcement dated 10th August 2011 and dispatched a circular to shareholders dated 19th August 2011.

**“Purchase Agreement”**

The aircraft purchase agreement dated 20th January 2012 entered into by CPAS and Airbus S.A.S. pursuant to which CPAS has agreed to purchase and Airbus S.A.S. has agreed to sell the Airbus Aircraft.

**“Stock Exchange”**

The Stock Exchange of Hong Kong Limited.

**“Transaction”**

The acquisition by CPAS of the Airbus Aircraft pursuant to the Purchase Agreement.

By Order of the Board  
**Cathay Pacific Airways Limited**  
David Fu  
Company Secretary

Hong Kong, 20th January 2012