CATHAY

ANNUAL REPORT 2024

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.

本年報的中文譯本於本公司的股份登記處備索。

Cathay Pacific Airways Limited (the "Company") was founded in Hong Kong in 1946. It has been deeply committed to its home base for more than seven 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 – Premium Travel, Cargo, Low-Cost Travel and Lifestyle.

As at 31st December 2024, Cathay Pacific and Hong Kong Express Airways Limited ("HK Express") combined offered scheduled passenger services to 88 destinations worldwide, including 19 in the Chinese Mainland. 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. Furthermore, the Group serves an additional 154 passenger destinations through codeshare agreements.

The Group had 236 aircraft as at 31st December 2024. The Group has started adding more than 100 new passenger and freighter aircraft to its fleet in the coming years.

The Company had 180 passenger and cargo aircraft as at 31st December 2024. It is a founding member of the **one**world global alliance, whose combined network serves more than 900 destinations worldwide.

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 41 aircraft as at 31st December 2024. Air Hong Kong, an express all-cargo carrier offering scheduled and charter services in Asia, is a wholly owned subsidiary of the Company operating 15 aircraft as at 31st December 2024.

The Group's other businesses include its catering, laundry, ground-handling and cargo terminal companies, and its corporate headquarters at Hong Kong International Airport.

As at 31st December 2024, 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 2024, the Group owned directly and indirectly equity interest totalling 21.36% of Air China Cargo Co., Ltd. ("Air China Cargo"), which is the leading provider of air cargo services in the Chinese Mainland.

As at 31st December 2024, the Cathay Group employed more than 30,100 people worldwide, of whom around 25,300 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

		2024	2023	Change
Results				
Revenue	*HK$ million*	**104,371**	94,485	**+10.5%**
Profit attributable to the shareholders of the Cathay Group	*HK$ million*	**9,888**	9,789	**+1.0%**
Earnings per ordinary share				
– basic	*HK cents*	**149.2**	140.8	**+6.0%**
– diluted	*HK cents*	**133.2**	125.8	**+5.9%**
Dividend per ordinary share	*HK$*	**0.69**	0.43	**+60.5%**
Profit margin	*%*	**9.5**	10.4	**-0.9%pt**
Financial position				
Funds attributable to the shareholders of the Cathay Group	*HK$ million*	**52,500**	60,026	**-12.5%**
Net borrowings[a]	*HK$ million*	**57,941**	52,764	**+9.8%**
Available unrestricted liquidity	*HK$ million*	**19,073**	19,985	**-4.6%**
Ordinary shareholders' funds per ordinary share[b]	*HK$*	**8.2**	7.8	**+5.1%**
Net debt/equity ratio[a]	*Times*	**1.10**	0.88	**+0.22 times**

OPERATING STATISTICS

		2024	2023	Change
The Company				
Available tonne kilometres ("ATK")	*Million*	**24,836**	21,225	**+17.0%**
Revenue tonne kilometres ("RTK")	*Million*	**17,362**	15,090	**+15.1%**
Cost per ATK (with fuel)[c]	*HK$*	**3.40**	3.55	**-4.2%**
Fuel consumption per million ATK	*Barrels*	**1,289**	1,241	**+3.9%**
Fuel consumption per million RTK	*Barrels*	**1,844**	1,746	**+5.6%**
Cost per ATK (without fuel)[c]	*HK$*	**2.36**	2.47	**-4.5%**
ATK per HK$'000 staff cost	*Unit*	**1,853**	1,793	**+3.3%**
ATK per employee	*'000*	**1,081**	1,165	**-7.2%**
Aircraft utilisation (including parked aircraft)	*Hours per day*	**9.4**	7.7	**+22.1%**
Average age of fleet	*Years*	**11.8**	11.1	**+0.7 year**
GHG emissions	*Million tonnes of CO_2e*	**12.8**	10.6	**+20.8%**
GHG emissions per ATK	*Grammes of CO_2e*	**517**	499	**+3.6%**
Total recordable injury frequency rate	*No. of injuries/200,000 hours worked*	**10.3**	16.1	**-36.0%**
Cathay Pacific				
Available seat kilometres ("ASK")	*Million*	**111,789**	85,607	**+30.6%**
Revenue passenger kilometres ("RPK")	*Million*	**93,016**	73,342	**+26.8%**
Passenger revenue per ASK	*HK cents*	**56.0**	65.4	**-14.4%**
Revenue passengers carried	*'000*	**22,827**	17,985	**+26.9%**
Passenger load factor	*%*	**83.2**	85.7	**-2.5%pt**
Passenger yield	*HK cents*	**67.3**	76.3	**-11.8%**
On-time performance (passenger)	*%*	**72.9**	76.2	**-3.3%pt**
Cathay Cargo				
Available freight tonne kilometres ("AFTK")	*Million*	**14,193**	13,069	**+8.6%**
Revenue freight tonne kilometres ("RFTK")	*Million*	**8,503**	8,099	**+5.0%**
Cargo revenue per AFTK	*HK$*	**1.69**	1.70	**-0.6%**
Cargo carried	*'000 tonnes*	**1,532**	1,381	**+10.9%**
Cargo load factor	*%*	**59.9**	62.0	**-2.1%pt**
Cargo yield	*HK$*	**2.82**	2.74	**+2.9%**
HK Express				
Available seat kilometres ("ASK")	*Million*	**13,764**	9,432	**+45.9%**
Passenger revenue per ASK	*HK cents*	**43.5**	58.1	**-25.1%**
Revenue passenger kilometres ("RPK")	*Million*	**11,481**	8,112	**+41.5%**
Revenue passengers carried	*'000*	**6,100**	4,146	**+47.1%**
Passenger load factor	*%*	**83.4**	86.0	**-2.6%pt**
Passenger yield	*HK cents*	**52.2**	67.6	**-22.8%**
On-time performance	*%*	**79.1**	87.6	**-8.5%pt**
Average age of fleet	*Years*	**7.1**	7.1	**–**

(a) Adjusted net borrowings and the net debt/equity ratio excluding leases without asset transfer components are HK$47,097 million (2023: HK$41,443 million) and 0.90 (2023: 0.69) respectively.

(b) Ordinary shareholders' funds in 2023 were arrived at after deducting preference shares reserve of HK$9,750 million and unpaid cumulative dividends attributable to the preference shareholder of HK$191 million as at 31st December 2023.

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

FLEET PROFILE[a]

Aircraft type	Number at 31st December 2024					Orders[c][i][j]				Expiry of leases without asset transfer[b]					
		Leased[b]													
	Owned	With asset transfer	Without asset transfer	**Total**	Average age	'25	'26	'27 and beyond	**Total**	'25	'26	'27	'28	'29	'30 and beyond
The Company (Passenger aircraft):															
A321/A320-200neo	5	6	5	**16**	2.1		3[k]	11[d]	**14**						5
A330-300	39		4	**43**	16.3					2	1		1		
A330-900								30	**30**						
A350-900	20	8	2	**30**	6.7								2		
A350-1000	11	7		**18**	5.1										
777-300	17			**17**	23.2										
777-300ER	24		12	**36**	12.2					1	4	1			6
777-9								21[k]	**21**						
The Company (Freighter):															
A350F								6	**6**						
747-400ERF	6			**6**	16.0										
747-8F	11	3		**14**	11.9										
Total of the Company	133	24	23	**180**	11.8	–	3	68	**71**	3	5	1	3	–	11
HK Express:															
A320-200	3[e]		3	**6**	16.8								2	1	
A320-200neo			10	**10**	5.8		2	6[d][f]	**8**				2	2	6
A321-200	2[e]		11	**13**	9.4					1	2				8
A321-200neo	5[e]	7[e]		**12**	0.7	4	3[k]	7[d][f]	**14**						
Total	10	7	24	**41**	7.1	4	5	13	**22**	1	2	–	4	3	14
Air Hong Kong[g][h]:															
A300-600F			3	**3**	19.1					3					
A330-243F			2	**2**	13.0						2				
A330-300P2F			10	**10**	13.2						3		4	3	
Total	–	–	15	**15**	14.1	–	–	–	**–**	3	5	–	4	3	–
Grand total	**143**	**31**	**62**	**236**	**11.1**	**4**	**8**	**81**	**93**	**7**	**12**	**1**	**11**	**6**	**25**

(a) The table does not reflect aircraft movements after 31st December 2024.

(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.

(c) The Group believes that based on its available unrestricted liquidity as at 31st December 2024, 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 aircraft are sub-leased to HK Express.

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

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

(h) The Group plans to replace its entire fleet of Airbus A300-600F freighters with second-hand A330F freighters. The remaining three A300-600F freighters are expected to be returned in 2025.

(i) The Group took delivery of 12 aircraft in 2024.

(j) The Group also has the right to acquire 82 additional aircraft.

(k) According to the latest expectation as at end of February 2025.

CHAIR'S STATEMENT

I am pleased to report that the Cathay Group achieved a number of milestones in 2024, as we focused our efforts on completing our two-year rebuilding journey while also investing for the future.

Throughout 2024, we continued to rebuild connectivity at our home hub, culminating in the Cathay Group reaching 100% of our pre-pandemic flights from January 2025. We fully repaid the Hong Kong SAR Government's investment in Cathay by buying back the remaining preference shares, in addition to paying preference share dividends and buying back the warrants that had been issued to the Government. I would like to thank the Government, its two Board observers, and all of our shareholders for the critical support they have provided Cathay.

In 2024 we also announced more than HK$100 billion in new investments to coincide with the commencement of the Three-Runway System at Hong Kong International Airport. This major new investment programme reflects our absolute commitment the Hong Kong international aviation hub, as we seek to increase air travel and cargo capacity and elevate customer experience. It includes more than 100 new-generation aircraft that we started taking delivery of during the year, along with new world-leading cabin interiors, flagship lounges, and digital innovations.

Our focus is now firmly on the future as we continue to do our part to elevate Hong Kong's status as a world-leading international aviation hub connecting Hong Kong, the Chinese Mainland and the world.

FINANCIAL RESULTS

The Cathay Group, including airlines, subsidiaries and associates, reported an attributable profit of HK$9,888 million in 2024 (2023: HK$9,789 million). The earnings per ordinary share in 2024 were HK149.2 cents (2023: HK140.8 cents).

2024 marked our second consecutive year of solid financial performance. The second half of the year has historically been the stronger of the two halves for the Group and this was the case in 2024 as it was in 2023. Our solid second-half financial result was driven by elevated cargo demand, higher passenger volumes, lower fuel prices and higher cost efficiencies compared with the previous year. This was partly offset by a continued normalisation of passenger yields as the supply of flights increased to meet demand in the overall market as expected.

Our airlines and subsidiaries reported an attributable profit of HK$8,849 million for the full year of 2024 (2023: HK$9,225 million). The results from associates, the majority of which are recognised three months in arrears, were a full-year profit of HK$288 million (2023: loss of HK$1,562 million).

The attributable profit for 2024 included a non-recurring non-cash gain of HK$578 million as a result of a dilution of our interest in Air China following the completion of its H-shares offering in February 2024 and completion of its A-shares offering in December 2024, as well as a dilution of our interest in Air China Cargo following its listing on the Shenzhen Stock Exchange in December 2024.

