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CATHAY PACIFIC AIRWAYS LIMITED

國泰航空有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 293)

June 2017 Traffic Figures

The appended press release contains combined traffic figures for June 2017 for Cathay Pacific Airways Limited (“**Cathay Pacific**”) and its wholly owned subsidiary, Hong Kong Dragon Airlines Limited (“**Cathay Dragon**”). The information in the press release may be price sensitive. This announcement containing the press release is accordingly being issued pursuant to Part XIVA of the Securities and Futures Ordinance. The information in the press release has been prepared on the basis of internal management records. It has not been audited or reviewed by external auditors.

This announcement is issued by Cathay Pacific pursuant to Part XIVA of the Securities and Futures Ordinance.

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Investors are advised to exercise caution in dealing in shares of Cathay Pacific.

As at the date of this announcement, the Directors of Cathay Pacific are:

Executive Directors: John Slosar (Chairman), Rupert Hogg, Gregory Hughes, Paul Loo, Martin Murray;

Non-Executive Directors: Cai Jianjiang, Ivan Chu, Martin Cubbon, Song Zhiyong, Merlin Swire, Samuel Swire, Xiao Feng, Zhao Xiaohang;

Independent Non-Executive Directors: John Harrison, Irene Lee, Andrew Tung and Peter Wong.

By Order of the Board

Cathay Pacific Airways Limited

David Fu

Company Secretary

Hong Kong, 18th July 2017

18 July 2017

FOR IMMEDIATE RELEASE

**CATHAY PACIFIC RELEASES COMBINED TRAFFIC FIGURES
FOR JUNE 2017**

Cathay Pacific Airways today released combined Cathay Pacific and Cathay Dragon traffic figures for June 2017 that show a decrease in the number of passengers carried and an increase in cargo and mail uplifted compared to the same month in 2016.

Cathay Pacific and Cathay Dragon carried a total of 2,809,992 passengers last month – a decrease of 2.1% compared to June 2016. The passenger load factor dropped 0.4 percentage points to 85.1%, while capacity, measured in available seat kilometres (ASKs), increased by 1.6%. In the first six months of 2017, the number of passenger carried declined by 0.5% while capacity rose by 1.1%.

The two airlines carried 170,476 tonnes of cargo and mail last month, an increase of 12.8% compared to the same month last year. The cargo and mail load factor rose by 4.0 percentage points to 68.3%. Capacity, measured in available cargo/mail tonne kilometres, was up by 4.8% while cargo and mail revenue tonne kilometres (RTKs) increased by 11.3%. In the first six months of 2017, the tonnage rose by 11.5% against a 2.3% increase in capacity and an 8.9% increase in RTKs.

Commenting on the first six months of 2017, the airline's Chief Executive Officer, Rupert Hogg, said: "When we announced our results for 2016 in March, we said that we expected the operating environment in 2017 to remain challenging. This has been the case. Our airlines' performance in the first half of 2017 continued to be disappointing. In particular, strong competition from other airlines put intense and increasing pressure on passenger yield and revenue."

Cathay Pacific General Manager Revenue Management Navin Chellaram said: "Passenger yield continues to come under pressure in the face of strong competition. The overall load factor remains high, with front-end traffic showing a pick-up, although the back-end, particularly on short-haul routes, has been sluggish. The launch of our new seasonal service to Barcelona in July has been well received, which is a positive sign as we enter the summer peak. Meanwhile, the new codeshare arrangements we have in place with Shenzhen Airlines and MIAT Mongolian Airlines will help us grow our regional network and provide our customers with enhanced connectivity."

Cathay Pacific General Manager Cargo Commercial Mark Sutch said: "Our cargo business remained robust throughout June and the overall tonnage was healthy. The new Tel Aviv service has built good air freight demand and we received an overall boost from shipments of fresh produce, speciality goods, toys and automobile parts between Asia and the United States. Furthermore, our two wet-leased freighters are now operating at full capacity and are generating good revenues on North American



routes. Looking ahead, the airfreight market remain strong and this should continue through to the start of the traditional high demand season in September.”

The full June figures are on the next page.

CATHAY PACIFIC / CATHAY DRAGON COMBINED TRAFFIC	JUN 2017	% Change VS JUN 2016	Cumulative JUN 2017	% Change YTD
RPK (000)				
- Mainland China	723,741	-2.2%	4,448,481	-1.5%
- North East Asia	1,197,075	-5.3%	7,823,148	1.9%
- South East Asia	1,414,292	-3.6%	8,783,886	-3.2%
- India, Middle East, Pakistan & Sri Lanka	590,932	0.9%	3,545,808	-6.0%
- South West Pacific & South Africa	1,293,453	-0.7%	8,576,333	-1.9%
- North America	3,050,850	0.3%	17,000,004	0.3%
- Europe	2,216,813	11.9%	12,064,195	13.5%
RPK Total (000)	10,487,156	1.0%	62,241,855	1.4%
Passengers carried	2,809,992	-2.1%	17,162,995	-0.5%
Cargo and mail revenue tonne km (000)	974,353	11.3%	5,435,433	8.9%
Cargo and mail carried (000kg)	170,476	12.8%	965,687	11.5%
Number of flights	6,537	0.9%	39,504	0.5%

CATHAY PACIFIC / CATHAY DRAGON COMBINED CAPACITY	JUN 2017	% Change VS JUN 2016	Cumulative JUN 2017	% Change YTD
ASK (000)				
- Mainland China	934,141	-0.4%	5,861,542	2.3%
- North East Asia	1,478,462	-5.4%	9,487,262	-1.8%
- South East Asia	1,721,672	-1.5%	10,433,315	-2.1%
- India, Middle East, Pakistan & Sri Lanka	697,326	-5.2%	4,241,617	-9.4%
- South West Pacific & South Africa	1,549,174	1.4%	10,068,646	1.6%
- North America	3,477,024	3.3%	19,803,369	0.7%
- Europe	2,469,468	9.2%	13,548,322	9.7%
ASK Total (000)	12,327,267	1.6%	73,444,073	1.1%
Passenger load factor	85.1%	-0.4pt	84.7%	0.2pt
Available cargo/mail tonne km (000)	1,426,487	4.8%	8,206,277	2.3%
Cargo and mail load factor	68.3%	4.0pt	66.2%	4.0pt
ATK (000)	2,598,621	3.3%	15,189,630	1.7%

FOR FURTHER INFORMATION PLEASE CONTACT:

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Glossary

Terms:

Available seat kilometres (“ASK”)

Passenger seat capacity, measured in seats available for the carriage of passengers on each sector multiplied by the sector distance.

Available tonne kilometres (“ATK”)

Overall capacity measured in tonnes available for the carriage of passengers, excess baggage, cargo and mail on each sector multiplied by the sector distance.

Available cargo/mail tonne kilometres

Cargo capacity measured in tonnes available for the carriage of cargo and mail on each sector multiplied by the sector distance.

Revenue passenger kilometres (“RPK”)

Number of passengers carried on each sector multiplied by the sector distance.

Cargo and Mail revenue tonne kilometres

Traffic volume, measured in load tonnes from the carriage of cargo and mail on each sector multiplied by the sector distance.

Ratio:

$$\text{Passenger/Cargo and mail load factor} = \frac{\text{Revenue passenger kilometres/} \\ \text{Cargo and mail revenue tonne kilometres}}{\text{Available seat kilometres/} \\ \text{Available cargo and mail tonne kilometres}}$$