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CATHAY PACIFIC AIRWAYS LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 293)

Announcement Purchase of Aircraft

<p>On 4th August 2010, Cathay Pacific entered into a letter of intent (the “LOI”) with Airbus Company in relation to the acquisition of 30 Airbus A350-900 aircraft from Airbus Company. The Company also intends, subject to the satisfactory outcome of negotiations with Boeing Company, to exercise existing purchase rights in respect of six Boeing 777-300ER aircraft.</p>
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This announcement is made pursuant to Rule 13.09 of the Listing Rules.

On 4th August 2010, Cathay Pacific entered into the LOI with Airbus Company in relation to the acquisition of 30 Rolls-Royce powered Airbus A350-900 aircraft (the “**Airbus Aircraft**”) from Airbus Company. The actual acquisition of the Airbus Aircraft will be subject to formal purchase documentation to be entered into between Cathay Pacific and Airbus Company in due course.

According to information provided to Cathay Pacific by Airbus Company, the catalogue price of the Airbus Aircraft in aggregate is approximately US\$7.82 billion (equivalent to approximately HK\$60.84 billion). The aggregate consideration payable for the Airbus Aircraft, reflecting arm’s length negotiations between the parties, will be lower than the catalogue price. The acquisition of the Airbus Aircraft will be a major transaction for Cathay Pacific under Chapter 14 of the Listing Rules. Accordingly, Cathay Pacific will make a further announcement upon entering into formal purchase documentation for the Airbus Aircraft.

Cathay Pacific will pay a commitment fee of US\$4.5 million under the LOI. If formal purchase documentation for the Airbus Aircraft is not entered into (and accordingly the Airbus Aircraft are not purchased), the commitment fee will not be refunded.

As a separate matter, Cathay Pacific intends, subject to the satisfactory outcome of negotiations with Boeing Company, to exercise existing purchase rights in respect of six General Electric powered Boeing 777-300ER aircraft (the “**Boeing Aircraft**”).

According to information provided to Cathay Pacific by Boeing Company, the catalogue price of the Boeing Aircraft in aggregate is approximately US\$1.605 billion (equivalent to approximately HK\$12.487 billion). The aggregate consideration payable for the Boeing Aircraft, reflecting arm's length negotiations between the parties, will be lower than the catalogue price. The acquisition of the Boeing Aircraft will be a discloseable transaction for Cathay Pacific under Chapter 14 of the Listing Rules. Accordingly, Cathay Pacific will make a further announcement upon exercise of the existing purchase rights in respect of the Boeing Aircraft.

Shareholders of and potential investors in Cathay Pacific are recommended to exercise caution when dealing in or investing in the shares of Cathay Pacific.

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

Executive Directors: Christopher Pratt (Chairman), James Barrington, James E. Hughes-Hallett, John Slosar and Tony Tyler;

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

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

Definitions

“Airbus Company”	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.
“Boeing Company”	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.
“Cathay Pacific” or “Company”	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.
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

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

Hong Kong, 4th August 2010