In July, we bought back the remaining 50% – HK$9,750 million – of the preference shares held by the Hong Kong SAR Government. We also paid the remaining preference share dividends up to 31st July 2024, bringing the total amount of preference share dividends paid to the Government over its holding period to HK$2,440 million. Then, in September, we completed the buyback of all of the warrants we had issued to the Government in 2020 as part of our recapitalisation for a total consideration of HK$1,532 million.

Our full-year result has allowed us to announce a second interim dividend payment to ordinary shareholders of HK$0.49 per ordinary share. This will be paid on 8th May 2025 to ordinary shareholders registered at the close of business on the record date, 3rd April 2025. Ordinary shares of the Company will be traded ex-dividend as from 1st April 2025. Together with the first interim dividend that had already been paid, a total of HK$0.69 per share or HK$4,443 million will have been paid in ordinary share dividends in respect of 2024.

In addition, in early January 2025 we repurchased approximately 68%, or HK$4,558 million of the HK$6,722 million 2.75% guaranteed convertible bonds due 2026, which were issued in February 2021. The outstanding principal amount of the bonds is HK$2,164 million. The buyback reflects our confidence in our long-term business prospects.

As at 31st December 2024, our available unrestricted liquidity balance amounted to HK$19,073 million.

LOOKING AHEAD

With the launch of the Three-Runway System in Hong Kong, Cathay is now firmly focused on the future as we seek to maximise the many exciting opportunities that our newly expanded home hub offers.

Together, Cathay Pacific and HK Express will continue to add more flights and destinations for our customers. The two airlines will operate passenger services to more than 100 destinations around the world within 2025, a meaningful milestone for the Cathay Group. For cargo, we remain confident in the strength of our business bolstered by the opportunities provided by the Three-Runway System, and we are cautiously monitoring the potential impact on air cargo in light of the current geopolitical situation.

Over the coming years, we will continue to see enhancements as part of our HK$100 billion investment. The state-of-the-art and fuel-efficient aircraft we are adding will expand and modernise our fleet, helping us to achieve our goal of net-zero carbon emissions by 2050. Decarbonising aviation is an important but challenging mission, and one that will require collaboration across the supply chain.

APPRECIATION

Finally, I would like to extend my sincere appreciation to our customers for their enduring support of Cathay, which has been and remains invaluable as we strive to become one of the world's greatest service brands.

I would also like to sincerely thank our global teams at Cathay for their outstanding efforts over the past year and their determination to always exceed our customers' expectations.

Patrick Healy
Chair
Hong Kong, 12th March 2025

CHIEF EXECUTIVE OFFICER'S REVIEW AND OUTLOOK

As Hong Kong's home airline, Cathay is on a mission to move our people, customers and stakeholders forward in life by becoming one of the world's greatest service brands. With the completion of our two-year rebuilding journey, the commissioning of the Three-Runway System at Hong Kong International Airport, and the commitment of significant investments into the future, Cathay is in an exciting new era underpinned by our determination to be a positive force for Hong Kong, the Chinese Mainland and the world.

CLOSING THE CHAPTER ON OUR REBUILDING JOURNEY

In 2024, we maintained our focus on rebuilding connectivity at the Hong Kong international aviation hub to cater for the ongoing robust travel demand, culminating in the Cathay Group reaching 100% of our pre-pandemic flights from January 2025. During 2024, Cathay Pacific and HK Express together launched passenger services to 15 destinations. As the supply of flights increased to meet demand in the overall market, ticket prices for both airlines continued to normalise as expected.

I am very pleased to share that the significant progress we made over the past year has been recognised with Cathay Pacific ranked among the world's top five airlines by Skytrax and Airline Ratings, and our Economy class being named the world's best. Meanwhile, HK Express has been ranked among the world's top five low-cost airlines by Airline Ratings, and named the world's fastest-growing airline by OAG.

Our cargo performance was strong, thanks in part to the additional belly space provided by our increased passenger flights, which enabled us to carry more cargo. Recently, Cathay Cargo has once again been named Cargo Operator of the Year by Air Transport World, the second time in three years. This achievement reflects the unwavering dedication of our team and our crucial role in maintaining Hong Kong's status as a leading global air cargo hub.

To support our rebuild, we have set a new record with around 7,000 new employees recruited and trained in 2024. Our overall Cathay Group headcount has now reached more than 30,000 people. Recognising our people for work well done has always been an important part of our culture at Cathay, and we are pleased to provide them with a total of more than ten weeks of eligible pay in the form of discretionary bonus and profit-share scheme.

INVESTING FOR LONG-TERM GROWTH

Central to our future growth is our commitment to invest more than HK$100 billion coinciding with the Three-Runway System's commencement. We have started adding more than 100 new and fuel-efficient aircraft to our fleet. In 2024, we took delivery of 12 new Airbus A321neos that have joined the fleets of Cathay Pacific and HK Express. In August, we announced our latest aircraft purchase for 30 Airbus A330-900 aircraft with the right to acquire an additional 30 in future. These new regional widebody aircraft are expected to be delivered from 2028 and will join the fleet of Cathay Pacific principally serving destinations in Asia.

Apart from new aircraft, 2024 also saw the much anticipated launch of our all-new Aria Suite Business class, together with a new Premium Economy and refreshed Economy cabin onboard our Boeing 777-300ER aircraft in October. We look forward to progressively rolling out more of these award-winning cabin products across our fleet in 2025, having recently deployed them on our Hong Kong-London route to very positive customer feedback.

PERFORMANCE OF OUR FOUR MAIN BUSINESS LINES

Cathay Pacific's passenger revenue increased by 11.9% to HK$62,595 million compared with 2023. Available seat kilometres (ASKs) increased by 30.6%, while traffic, measured in revenue passenger kilometres (RPKs) increased by 26.8%. Cathay Pacific carried a total of 22.8 million passengers in 2024, an average of 62,500 per day, which was 26.9% more than in 2023. Load factor was 83.2% compared with 85.7% in 2023, and yield decreased by 11.8% to HK67.3 cents.

Cathay Cargo's revenue in 2024 increased by 8.3% to HK$24,000 million. Available freight tonne kilometres (AFTKs) increased by 8.6%, owing to our increased passenger flight schedule providing more belly space for cargo. Traffic, measured in revenue freight tonne kilometres (RFTKs), increased by 5.0%. Total tonnage increased by 10.9% to 1.5 million tonnes. Load factor was 59.9% compared with 62.0% in 2023, and yield increased by 2.9% to HK$2.82.

Our lifestyle business continued to develop in 2024 as we grew our membership base, expanded our payment and mileage partnerships, broadened our footprint in the Chinese Mainland, and enhanced our Cathay Holidays and Cathay Shop offerings. Last year was also the 25th anniversary of Asia Miles and we were pleased to celebrate it with a range of exclusive promotions for our members.

Overall costs for the Cathay Group before subsidiaries and associates increased compared with 2023 due to the increase in capacity, although fuel prices were lower. Non-fuel costs for 2024 increased by 12.1% to HK$58,707 million compared with 2023. Fuel costs (before the effect of fuel hedging) increased by HK$2,262 million (or 9.6%) compared with 2023. Cost per available tonne kilometre (ATK) with fuel and without fuel improved year on year by 4.2% and 4.5% respectively, demonstrating more efficient generation of capacity.

Our wholly owned low-cost carrier HK Express's passenger revenue increased by 9.3% to HK$5,994 million compared with 2023. Available seat kilometres (ASKs) increased by 45.9%, while traffic, measured in revenue passenger kilometres (RPKs) increased by 41.5%. HK Express carried a total of 6.1 million passengers in 2024, an average of 16,700 per day, which was 47.1% more than in 2023. Load factor was 83.4% compared with 86.0% in 2023, and yield decreased by 22.8% to HK52.2 cents.

HK Express reported a loss of HK$400 million for 2024 (2023: profit of HK$433 million). Short-term operational issues affected its earnings, with on average five of its Airbus A320neo aircraft grounded throughout the year due to industry-wide Pratt & Whitney engine issues, impacting aircraft utilisation and operational efficiency. This was further exacerbated by increased pressure on yields caused by the rapid normalisation of airfares in regional markets amid increased capacity within the region.

PERFORMANCE OF OTHER SUBSIDIARIES AND ASSOCIATES

Air Hong Kong reported a profit of HK$807 million for 2024 (2023: profit of HK$778 million). Its results have been consistently solid.

Results from our airline services subsidiaries improved in 2024 compared with 2023, reflecting the Cathay Group's increased flying.

Results from associates, recognised three months in arrears, improved compared with 2023. Financial results for Air China improved due to the recovery of the civil aviation market, increased fleet efficiency, and stricter cost management.

OUTLOOK

The Three-Runway System at Hong Kong International Airport is now in operation, and this paves the way for an exciting new era for the Hong Kong international aviation hub and for the Cathay Group.

We have already announced 11 destinations that are joining the Cathay Group's network in 2025, with more still to come. Cathay Pacific will be launching flights to Hyderabad, Dallas, Urumqi, Rome, Munich and Brussels this year, while HK Express launched services to Sendai in January and will be launching flights to Nha Trang, Komatsu, Ishigaki and Miyako (Shimojishima) this year. Together, Cathay Pacific and HK Express will operate flights to more than 100 destinations around the world within 2025.

Customer experience enhancements will also continue in the air and on the ground. In 2026, we will be unveiling new cabins on our existing Airbus A330 regional widebody aircraft, including a new flatbed Business class seat. This will be followed by a world-leading First class experience onboard our Boeing 777-9s when the first new aircraft is delivered.

On the ground, we will be launching new flagship lounges in Hong Kong, Beijing and New York over the coming year. We will be reopening our Hong Kong lounge, The Bridge, this year to meet growing demand and to ensure we maintain a premium lounge experience for our eligible customers during the renovation of The Wing.

For Cathay Cargo, given the global geopolitical situation, we are cautiously monitoring any short-term impacts on air cargo demand. Nevertheless, we remain confident in the competitiveness of our air cargo business, bolstered by the opportunities presented by the Three-Runway System and the strength and flexibility of our business model.

We are committed to our dual-brand strategy that ensures we are able to serve customers with different needs, with Cathay Pacific as our premium full-service airline and HK Express as our low-cost airline. We have confidence in the low-cost carrier business model of HK Express in the long term with its commitment to offering low fares and more destination choices for our customers.

As a Group, we are continuing to expand our global team, with plans to further increase the number of employees by up to 4,000 to a total of around 34,000 people by the end of this year, providing a strong platform from which to continue growing our business.

Of course, 2025 and beyond will not be without headwinds. Trade conflicts as they develop could pose challenges to Cathay Cargo. Supply chain challenges continue to affect the entire aviation industry impacting many airlines, including the Cathay Group. Regardless, we will not compromise on the safety and quality of our operations.

GRATITUDE

Cathay's achievements throughout the past year would not have been possible without our customers' fantastic support. In particular, the industry recognitions we have received are a vote of confidence from our customers that motivate us to continue to go above and beyond for them. I hope they enjoy the many ways we will be elevating their experience over the coming years, whether on the ground or in the air.

To our people at Cathay, I would like to say a heartfelt thank you for their passion and dedication every step of the way. As we enter this new era of the Three-Runway System, I have full confidence that we will move Cathay to new heights together. The future is exciting and I look forward to embarking on this journey with all our people around the world.

