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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 2016 Traffic Figures

The appended press release contains combined traffic figures for June 2016 for Cathay Pacific Airways Limited (“**Cathay Pacific**”) and its wholly owned subsidiary, Hong Kong Dragon Airlines Limited (“**Dragonair**”). 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), Ivan Chu, Rupert Hogg, Martin Murray, Algernon Yau;

Non-Executive Directors: Cai Jianjiang, Martin Cubbon, Fan Cheng, Ian Shiu, Song Zhiyong, Merlin Swire, Samuel Swire, 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 2016

18 July 2016

FOR IMMEDIATE RELEASE

**CATHAY PACIFIC RELEASES COMBINED TRAFFIC FIGURES
FOR JUNE 2016**

Cathay Pacific Airways today released combined Cathay Pacific and Dragonair traffic figures for June 2016 that show an increase in both the number of passengers carried and the amount of cargo and mail uplifted compared to the same month last year.

Cathay Pacific and Dragonair carried a total of 2,870,943 passengers last month – an increase of 2.1% compared to June 2015. The passenger load factor fell by 1.7 percentage points to 85.5% while capacity, measured in available seat kilometres (ASKs), grew by 3.3%. In the first six months of 2016, the number of passengers carried rose by 2.7% compared to a 4.2% increase in capacity.

The two airlines carried 151,130 tonnes of cargo and mail in June, an increase of 7.1% compared to the same month last year. The cargo and mail load factor rose by 1.6 percentage points to 64.3%. Capacity, measured in available cargo/mail tonne kilometres, rose by 2.1% while cargo and mail revenue tonne kilometres (RTKs) increased by 4.8%. In the first six months of 2016, the tonnage carried fell by 0.3% against a 0.6% increase in capacity and a 2.3% drop in RTKs.

Commenting on the first six months of 2016, the airline's Chief Executive, Ivan Chu, said: "Our performance over the first six months of 2016 has been below expectations. Passenger revenue has been adversely affected by the reduced load factor and intense pressure on yield. Cargo tonnage has stabilised but yield continues to decline. Foreign currency movements have also been adverse."

Cathay Pacific General Manager Revenue Management Patricia Hwang said: "Passenger traffic improved in June, although the growth in passenger numbers was not able to keep pace with the capacity increase, leading to a drop in load factor. Traffic grew as summer travel began, and one of our newest destinations, Madrid, became operational. The improvement also reflected our recovery from last year's outbound travel alert to Korea, which was issued due to MERS. However, pressure on yield remains severe, with competition increasing and premium demand continuing to fall short of expectations."

Cathay Pacific General Manager Cargo Sales & Marketing Mark Sutch said: "Helped by the half-year end rush, the overall tonnage for June was healthy, thanks to growing feed from Asia. The Americas saw a surge in the export of seasonal produce into Asia, particularly from the West Coast. Our new Madrid service was well-received by the cargo community and we filled the west-bound leg with consumer goods and carried fresh produce on the return leg. However, overall yield remains challenging, as market supply continues to outstrip demand. We will continue to diversify and develop special products, some of which have shown encouraging results."

The full June figures are on the next page.

CATHAY PACIFIC / DRAGONAIR COMBINED TRAFFIC	JUN	% Change	Cumulative	% Change
	2016	VS JUN 2015	JUN 2016	YTD
RPK (000)				
- Mainland China	740,327	-0.7%	4,518,326	2.3%
- North East Asia	1,264,468	6.2%	7,679,124	0.2%
- South East Asia	1,467,484	3.8%	9,070,141	6.8%
- India, Middle East, Pakistan & Sri Lanka	585,566	-17.1%	3,773,704	-9.0%
- South West Pacific & South Africa	1,302,021	-2.5%	8,744,155	2.6%
- North America	3,040,284	1.9%	16,952,666	2.4%
- Europe	1,981,477	5.8%	10,629,433	5.9%
RPK Total (000)	10,381,627	1.3%	61,367,549	2.6%
Passengers carried	2,870,943	2.1%	17,248,591	2.7%
Cargo and mail revenue tonne km (000)	875,654	4.8%	4,989,796	-2.3%
Cargo and mail carried (000kg)	151,130	7.1%	865,870	-0.3%
Number of flights	6,477	1.6%	39,324	1.4%

CATHAY PACIFIC / DRAGONAIR COMBINED CAPACITY	JUN	% Change	Cumulative	% Change
	2016	VS JUN 2015	JUN 2016	YTD
ASK (000)				
- Mainland China	938,169	2.4%	5,730,564	2.1%
- North East Asia	1,562,177	5.8%	9,661,401	3.1%
- South East Asia	1,747,901	3.7%	10,661,148	4.3%
- India, Middle East, Pakistan & Sri Lanka	735,265	-11.7%	4,679,329	-5.6%
- South West Pacific & South Africa	1,527,629	0.0%	9,910,785	3.3%
- North America	3,364,697	2.6%	19,656,121	6.0%
- Europe	2,260,882	11.2%	12,347,161	8.4%
ASK Total (000)	12,136,720	3.3%	72,646,509	4.2%
Passenger load factor	85.5%	-1.7pt	84.5%	-1.4pt
Available cargo/mail tonne km (000)	1,360,888	2.1%	8,021,139	0.6%
Cargo and mail load factor	64.3%	1.6pt	62.2%	-1.9pt
ATK (000)	2,514,891	2.6%	14,928,859	2.3%

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:

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