Ronald Lam
Chief Executive Officer
Hong Kong, 12th March 2025

PURPOSE

WHY WE EXIST

TO MOVE PEOPLE FORWARD IN LIFE

VISION

WHAT WE WILL BECOME

ONE OF THE WORLD'S GREATEST SERVICE BRANDS

CULTURE

HOW WE WORK TOGETHER

THOUGHTFUL

We put customers at the centre of everything we do

We believe that happy employees lead to happy customers

We act lawfully, ethically and responsibly

PROGRESSIVE

We are forward-thinking, encouraging experimentation and learning

We value diversity of opinion and a constructive exchange of views

We are agile and ready to adapt to achieve our goals

CAN-DO

We overcome challenges together with positivity and determination

We trust and empower our people

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

Asia's best low cost carrier

World's best travel lifestyle business

World's best air cargo carrier

OUR AREAS OF LEADERSHIP

Safety & operational excellence

Digital

Sustainability

CATHAY PACIFIC

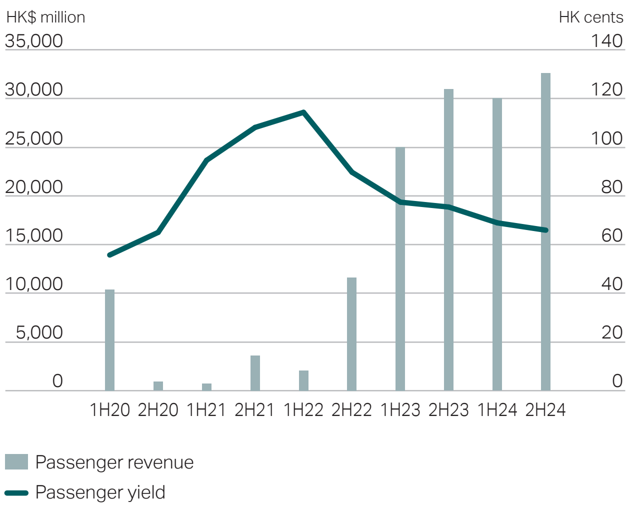
Cathay Pacific is the Group's premium, full-service airline and the home carrier of Hong Kong. Cathay Pacific's strategic vision is to be the world's best premium airline, underpinned by our purpose to move people forward in life.

In 2024, Cathay Pacific maintained its focus on adding more flights and destinations for customers, launching passenger services to six destinations including Chennai, Colombo, Barcelona, Ningbo, Riyadh and Cairns. The airline also elevated the customer experience with the introduction of new cabin products, inflight dining partnerships and other service enhancements.

Cathay Pacific performed well in 2024 with the airline carrying more than two million passengers in a single month on five occasions. As expected, passenger yields continued to normalise as the supply of flights increased to meet demand in the overall market.

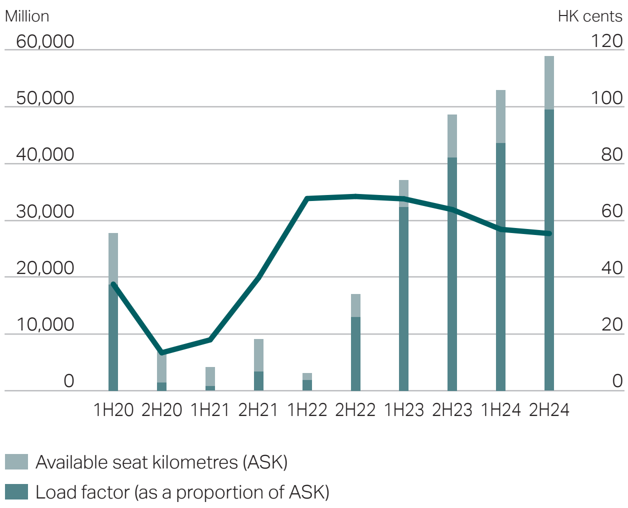
Passenger revenue increased by 11.9% to HK$62,595 million in 2024 compared with 2023, while revenue passenger kilometre (RPK) traffic increased by 26.8%. Cathay Pacific carried 22.8 million passengers in 2024, an average of 62,500 passengers per day and 26.9% more than in 2023. Available seat kilometres (ASK), increased by 30.6%. Load factor decreased by 2.5 percentage points to 83.2%, while yield decreased by 11.8% to HK67.3 cents.

Passenger revenue and yield trend



Data in 2020 included Cathay Dragon.

Passenger capacity, load factor and efficiency



Data in 2020 included Cathay Dragon.

AVAILABLE SEAT KILOMETRES (ASK), LOAD FACTOR AND YIELD CHANGE BY REGION FOR CATHAY PACIFIC PASSENGER SERVICES FOR 2024 WERE AS FOLLOWS:

	ASK (million)			Load factor (%)			Yield
	2024	2023	**Change**	**2024**	2023	**Change**	**Change**
Americas	**31,020**	21,535	**+44.0%**	**88.3**	91.9	**-3.6%pt**	**-13.3%**
North Asia	**22,196**	17,175	**+29.2%**	**76.4**	78.4	**-2.0%pt**	**-14.5%**
Europe	**20,565**	19,508	**+5.4%**	**89.0**	90.3	**-1.3%pt**	**-5.1%**
Southwest Pacific	**15,588**	11,199	**+39.2%**	**81.4**	83.6	**-2.2%pt**	**-13.2%**
Southeast Asia	**14,939**	11,416	**+30.9%**	**78.1**	80.6	**-2.5%pt**	**-15.2%**
South Asia, the Middle East and Africa	**7,481**	4,774	**+56.7%**	**80.4**	81.8	**-1.4%pt**	**-8.9%**
Overall	**111,789**	85,607	**+30.6%**	**83.2**	85.7	**-2.5%pt**	**-11.8%**

MARKETS

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

- We saw a surge in demand for leisure travel from Hong Kong and the rest of the Greater Bay Area over the 2024 Lunar New Year holiday period, in particular on short-haul routes. Traffic between the Chinese Mainland and Hong Kong was also good over the holidays.
- Demand in the premium cabins was strong during March and April, and again in October 2024, driven by business travel to various exhibitions and trade shows that took place in Hong Kong and elsewhere in the Greater Bay Area.
- The summer travel peak was strong with significant demand for travel from Hong Kong and other cities in the Greater Bay Area in August, with short-haul destinations being particularly popular.
- In December 2024, we saw strong VFR (visiting friends and relatives) and student traffic. During the Christmas travel peak, there was strong leisure travel demand from Hong Kong to a number of our short-haul destinations.

AMERICAS

- In March 2024, we resumed First class service on our flights between Hong Kong and New York.
- In September 2024, we announced that we will be launching direct passenger flights between Hong Kong and Dallas for the very first time from April 2025. Dallas Fort-Worth is one of the world's busiest airports, and this new service will enable customers to connect to and from domestic destinations in the United States as well as destinations in Central and South America.
- As at 31st December 2024, Cathay Pacific's scheduled passenger services covered seven destinations in the Americas.

NORTH ASIA

- In August 2024, we resumed our flights between Hong Kong and Ningbo. These services were well received by our customers in Hong Kong, the Chinese Mainland and India.
- We saw significant leisure travel demand from the Chinese Mainland during the National Day "Golden Week" holidays in early October 2024.
- As at 31st December 2024, Cathay Pacific's scheduled passenger services covered 26 destinations in North Asia.

EUROPE

- In June 2024, we resumed our popular seasonal summer service between Hong Kong and Barcelona. This service received a positive response from customers.
- In July 2024, we saw strong demand for flights to Paris due to the Olympic Games, and we were delighted to carry a significant number of athletes and spectators to attend this momentous sporting occasion.
- In December 2024, we announced that Cathay Pacific will launch direct passenger flights to Munich for the very first time from June 2025, and will return to Brussels from August 2025, providing customers with a direct connection between Hong Kong and two of Europe's important centres.
- As at 31st December 2024, Cathay Pacific's scheduled passenger services covered 10 destinations in Europe.

SOUTHWEST PACIFIC

- Flights on our Hong Kong-Auckland route increased to daily in November, nearly doubling our existing flight numbers on the route.
- Our seasonal Christchurch service returned for a second year in December with a significant boost in capacity and longer timeframe.
- In December 2024, we resumed our seasonal service between Hong Kong and Cairns in Australia, operating through the peak holiday period until the end of March 2025.
- As at 31st December 2024, Cathay Pacific's scheduled passenger services covered seven destinations in Southwest Pacific.

SOUTHEAST ASIA

- We increased frequencies on our Hong Kong-Phnom Penh service to daily in October 2024, reflecting our commitment to strengthening our network in Southeast Asia. Overall, Southeast Asia saw a substantial increase in capacity in 2024 compared with 2023.
- As at 31st December 2024, Cathay Pacific's scheduled passenger services covered 13 destinations in Southeast Asia.

SOUTH ASIA, THE MIDDLE EAST AND AFRICA

- Our Chennai and Colombo services resumed in February 2024, adding two more ports in South Asia to our network. These services were well received by our customers.
- In October 2024, we launched non-stop flights between Hong Kong and Riyadh, the capital and financial centre of Saudi Arabia, further expanding our network in the important Middle East region.
- In November 2024, we announced the resumption of our flights between Hong Kong and Hyderabad from March 2025.
- As at 31st December 2024, Cathay Pacific's scheduled passenger services covered 10 destinations in South Asia, the Middle East and Africa.

CUSTOMER EXPERIENCE ENHANCEMENTS

- Our first-ever lounge outside an airport officially opened in January 2024 at the Shekou Cruise Home Port in Shenzhen. This new ferry lounge further elevates the intermodal travel experience for our customers travelling from cities in the Greater Bay Area and connecting on their Cathay Pacific flights at Hong Kong International Airport.
- As part of our extended collaboration with Michelin-starred Hong Kong restaurant Duddell's, we introduced a new iteration of menus showcasing authentic and regional Chinese specialties. We also joined hands with Michelin-starred French restaurant Louise to create a bespoke menu of reimagined French classics. Both are available in First and Business class on selected long-haul flights departing from Hong Kong.
- In October 2024, we unveiled our first retrofitted Boeing 777-300ER aircraft featuring our all-new Business class Aria Suite, new Premium Economy and refreshed Economy.
- In October 2024, we announced that we would be reopening The Bridge lounge at Hong Kong International Airport in 2025 to meet growing demand and to ensure we maintain a premium lounge experience for our eligible customers during the renovation of The Wing.
- We extended our complimentary inflight Wi-Fi service to now include First and Business class customers as well as Diamond Members. Over 90% of Cathay Pacific's fleet is connected with inflight Wi-Fi, with the entire fleet expected to be connected by mid-2025.

PASSENGER FLEET

- On 6th June 2024, the last of our aircraft that had been in long-term parking outside of Hong Kong returned from Alice Springs, Australia.
- Cathay Pacific continued to take delivery of new and more modern aircraft in 2024, including four A321neo aircraft.
- In August 2024, we announced the purchase of 30 new Airbus A330-900 aircraft, with the right to acquire an additional 30 aircraft in future. These new regional widebody aircraft are expected to be delivered from 2028 and will join Cathay Pacific's fleet principally serving destinations in the region. This order further demonstrates our commitment to investing in the long-term future of the Cathay and the Hong Kong international aviation hub.

AWARDS

- Cathay Pacific was named fifth World's Best Airline in the 2024 Skytrax World Airline Awards, up three places from 2023. We were also awarded World's Best Economy Class Airline and World's Cleanest Airline.
- Cathay Pacific was named the fourth best premium airline in the world for 2025 by Airline Ratings, and the joint third safest airline for 2025.
- Cathay won the Grand Award for the second consecutive year at the HKACE Customer Service Excellence Awards along with one Gold, four Silver, one Bronze, two Merits and three Top 10 Young Star awards. These accolades recognise the excellent service standards set by our cabin crew, customer care, airport and Cathay Academy teams.
- Cathay Pacific received the 2023 Top Airline by Absolute Passenger Growth (Northeast Asia) award at the Changi Airline Awards 2024. Organised by Changi Airport Group, the awards honour airlines that have played a significant role in helping to strengthen and grow Singapore as an air hub.
- Cathay Pacific was named "Flyers' Preferred Airline of the Year" and Cathay was named "Flyers' Preferred Airline International Loyalty Programme of the Year" at the 12th Flyer's Preferred Award Ceremony 2024, organised by CAAC Inflight Magazine and FlyerT, the Chinese Mainland's biggest frequent-flyer member social platform.
- Cathay Pacific was awarded "Best Chinese Airline" and "Best Airport Lounge" for The Pier, First at Hong Kong International Airport at the 2024 Business Traveller Asia-Pacific Awards.
- Cathay Pacific was named Design Airline of the Year, Asia at TheDesignAir Awards 2024, and received Best New Business Class, 2024 and Best New Premium Economy, 2024 for its all-new Aria Suite and Premium Economy cabin products launched on its retrofitted Boeing 777-300ER aircraft.
- Cathay Pacific's inflight entertainment graphical user interface was recognised by two of the top global design awards for products and experience, receiving the German Design Award Gold 2025 and Red Dot Design Award 2024 for its combination of cutting-edge design and technology.

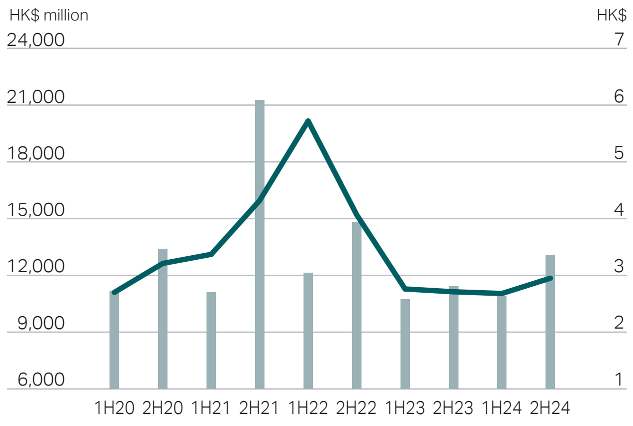
CATHAY CARGO

Cathay Cargo is the largest cargo operator at Hong Kong International Airport (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.

Our cargo business performed particularly well in the second half of 2024, with the key contributor being elevated demand for air cargo services. E-commerce has remained especially robust over the past year, with higher-than-expected summer demand and early goods movements.

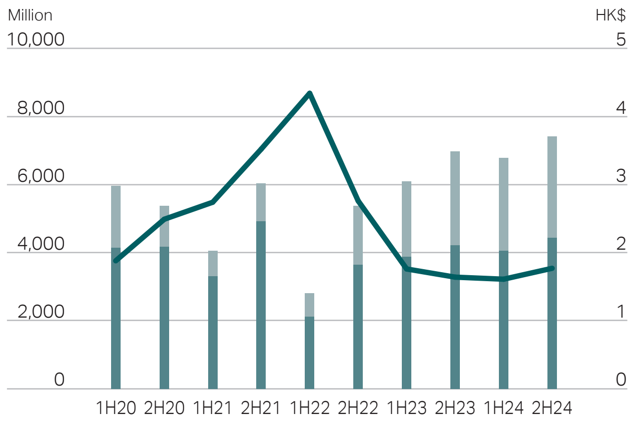
Cargo revenue in 2024 was HK$24,000 million, an increase of 8.3% compared with 2023. Capacity, measured in available freight tonne kilometres (AFTK), increased by 8.6% in 2024 compared with 2023. Revenue freight tonne kilometres (RFTK) traffic increased by 5.0%. Total tonnage increased by 10.9% to 1,532 thousand tonnes. Cargo yield increased by 2.9% to HK$2.82, while load factor averaged 59.9% (2023: 62.0%).

Cargo revenue and yield trend



Cargo revenue
Cargo yield
Data in 2020 included Cathay Dragon.

Cargo capacity, load factor and efficiency



Available freight tonne kilometres (AFTK)
Load factor
Cargo revenue per AFTK
Data in 2020 included Cathay Dragon.

AVAILABLE FREIGHT TONNE KILOMETRES (AFTK), LOAD FACTOR AND YIELD CHANGE FOR 2024 WERE AS FOLLOWS:

	AFTK (million)			Load factor (%)			Yield
	2024	2023	**Change**	**2024**	2023	**Change**	**Change**
Cathay Cargo	**14,193**	13,069	**+8.6%**	**59.9**	62.0	**-2.1%pt**	**+2.9%**

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

- In 2024, demand remained strong, buoyed by significant support from e-commerce and traditional commodities, particularly electronics. The overall growth in tonnage in Hong Kong and the wider Greater Bay Area surpassed our capacity growth compared to last year.
- We observed impressive tonnage growth from Hong Kong to Europe, the Southwest Pacific, Northeast Asia, and Southeast Asia, benefiting from belly capacity provided by the Cathay Group's increased passenger flights.
- The cargo volume handled at the Hong Kong International Airport (HKIA) Logistics Park in Dongguan experienced substantial growth, especially in exports, while import volumes began at a lower level and gradually increased.

AMERICAS

- We saw strong growth in the amount of mail carried, particularly from the United States and Canada with key destinations being South Korea and Japan.
- Our Cathay Secure solution saw notable growth in volumes, in particular valuable cargo from New York to Hong Kong.
- We ramped up freighter frequency on our transpacific routes from late August to cater for the growing demand during the air cargo peak season.
- As at 31st December 2024, we were operating freighters serving 12 destinations in the Americas.

EUROPE

- Overall demand from Europe surged as we saw increased tonnage to the Chinese Mainland, Northeast Asia, Southeast Asia, Southwest Pacific, South Asia, Africa and the Middle East.
- General cargo has been the backbone in driving the tonnage growth from the region in 2024.
- Perishables and pharmaceutical products continued to drive growth in our special cargo tonnage, with perishables mainly from the United Kingdom and France, and pharmaceutical products mainly from Belgium to Hong Kong, the Chinese Mainland and Northeast Asia.
- As at 31st December 2024, we were operating freighters serving five destinations in Europe.

NORTH ASIA

- Overall tonnage from North Asia grew year on year partly driven by busy trade flows within the region. We saw improvement in cargo traffic from North Asia to North America where high-tech and auto-parts were among the key commodities.
- Machinery movements within Japan, Korea and the Taiwan region were busy and drove the growth of our Cathay Expert solution from North Asia.
- E-commerce from the Chinese Mainland to long-haul destinations such as the Americas and Europe remained strong, supplemented with e-commerce trade between South Korea and the Taiwan region leveraging belly capacity on the Cathay Group's increased passenger flights.
- As at 31st December 2024, we were operating freighters serving nine destinations in North Asia.

SOUTHEAST ASIA

- We resumed one freighter flight per week to Ho Chi Minh City from the Summer 2024 season.
- From October 2024, we added an additional weekly freighter flight to/from Hanoi.
- Exports from Southeast Asia were solid, both on regional and long-haul routes.
- General cargo remained the dominant commodity from Southeast Asia, with high-tech electronics the most common. In terms of special cargo, perishables and live seafood to Hong Kong, as well as machinery movements from Malaysia to the Chinese Mainland and the Taiwan region, and from Singapore to Hong Kong also contributed to tonnage growth for Southeast Asia.
- As at 31st December 2024, we were operating freighters serving six destinations in Southeast Asia.

SOUTHWEST PACIFIC

- Perishables continued to be the key export contributor from the Southwest Pacific with an array of fresh produce such as peaches, kiwifruits, raspberries, mangoes, as well as chilled meats and salmon. Hong Kong continued to be the key destination, followed by the Chinese Mainland, Dubai and other places in Asia. Exports of lobsters from Perth to Hong Kong also remained robust.

- As at 31st December 2024, we were operating freighters serving three destinations in the Southwest Pacific region.

SOUTH ASIA, THE MIDDLE EAST AND AFRICA

- Overall cargo demand from South Asia, the Middle East and Africa improved on all routes, with the Chinese Mainland, Hong Kong and Japan the main destinations.
- General cargo from the region remained solid with garments and electronics the main cargo carried. Growth in special cargo from the region was driven by shipments of dangerous goods from India to Japan, South Korea and the Chinese Mainland. There was also a notable improvement in perishables and pharmaceutical product shipments from the region.
- At 31st December 2024, we were operating freighters serving six destinations in South Asia, the Middle East and Africa.

AREAS OF FOCUS

CARGO COMMERCIAL

- As the largest cargo operator at HKIA, Cathay Cargo was proud to be a key contributor to the airport maintaining its status as the world's busiest cargo airport in 2024.
- In March 2024, Cathay Cargo and HKIA co-hosted the International Air Transport Association (IATA) World Cargo Symposium, the first of its kind in Hong Kong, showcasing our special-solutions capabilities and demonstrating Hong Kong's leading credentials as a global air cargo hub.
- In June 2024, we refreshed our Cathay Expert solution, which offers bespoke attention and service for out-of-gauge shipments or those requiring extra care. Cathay Cargo achieved robust tonnage growth via the HKIA Logistics Park in Dongguan with the air-to-sea intermodal service, which was launched in December 2023, strengthening our positioning in the GBA. Apart from air-to-sea service, Cathay Cargo has been enhancing the air-to-road intermodal service to connect HKIA with Shenzhen and Guangzhou via trucking.
- In September 2024, we refreshed our Cathay Courier solution for urgent, small shipments adding transparency to the service's existing features of speed, guaranteed capacity, dedicated handling and customs clearance. As part of the refresh, Cathay Courier now features greater visibility for customers who require piece-level details, offering enhanced track-and-trace options to customers during the shipment journey.
- In November 2024, Cathay Cargo completed the validation of the Miami-Hong Kong pharma corridor in collaboration with Pharma.Aero, HKIA and Miami International Airport (MIA). This signifies the assurance of secure, efficient, and high-quality airport-to-airport transportation for time and temperature-sensitive pharmaceutical products along this Cathay Pharma trade lane connecting the United States, Central and South America with Asia.

SERVICE AND OPERATIONAL EXCELLENCE

- The latest IATA 2023 World Air Transport Statistics identified Cathay Cargo among the Top 10 cargo carriers based on scheduled freight tonne kilometres, and the fifth largest combination airline. This attested to our continuous commitment to maintaining and growing Hong Kong as the world's number one air cargo hub.
- In August 2024, Cathay Cargo became the world's first airline to achieve three IATA Center of Excellence for Independent Validators (CEIV) recertifications at the same time after working towards CEIV Pharma, CEIV Fresh and CEIV Live Animals accreditations, maintaining the quality in our service delivery and following the spirit of continuous improvement in specialised solutions.
- In September 2024, Cathay Cargo was honoured to transport the giant pandas gifted to the Hong Kong SAR by the Central Government from Chengdu to Hong Kong, showcasing our expertise and care in carrying special cargo.

CARGO DIGITAL

- We optimised the functionality of our online booking platform Click & Ship, improving booking efficiency and experience by enabling customers to book by batch with spreadsheets.
- We offered more diverse product options on partners' platforms through direct application programming interfaces (API).
- In March 2024, Cathay Cargo became the world's first airline to share data with forwarders using ONE Record, an IATA-backed standard for data sharing that creates a single view of shipments. We also established live integration with ground-handling agents leveraging our cargo management system solution vendor.
- We launched our new Claims management system to raise efficiency and response time for processing customer claims, including a new customer claims submission page from our cargo website.
- Cathay Cargo was an inaugural signatory to IATA's Digital Leadership Charter in March 2024, showing our commitment to accelerate the air cargo industry's digitalisation journey.

CUSTOMER EXPERIENCE

- We conduct regular customer surveys to track Net Promoter Scores and Customer Satisfaction across customer journey touchpoints.
- Over the course of 2024, we recorded a Customer Net Promoter Score of +45, which is a 10-point increase on 2023.
- Customer Satisfaction for overall experience increased two points in the year to 50% (that is 50% of respondents giving a 9 or a 10 rating on a scale of 1-10). Overall, 81% of respondents put us in the top 5 air cargo carriers for service, with 36% ranking us first, maintaining our pole position from the 2023 survey.
- Operational reliability, customer service, and our network continue to be areas that drive brand advocacy.
- Digital leadership continues to build where almost three-in-four customers consider us to offer the best digital experience.

AWARDS

- Cathay Cargo was named Air Cargo Sustainability Leader of the Year at the STAT Trade Times Award for Excellence in Air Cargo in February 2024.
- We were named Sustainable Cargo Airline of the Year 2024 – Asia Region at the Freightweek 2024 Sustainability Awards in May 2024, for the second consecutive year.
- We were named Best Green Air Cargo Carrier for 2024 at the Asian Freight, Logistics and Supply Chain (AFLAS) Awards in June 2024.
- Cathay Cargo came out on top at the Northern India Air Cargo Conclave & Awards, being named Airline/Cargo Freighter of The Year at a ceremony in New Delhi in September 2024.
- At the 11th Payload Asia Awards, Cathay Cargo was named Overall Carrier of the Year – Asia Pacific and Best E-Commerce Carrier – Asia Pacific, in October 2024.
- Cathay Cargo received the Excellence in Video Marketing Special Award at the HKMA/ViuTV and Now TV Awards for its "We Know How" campaign in October 2024.
- In the United Kingdom, Cathay Cargo was recognised at the Air Cargo News Awards receiving the Highly Commended distinction in the Cargo Airline of the Year category in October 2024.
- Cathay Cargo was awarded the Cargo Operator of the Year in the 51st annual Air Transport World (ATW) Airline Industry Achievement Awards in 2025, having previously been named the world's best cargo airline in 2023.

LIFESTYLE

Cathay Lifestyle's vision is to become a leading service 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

- During 2024, we recruited more than two million new members globally, bringing the total to 11.5 million as of 31st December 2024.
- We launched the "Cathay Members' Choice Awards" to enhance brand awareness of the Cathay membership programme and encourage use among customers. To further engage with our members, we introduced our "Member Festival" to increase member engagement and cross-pillar sales through exclusive member-only offers across both travel and lifestyle. Close to 100,000 members registered for the campaign globally.

PROGRAMME

- We enhanced our account management functions, empowering our members to conveniently self-service their accounts online.
- In commemoration of Asia Miles' 25th anniversary, a range of initiatives and campaigns were held to engage and ignite our members' enthusiasm for earning and redeeming miles. These included the Mega Miles promotion in June 2024, partner appreciation dinners and other member-exclusive experiences throughout the year.
- We launched Complimentary Miles Transfer for Family in August 2024. This new feature allows members to transfer Asia Miles from minors to guardians for free, enhancing the overall member experience by maximising the use of accumulated miles.

FLIGHT AWARDS

- We continue to invest in flight awards, with the number of passengers carried on award seats during 2024 surpassing pre-pandemic levels and exceeding 2023.
- HK Express has become a major air redemption partner, offering Miles Plus Cash and Miles-only options. Three successful mega sales campaigns were launched in 2024, allowing Cathay members to redeem flights to all of HK Express's popular destinations from as little as 1,000 miles.
- We enhanced our Miles Plus Cash capability this year, giving members the flexibility to use a combination of miles and cash for seat selections and extra baggage payment.

MILEAGE SALES

PAYMENT

- Our collaboration with Standard Chartered remains robust, showcasing strong performance. We have sustained high levels of card acquisition through strategic investments in both digital and traditional channels. Notable successes have emerged from the visibility provided by Standard Chartered Bank branches, as well as from influencer marketing and concert promotions. Additionally, the average spend per card at Standard Chartered Bank is among the highest in Asia. To further enrich the customer experience, we also hosted two chartered flights for co-brand cardholders to Taipei and Osaka.
- Our points conversion partnerships are making a substantial impact, with focused bonus campaigns enhancing customer engagement and driving additional revenue growth. Banks are increasingly engaged and recognise the value of miles, leading them to promote these offerings actively, which drives higher sales and revenue.
- In the financial technology (Fintech) sector, our collaborations continue to yield positive results. In Hong Kong, our alliance with Mox created more opportunities for customers to accumulate miles via credit cards, time deposits, loans, and investment offerings, providing an excellent opportunity for Cathay to penetrate the young, digitally savvy segment.

MILEAGE PARTNERSHIPS

- There was strong momentum in the growth of everyday earning partners across the dining, retail and transport sectors.
- We strengthened our partnership with health and beauty retailer AS Watson and raised awareness about Asia Miles conversion with the Moneyback programme. Miles earning campaigns with supermarket chain Taste in May and June 2024 as well as consumer electronics retailer Fortress in December 2024 demonstrating how members can easily earn miles in their daily life.
- As of December 2024, members can earn miles at more than 400 restaurant partner outlets in Hong Kong.
- Card Linked Earn was introduced in Hong Kong and Macau in November 2024. This new product allows members to link their Mastercard and Visa credit cards to their Cathay membership accounts, making it easier to earn Asia Miles on everyday purchases without needing to show a membership code at checkout.
- We grew our earning partnerships outside of Hong Kong, including launching a partnership with Shinsegae Duty Free in Korea, Pay.com.au in Australia, and expanding the Mitsui Outlet Park partnership from Japan to the Taiwan region. We are also very excited to have launched our first table reservation partner in Japan, TakeMe in December 2024.

PRODUCT SALES

CATHAY HOLIDAYS

- Cathay Holidays' brand campaign was launched in May 2024, introducing it as the new elevated travel hub that enables customers to earn Asia Miles for every hotel stay, package, travel experience and car rental.
- We partnered with Expedia Group to launch a new Cathay Holidays booking site covering multiple markets in Asia. The site provides customers with a selection of over a million hotels and travel activities, with the option to bundle with Cathay Pacific flights. Special deals and discounts are also made available for Cathay members.
- We introduced curated events and experiences as part of our package offerings, including the 2025 Cathay/HSBC Hong Kong Sevens, and the first Disney Cruise Line ship to set sail from Asia – Disney Adventure – with the maiden voyage scheduled to take place in December 2025.

CATHAY SHOP

- In October 2024, we introduced a refreshed Cathay Shop online shopping experience. The new user interface/user experience enhancements bring faster page loading and more engaging content for our customers, making their shopping journey more delightful whether they are onboard our flights or on ground. Additionally, customers in the Chinese Mainland can now shop with us through the newly launched Cathay Shop on WeChat. This expansion is a significant step forward in our commitment to providing exceptional service to our diverse customer base.

INSURANCE

- The travel and medical insurance segment saw notable growth in annual multi-trip plans, which has been well-received by our frequent-flying members. We will continue to develop new and bespoke insurance products in Hong Kong and selected markets abroad.

THE CHINESE MAINLAND

- We have expanded our presence in the Chinese Mainland by launching a localized Cathay-branded Pet Care Merchandise Collection, the Cathay Shop Mini Programme, and sourcing products locally. We have also strengthened our mileage sales through resumed partnerships with BOCOM and new bulk-buy programs with FlyerT/Visa. Additionally, we're building a strong network within the Swire group, covering properties in Guangzhou and Shanghai.
- We have enhanced Asia Miles earning opportunities with over 700 restaurants nationwide through DiningCity and new partnerships in retail, dining, and travel, significantly expanding our lifestyle offerings. In 2024, we successfully recruited over 500,000 new members through various channels.

SUSTAINABILITY

- The "Greener Together, Miles Further" campaign was launched in two phases in April and August to promote sustainability awareness across our various lifestyle pillars. This encouraged members to choose sustainable payment, holidays, shopping, wellness, dining, and retail options. More than 58,000 members in Hong Kong registered for this campaign.

AWARDS

- Cathay was named "Best Frequent Flyer Programme" at the 2024 Business Traveller Asia-Pacific Awards.

REVIEW OF KEY SUBSIDIARIES AND ASSOCIATES

Losses from subsidiaries in 2024 were HK$199 million (2023: profits of HK$10 million), and the share of profits from associates in 2024 was HK$288 million (2023: losses of HK$1,562 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 provides low-cost travel services as Hong Kong's only low-cost carrier, focusing on leisure travel destinations in Asia. In 2024, HK Express carried 6.1 million passengers, an increase compared with 2023. The average flown load factor was 83.4%, a decrease of 2.6 percentage points. Available seat kilometres amounted to 13.8 million. At 31st December 2024, HK Express operated scheduled flights to 29 destinations.

MARKETS

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

- HK Express further expanded its intermodal "Air+Ferry" Pass Network to cover all six major ports in the Greater Bay Area, enabling customers to reach Hong Kong International Airport via connecting ports at Guangzhou Nansha, Guangzhou Pazhou, Shenzhen, Zhongshan and Dongguan.

NORTH ASIA

- HK Express launched passenger services to Beijing (Daxing) in March, Sanya in May, Hiroshima in November, and Hualien and Shizuoka in December 2024.
- As at 31st December 2024, HK Express operated scheduled passenger services covering 19 destinations in North Asia.

SOUTHEAST ASIA

- HK Express launched flights to Bangkok's Don Mueang International Airport in April 2024, complementing its existing flights to the city's Suvarnabhumi International Airport. It also launched passenger services to Clark in June, Penang in November and Phu Quoc in December 2024.
- As at 31st December, HK Express operated scheduled passenger services covering 10 destinations in Southeast Asia.

CUSTOMER INITIATIVES

- HK Express has focused on strengthening its brand presence within the Hong Kong and Greater Bay Area markets. The ongoing "Live More" campaign underscores HK Express's commitment to providing flexible and affordable travel options.

PASSENGER FLEET

- At 31st December 2024, HK Express had an all-Airbus narrowbody fleet of 41 aircraft, including six Airbus A320-200 aircraft, 13 Airbus A321-200 aircraft, 10 Airbus A320-200neo aircraft and 12 Airbus A321-200neo aircraft. The fleet had an average age of 7.1 years. Five A320neo fleet were grounded due to Pratt & Whitney engines issue.
- In 2024, HK Express took delivery of eight Airbus A321-200neo aircraft, and two Airbus A321-200 aircraft. These A321-200neo form part of an order previously allocated to Cathay Dragon for 16 A321-200neo aircraft, which is the most fuel efficient of its type, and quieter than the planes they replace.
- 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 has garnered widespread recognition across various business areas for its exceptional performance, innovative initiatives, and unwavering commitment to operational excellence. Over the past year, the airline has achieved significant milestones, including:

- **Industry Leadership:** HK Express was named the World's Safest Low-Cost Airline for 2025 by Airline Ratings, the Fastest Growing Airline of 2024 by OAG, and the recipient of the U Travel Awards 2024: My Favorite Low-Cost Carrier Airline, highlighting its global impact in safety, growth, and customer preference.

- **Customer Experience and Innovation:** HK Express was awarded the Gold Award for Best Use of Data & Customer Insights at the CX Asia Excellence Awards 2024 by CX Asia, the Bronze Award for Best Use of Customer Data Analytics at the Loyalty & Engagement Awards 2024 by Marketing Interactive, the CIO ASEAN Awards 2024: Team of the Year – Sustainability Award for reducing food waste through a dedicated app, and the DaLa Awards 2024: Best Data Monetization Award for optimising operations through advanced analytics. These awards recognise HK Express' dedication to enhancing customer journeys, leveraging data-driven insights, and driving efficiency through innovation.
- **Sustainability:** Earned the HKAEE Award 2023: Certificate of Merit for its environmentally responsible practices.
- **Employee Engagement:** Received the Silver Award for Best Employer Brand and the Learning Rising Star Award at LinkedIn's Future Ready Event 2024, recognition as a Supportive Family-Friendly Good Employer under the Good Employer Charter 2024, and multiple awards at the Employee Experience Awards 2024, including Gold for Best Employee Engagement Communication Strategy, Bronze for Best Employer Branding, and Bronze for Best Recruitment Innovation.

	For the year ended 31st December		
	2024 HK$M	2023 HK$M	**Change**
Revenue			
Passenger services	**5,994**	5,486	**+9.3%**
Cargo services	**41**	20	**+105.0%**
Other services and recoveries	**290**	97	**+199.0%**
Total revenue	**6,325**	5,603	**+12.9%**
Expenses			
Staff	**(1,138)**	(848)	**+34.2%**
Inflight service and passenger expenses	**(54)**	(42)	**+28.6%**
Landing, parking and route expenses	**(1,179)**	(817)	**+44.3%**
Fuel	**(1,621)**	(1,164)	**+39.3%**
Aircraft maintenance	**(746)**	(573)	**+30.2%**
Aircraft depreciation and rentals	**(1,049)**	(777)	**+35.0%**
Other depreciation, amortisation and rentals	**(146)**	(52)	**+180.8%**
Others	**(596)**	(480)	**+24.2%**
Operating expenses	**(6,529)**	(4,753)	**+37.4%**
Net finance charges	**(250)**	(360)	**-30.6%**
Total operating expenses	**(6,779)**	(5,113)	**+32.6%**
(Loss)/profit and taxation	**(454)**	490	**-192.7%**
Taxation	**54**	(57)	**-194.7%**
(Loss)/profit after taxation	**(400)**	433	**-192.4%**

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

- Air Hong Kong principally operates express cargo services for DHL Express.
- At 31st December 2024, Air Hong Kong had three dry-leased Airbus A300-600F freighters, two dry-leased A330-243F freighters and 10 dry-leased A330-300P2F converted freighters.
- Air Hong Kong has been undergoing a re-fleeting plan to replace the remaining A300-600F freighters with A330 freighters which is expected to be completed by 2025.
- Air Hong Kong operated scheduled and charter flights to 17 destinations.
- In 2024, available freight tonne kilometres were 894 million, an increase of 1.6% compared with 2023.
- Air Hong Kong recorded a profit of HK$807 million in 2024 (2023: HK$778 million).

MATERIAL AIRLINE SERVICES SUBSIDIARIES

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

- Cathay Dining, a wholly owned subsidiary, operates the principal flight kitchen in Hong Kong.
- Cathay Dining provides flight-catering services to 49 international airlines in Hong Kong. It produced 23.6 million airline meals and handled 57,834 flights in 2024, an increase of 21% and 33%, respectively, from 2023.
- Cathay Dining was awarded the "Gold Seal for Contribution to Sustainable Property – Promote Environmental Protection" in the Hong Kong Green and Sustainability Contribution Awards 2024, organised by the Hong Kong Quality Assurance Agency.
- Cathay Dining has become an Action Signatory of the Business Environment Council (BEC) Net-zero Carbon Charter, demonstrating its commitment to the collective effort to combat climate change as a Hong Kong-based company.
- The financial results of Cathay Dining as well as flight kitchens outside Hong Kong in 2024 improved compared with 2023.

CATHAY PACIFIC SERVICES LIMITED ("CATHAY CARGO TERMINAL" OR "CCT")

- Cathay Pacific Services Limited (operating as Cathay Cargo Terminal) manages and operates the Cathay Cargo Terminal at Hong Kong International Airport. As at 31st December 2024, CCT provided cargo-handling services for the Cathay Group and 13 other scheduled airlines.
- CCT handled 1.6 million tonnes of cargo in 2024, an 11% increase from 2023.
- CCT was the first cargo-handling company in Asia to achieve the new IATA Environmental Assessment (IEnvA) certification in March 2024, demonstrating its commitment to environmental sustainability.
- CCT was the first cargo terminal in Hong Kong to introduce an end-to-end digitalised import collection process with the introduction of electronic Shipment Release Forms (eSRF) and a B2B ePayment platform from the first quarter of 2024. These enhancements reflect CCT's commitment to enhancing its digital offerings to provide greater speed, efficiency and more choices for customers.
- CCT was the first air cargo terminal in Hong Kong to integrate artificial intelligence with its existing CCTV infrastructure, pioneering new standards and enhancing safety and security monitoring across its terminal buildings.
- CCT was recognised with the Gold Award in the top category of "Safety Management System (All Industries)" at the Hong Kong Occupational Safety and Health Awards, and the Gold Award (Transport and Logistics sector) at the Hong Kong Awards for Environmental Excellence. Internationally, CCT was awarded Air Cargo Environment of the Year at the Air Cargo News Awards 2024.
- The financial results in 2024 improved compared with 2023.

HONG KONG AIRPORT SERVICES LIMITED ("HAS")

- HAS, a wholly owned subsidiary, provides ramp- and passenger-handling services at Hong Kong International Airport. At 31st December 2024, it provided ground-handling services to 29 airlines, including Cathay Pacific and HK Express.
- In 2024, the number of flights handled under both ramp- and passenger-handling businesses increased by 37% and 61%, respectively, against 2023.
- In 2024, HAS continued to meet and exceed the Critical Key Performance Indicators set by the Airport Authority Hong Kong.
- HAS was awarded the Best Safety Performance Award – Ramp Handling Operator at the Airport Authority Hong Kong Safety Awards 2023, the Safety Culture Merit Award at the 22nd Hong Kong Occupational Safety and Health Award (2023), and the Certificate of Merit for the Hong Kong Award for Environmental Excellence 2023 organised by the Environmental Campaign Committee under the Hong Kong SAR Government.
- HAS also received the Excellence Award – Aviation at the Hong Kong Business National Business Awards 2024, recognising its commitment to providing leading ground-handling services with a focus on operational excellence, safety and sustainability. HAS was also recognised with the Excellence in Performance Improvement Award at the HKMA Award for Excellence in Training and Development 2024.
- The financial results for 2024 improved compared with 2023.

VOGUE LAUNDRY SERVICE LIMITED (“VLS”)

- VLS, a wholly owned subsidiary, 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 and pick-up services in Hong Kong serving retail customers.
- VLS processed 77 million items of laundry in 2024 compared with 64 million items in 2023.
- VLS achieved the Gold Award at the Hong Kong Awards for Environmental Excellence 2023, in the Manufacturing and Industrial Services category.
- The financial results for 2024 improved compared with 2023.

MATERIAL ASSOCIATES

AIR CHINA LIMITED (“AIR CHINA”)

- Air China, in which the Group had a 15.09% interest at 31st December 2024, 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 2024 annual results include Air China’s results for the 12 months ended 30th September 2024.
- On 7th February 2024, the Group’s interest in Air China was diluted from 16.26% to 15.87% as a result of Air China issuing 393 million new H shares to a specific investor with proceeds of the issuance totalling HK$2 billion. On 10th December 2024, the Group’s interest in Air China was further diluted to 15.09% as a result of Air China issuing 855 million new A shares to another investor with proceeds of the issuance totalling RMB6 billion. While we did not sell any shares, these were accounted for as deemed partial disposals of our interest in Air China and gains of HK$551 million were recorded.
- For the 12 months ended 30th September 2024, Air China’s financial results improved compared to those for the 12 months ended 30th September 2023.
- At 31st December 2024, the net book value and market value of the 2,634 million shares of Air China held by the Cathay Group was HK$10,270 million (constituting 6.0% of Cathay Group’s total assets) and HK$13,564 million respectively.
- 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 Group owns directly and indirectly equity interest totalling 21.36%, 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.
- Our share of Air China Cargo’s results is based on its financial statements drawn up three months in arrears. Consequently, our 2024 annual results include Air China Cargo’s results for the 12 months ended 30th September 2024.
- 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 issuing 1,321 million new A shares and being listed on the Shenzhen Stock Exchange with proceeds of the issuance totalling HK$3 billion. While we did not sell any shares, this was accounted for as a deemed partial disposal of our interest in Air China Cargo and a gain of HK$27 million was recorded.
- 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.

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 is the cornerstone of our success at Cathay and, under our strategy, we aspire to achieve world-class leadership in safety and operational excellence. We aim to raise the bar in relation to our quality, safety and security standards, so that we can continue to run a consistently safe and efficient operation, deliver an outstanding customer experience and optimise utilisation of our fleet and resources.

- **Our approach to operational safety** – Cathay is firmly committed to providing our customers and our people with the highest standards of safety and security. Our approach to safety is founded on the identification and active management of risks, and to succeed in this we have developed a corporate safety culture and adopted a risk-driven approach in identifying and minimising the impact of hazards in our operations.
- **Safety policy** – Our safety policy clearly sets out our commitment to prioritising and managing the safety risks of our operations, which applies to the entire organisation. In compliance with the International Civil Aviation Organisation (ICAO) Safety Management System (SMS) framework, our policy extends a duty of care to all businesses we work with, including contractors or individuals under the Group's supervision, and shapes a corporate culture of safety.
- **Operational safety** – Our robust safety and risk management systems help us maintain a high level of safety performance that seeks to protect our employees and customers. We adhere to global best practice in airline safety to ensure our approach continues to be fit for purpose.
- **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 registered 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 completed the new IATA Risk-Based IOSA (RBI), marking a notable shift in the IOSA programme. The RBI aims at enhancing safety risk management, including assessing an airline's safety maturity. The results of this audit were extremely positive. When it comes to safety, Cathay continues to set high internal standards for continual improvement in safety and operational excellence.
- **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 was evaluated and assessed by the Hong Kong Civil Aviation Department (HKCAD) in October 2024. The HKCAD concluded that Cathay Pacific is in compliance with CAD712 (SMS).
- **Operational excellence** – Teams from across the business work together to deliver a highly reliable and resilient operation. Substantial investment in digital capability has been made to further improve our ability to reliably deliver the flying schedule. In early 2024, we were delivering the final planned phase of the transformation of our Integrated Operations Centre (IOC). The IOC is where teams from multiple operational and service departments are co-located and work together to deliver the schedule from seven days before a flight through to the day of operations. IOC is harnessing the power of data and new enhanced digital capabilities to better manage issues for our customers and business with operational excellence. In mid-2024, we established an Operations Planning function,

which brings together responsibility for planning pilot, cabin crew and airport resources, as well as aircraft availability to meet the schedule. Digital Twins are being progressively deployed across the operation, the most recent being developed to support the smooth transition to Three-Runway System operations at our Hong Kong hub. We continue to invest in performance foundations including initiating programmes to replace Maintenance and Engineering as well as Crew Operations Systems.

Our flights are planned and routed using an automated flight planning system that interfaces with globally sourced, real-time data pools that provide information on weather, air traffic constraints and geopolitical developments. The flights operate in a paperless environment, using an Electronic Flight Bag that contains both off-the-shelf and in-house developed applications, the latter including our award-winning Electronic Flight Folder.

DIGITAL

In 2024, Cathay made significant strides in our digital transformation journey, reinforcing our commitment to becoming a digital leader renowned for our strong digital culture and capabilities. Our efforts have been focused on several key areas: data analytics and artificial intelligence (AI), technological innovation, company-wide digital transformation, and cyber security.

- **Data analytics and AI** – To support our continuous efforts in taking our brand and customer experience to new heights, we have accelerated our use of AI to deliver customer value. To date, we have developed and deployed more than 80 AI machine learning models. These models support our team in optimising operational performance, such as using AI to manage flight disruptions and simulate operations under the Three-Runway System. Additionally, we have enhanced our tools and learning curriculum to improve data literacy across the organisation.
- **Technological innovation** – Building on insights from our experimentation with AI and emerging technologies, we implemented Cathay Innovate – a structured approach to reimagine the future of Cathay through cross-functional innovation. We held an internal version of our Cathay Hackathon for the very first time, which was a major success and provided an opportunity for our people to share and experiment with their innovative ideas. Our customer-centric approach in driving innovation with technology has been recognised by the industry. At the Ding Ge Awards 2024, Cathay received the Enterprise Large Model Innovation Award, marking the first major digital innovation accolade in the Chinese Mainland. This achievement underscores our unwavering dedication to the country's technological advancement.
- **Digital transformation** – We are deeply committed to supporting youth development in Hong Kong, particularly in innovation and technology. This year, we celebrated the tenth anniversary of our Digital and IT Graduate Trainee Programme, which saw our first batch of Shenzhen-based trainees in 2024. Our seventh annual external Cathay Hackathon, which took place in Shenzhen for the first time, saw more than 1,500 tech-savvy young people apply and hundreds of finalists from Hong Kong and the rest of the Greater Bay Area innovating on future travel, lifestyle experiences, and sustainability. Going forward, we are actively launching our proprietary digital products and services to benefit the travel industry, whilst exploring opportunities to support and invest in the city's burgeoning start-up community.
- **Cyber security and IT infrastructure** – We are committed to protecting the information of our people, customers, and partners. Our ISO journey continues as we work towards achieving ISO 27001 certification in various areas of our cyber security function. This demonstrates our commitment to upholding a robust cyber security posture, boosting confidence, demonstrating credibility, and enhancing our brand reputation. Our cloud adoption journey is ongoing, with a majority of our applications now transitioned to the cloud, enabling greater reliability, sustainability, and innovation with AI. Our network modernisation journey has progressed significantly, with over 100 offices worldwide transitioning to a modern network topology, providing a scalable and resilient infrastructure.

SUSTAINABILITY

Sustainability is at the core of Cathay's purpose – to move people forward in life. We understand that achieving this purpose in a sustainable and responsible manner for current and future generations requires collective efforts. Through our "Greener Together" approach with travellers, business partners, 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 made the following key sustainability commitments:

- Achieving net-zero carbon emissions in our operations by 2050.
- Using sustainable aviation fuel (SAF) for 10% of fuel consumption by the Company operating flights by 2030.
- Improving our carbon intensity by 12% from the 2019 level by 2030.
- Reducing the use of passenger-facing single-use plastics (SUP) items[(a)] 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.

Our Sustainability Report 2024 has been published in April 2025, detailing our efforts and progress in reaching these commitments. It is now available at https://www.cathaypacific.com/cx/en_HK/about-us/sustainability/sustainability-reports.html.

PERFORMANCE UPDATES – CATHAY GROUP

		2024	2023	**Change**
Environment				
Total Scope 1 and 2 emissions	*Million tonnes of CO_2e*	**14.1**	11.6	**+21.6%**
Carbon intensity	*Grammes of CO_2e per RTK*	**741**	704	**+5.3%**
Percentage of SAF in annual jet fuel consumption	*%*	**0.15**	0.03	**+0.12%pt**
Passenger-facing SUP items[(a)]	*Pieces per passenger*	**2.6**	3.1	**-16.1%**
People				
Total workforce	*Number*	**30,110**	23,801	**+26.5%**
By location				
Hong Kong	*%*	**87**	85	**+2.0%pt**
Chinese Mainland	*%*	**2**	2	**–**
Others	*%*	**11**	13	**-2.0%pt**
By employment type				
Flight crew	*%*	**12**	15	**-3.0%pt**
Cabin crew	*%*	**38**	31	**+7.0%pt**
Ground staff	*%*	**50**	54	**-4.0%pt**
Gender diversity				
Workforce composition – female	*%*	**52**	49	**+3.0%pt**
Workforce composition – male	*%*	**48**	51	**-3.0%pt**
Representation in senior positions[(b)] – female	*%*	**30**	27	**+3.0%pt**
Representation in senior positions[(b)] – male	*%*	**70**	73	**-3.0%pt**
Representation on the Board of Directors – female	*%*	**24**	12	**+12.0%pt**
Representation on the Board of Directors – male	*%*	**76**	88	**-12.0%pt**

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.

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, and working ambitiously towards our 2030 10% SAF usage target. We are also dedicated to transitioning 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 unwavering commitment to sustainability leadership.

The following are some of our 2024 key initiatives and targets in our environmental efforts:

- Cathay launched a landmark tripartite partnership where around 3,400 metric tonnes of SAF will be used in the Company's flights departing from Hong Kong International Airport. This tri-party collaboration demonstrates the potential of fostering a local SAF ecosystem.
- Cathay achieved substantial growth in our Corporate SAF Programme which is emerging as one of the largest initiatives of its kind globally. Total annual SAF consumption by programme partners reached about 6,270 tonnes, growing more than 9 times when compared to 2023.
- Cathay co-initiated the launch of the Hong Kong Sustainable Aviation Fuel Coalition, a multi-stakeholder platform which brings together the aviation industry, SAF producers, fuel suppliers, infrastructure developers, users and policymakers to collaborate on advancing the development, supply and use of SAF.
- Cathay completed our first voluntary SAF uplift on commercial flights in Europe at Amsterdam Airport Schiphol followed by another uplift at London Heathrow Airport. The significance of these overseas uplifts is for our learning and paving the way for regular SAF uplift from multiple points in our network.
- Cathay Cargo Terminal was the first cargo-handling company in Asia to achieve IATA Environmental Assessment (IEnvA) certification, reflecting our commitment to aligning environmental goals with operational excellence.
- Cathay has implemented new inflight recycling procedures following multiple rounds of trials. In a pioneering initiative, we introduced first-of-its-kind recyclable separation procedures at Hong Kong International Airport. The collected bottles are sent to a dedicated recycling facility where they are recycled into raw materials for producing new plastic bottles – closing the loop on plastic usage.
- Cathay has switched all water bottles loaded from Hong Kong to bottles made with 100% recycled plastic while several inflight catering items, such as ice cream spoons and cup noodle lids, were replaced with non-plastic alternatives.

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 long-standing 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 2024, the Group employed more than 30,100 people worldwide, with around 25,300 employed in Hong Kong.

- Cathay continued to drive talent acquisition in Hong Kong, the Chinese Mainland and beyond, targeting different job roles including cabin crew, pilots, cadet pilots, IT professionals, ground employees and customer service officers. In 2024, we recruited and trained around 7,000 new employees as a Group.
- We unveiled a progressive update to our travel policy which allows all eligible employees, regardless of marital status, to nominate a "Plus One" travel companion for greater inclusivity, consistency and flexibility.
- We launched the Cathay Culture Journey through videos, stories, supporting tools and a keynote series to help our people understand our three Culture values – Thoughtful, Progressive and Can-do – and how they can embed these in their everyday behaviours.
- We launched Wellbeing@Cathay to cast a spotlight on the importance of wellbeing for our people. The programme encompasses ongoing activities and resources around physical, mental, occupational, environmental and financial wellbeing available to our people.

- We regularly review our human resources and remuneration policies in light of legislation, industry practices, market conditions and individual and collective performance to ensure that our employee remuneration remains competitive.

OUR COMMUNITY

- Our flagship I Can Fly programme entered the 20th anniversary. In the six-month period, our pilots and employee volunteers led around 300 participants through a series of aviation and social service activities, including visits to Cathay's aviation facilities and departments, as well as those of the wider airport community.
- We arranged an exchange tour in the wider Greater Bay Area (GBA) for the first time as part of the I Can Fly programme, with an aim to provide participants with deeper understanding of the aviation industry from diverse perspectives.
- We continued our support for the Hong Kong SAR Government's Strive and Rise Programme as part of our long-standing commitment to youth development in the community. We invited more than 600 students and mentors to participate in the Cathay Aviation Exploration Open Day in February 2024.
- The popular Cathay Community Flight saw close to 190 students and mentors soar through the skies over Hong Kong to experience the joy of flying in November 2024.
- Cathay jointly launched the GBA Aviation Youth Exchange Programme with the Civil Aviation Administration of China (CAAC) Central, Southern Regional Administration and the Hong Kong Civil Aviation Department. The initiative aims to connect and empower young aviation enthusiasts from the GBA, and enhance Cathay's position in the region.
- Cathay has been the long-time title sponsor of the Cathay/HSBC Hong Kong Sevens. The event is one of the highlights of the global rugby calendar and brings together teams and fans from around the world.

GOVERNANCE

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

SELECTED AWARDS AND RECOGNITIONS IN 2024

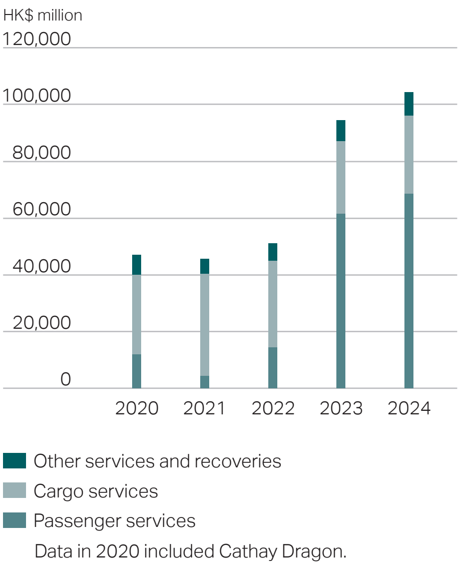
- Cathay has been selected as a constituent of the FTSE4GOOD Index Series for the 14th consecutive year. In 2024, we were recognised among the top 8% of companies in the airline subsector. This inclusion serves to benchmark our strong sustainability performance relative to other companies around the world.
- Cathay received the Hong Kong Sustainability Awards 2024 – Merit Award from the Hong Kong Management Association, recognising our efforts in the economic, social, and environmental aspects of sustainability.
- Cathay received the GoldenBee Honour Roll Listed Company Award at the 2024 GoldenBee CSR China Honour Roll. This is a leading platform in the Chinese Mainland that recognises enterprises practicing environmental and social sustainability.
- Cathay Cargo was named Sustainable Cargo Airline of the Year – Asia by Freightweek for the second consecutive year while Cathay Cargo Terminal received the Air Cargo Environment Award by Air Cargo News.
- We have received the Caring Company recognition from the Hong Kong Council of Social Service every year since 2003 for our good corporate citizenship.
- Cathay received the Gold Award for Best Employer Brand at the 2024 LinkedIn Talent Awards and six prestigious awards at the CTGoodjobs Best HR Awards 2024, covering key areas of talent acquisition, employer branding, learning and development, and employee engagement.
- Cathay Academy awarded the Learning & Development: Excellent Award and the Learning Technology: Excellent Award by the Hong Kong Institute of Human Resource Management (HKIHRM).
- We were awarded 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.

The Cathay Group's attributable profit to the shareholders was HK$9,888 million for 2024 (2023: HK$9,789 million). The Company reported a profit after tax of HK$9,799 million for 2024 (2023: HK$11,341 million). Losses from subsidiaries in 2024 were HK$199 million (2023: profit of HK$10 million), and the share of profits from associates in 2024 was HK$288 million (2023: loss of HK$1,562 million).

REVENUE

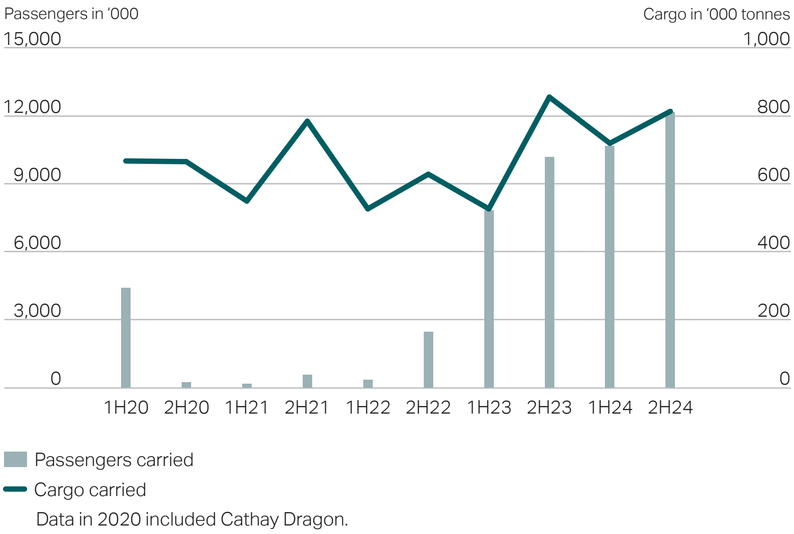
	Cathay Group			The Company		
	2024 HK$M	2023 HK$M	**Change**	**2024 HK$M**	2023 HK$M	**Change**
Passenger services	**68,589**	61,437	**+11.6%**	**62,595**	55,951	**+11.9%**
Cargo services	**27,417**	25,606	**+7.1%**	**24,000**	22,162	**+8.3%**
Other services and recoveries	**8,365**	7,442	**+12.4%**	**8,142**	7,227	**+12.7%**
Total revenue	**104,371**	94,485	**+10.5%**	**94,737**	85,340	**+11.0%**

Revenue



Data in 2020 included Cathay Dragon.

The Company's passengers and cargo carried



Data in 2020 included Cathay Dragon.

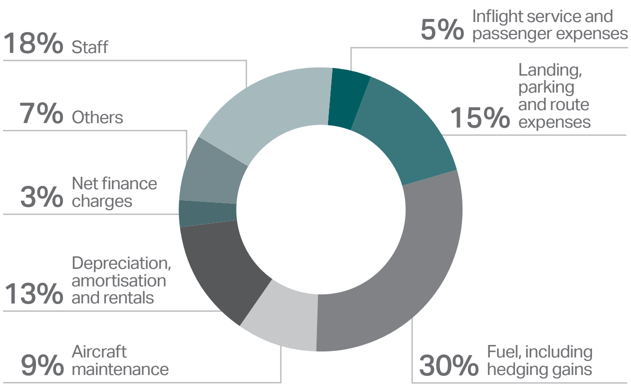
THE COMPANY

- Passenger revenue increased by 11.9% to HK$62,595 million. The number of revenue passengers carried increased by 26.9% to 22.8 million. Revenue passenger kilometres increased by 26.8%.
- The passenger load factor decreased by 2.5 percentage points to 83.2%. Available seat kilometres increased by 30.6%.
- Passenger yield decreased by 11.8% to HK67.3 cents.

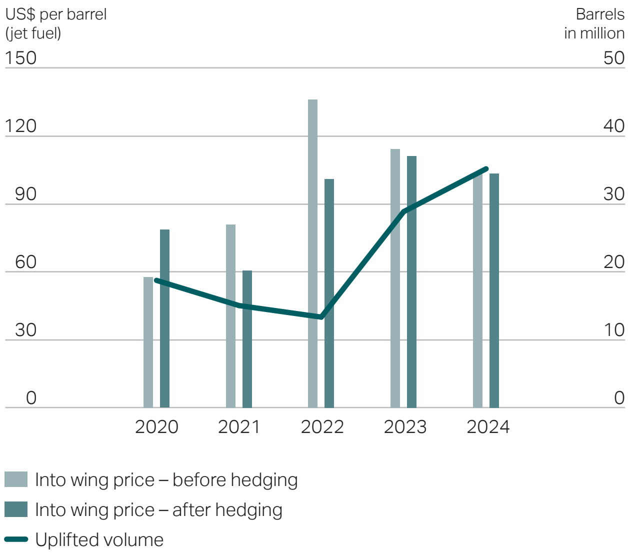
- Cargo revenue increased by 8.3% to HK$24,000 million with a 8.6% increase in available freight tonne kilometers.
- The cargo load factor decreased by 2.1 percentage points and cargo yield increased by 2.9% to HK$2.82.
- The annualised effect on revenue of changes in yield and load factor is set out below:

	HK$M
+ 1 percentage point in passenger load factor	752
+ 1 percentage point in cargo load factor	401
+ HK¢1 in passenger yield	930
+ HK¢1 in cargo yield	85

Group total operating expenses



Group fuel price and consumption



Data in 2020 included Cathay Dragon.

OPERATING EXPENSES

	Cathay Group			The Company		
	2024 HK$M	2023 HK$M	**Change**	**2024 HK$M**	2023 HK$M	**Change**
Staff	**16,840**	14,785	**+13.9%**	**13,406**	11,839	**+13.2%**
Inflight service and passenger expenses	**4,175**	3,026	**+38.0%**	**4,122**	2,986	**+38.0%**
Landing, parking and route expenses	**14,023**	11,190	**+25.3%**	**12,688**	10,110	**+25.5%**
Fuel, including hedging gains	**28,260**	24,989	**+13.1%**	**25,816**	22,932	**+12.6%**
Aircraft maintenance	**8,498**	7,357	**+15.5%**	**7,367**	6,270	**+17.5%**
Aircraft depreciation and rentals	**9,801**	9,860	**-0.6%**	**9,229**	9,152	**+0.8%**
Other depreciation, amortisation and rentals	**2,709**	2,578	**+5.1%**	**1,912**	1,854	**+3.1%**
Others	**6,888**	7,701	**-10.6%**	**8,031**	8,609	**-6.7%**
Operating expenses	**91,194**	81,486	**+11.9%**	**82,571**	73,752	**+12.0%**
Net finance charges	**3,056**	2,733	**+11.8%**	**1,952**	1,546	**+26.3%**
Total operating expenses	**94,250**	84,219	**+11.9%**	**84,523**	75,298	**+12.3%**

- The Group's and the Company's total operating expenses increased by 11.9% and 12.3% respectively.
- The Company's ATK increased 17.0% from 21,225 million to 24,836 million.
- The cost per ATK (with fuel) of the Company decreased from HK$3.55 to HK$3.40, a decrease of 4.2%.
- The cost per ATK (without fuel) of the Company decreased from HK$2.47 to HK$2.36, a decrease of 4.5%.

OPERATING RESULTS ANALYSIS

	1st half 2024 HK$M	2nd half 2024 HK$M	Full year 2024 HK$M	1st half 2023 HK$M	2nd half 2023 HK$M	Full year 2023 HK$M
The Company's profit before non-recurring items and taxation	**4,391**	**5,823**	**10,214**	4,890	5,152	10,042
Taxation	**(519)**	**(647)**	**(1,166)**	(310)	(517)	(827)
The Company's profit after taxation and before non-recurring items	**3,872**	**5,176**	**9,048**	4,580	4,635	9,215
Subsidiaries' results	**(26)**	**(173)**	**(199)**	183	(173)	10
The Company and subsidiaries' profit after taxation and before non-recurring items	**3,846**	**5,003**	**8,849**	4,763	4,462	9,225
Share of profits/(losses) of associates	**(342)**	**630**	**288**	(2,632)	1,070	(1,562)
Underlying profit attributable to the shareholders of the Group (note a)	**3,504**	**5,633**	**9,137**	2,131	5,532	7,663
Gains on deemed partial disposals of associates (note b)	**90**	**488**	**578**	1,929	–	1,929
Net reversal of impairment and other gains or charges (note c)	**19**	**154**	**173**	208	(11)	197
Profit attributable to the shareholders of the Group	**3,613**	**6,275**	**9,888**	4,268	5,521	9,789

Notes:

a) The underlying profit attributable to the shareholders of the Cathay Group was calculated excluding non-recurring items.

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

c) HK$106 million gains on convertible bonds repurchase, HK$48 million fair value gains on equity investments measured at fair value through profit or loss, HK$46 million impairment reversal for a previously impaired aircraft returning to service in the first half of 2024; offset by HK$27 million impairment of the investments in two associates.

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

	HK$M	
The Company's profit in 2023 before non-recurring items and taxation	**10,042**	
Increase of revenue:		
– Passenger and cargo revenue	**8,482**	– Passenger revenue increased as a result of increase in capacity and traffic, partially offset by a 11.8% reduction in yield. – Cargo revenue increased due to a 5.0% increase in RFTK and a 2.9% increase in yield.
– Other services and recoveries	**915**	– Increased due to higher passenger volumes and more mileage sales.
(Increase)/decrease of costs:		
– Staff	**(1,567)**	– Increased due to higher capacity operated and larger headcount.
– Inflight service and passenger expenses	**(1,136)**	– Increased on higher passenger volumes.
– Landing, parking and route expenses	**(2,578)**	– Increased on operating additional capacity.
– Fuel, including hedging gains	**(2,884)**	– Increased fuel costs were mainly due to higher fuel consumption as capacity increased.
– Aircraft maintenance	**(1,097)**	– Higher due to increased aircraft flying hours.
– Owning the assets (includes aircraft and other depreciation, rentals and net finance charges)	**(541)**	– Due to investment, increased flying hours and interest rate changes.
– Other items (including commissions)	**578**	– Due to favourable foreign currency movements.
The Company's profit in 2024 before non-recurring items and taxation	**10,214**	

FUEL EXPENDITURE AND HEDGING

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

	2024 HK$M	2023 HK$M
Gross fuel cost	**28,295**	25,683
Fuel hedging gains	**(35)**	(694)
Net fuel cost	**28,260**	24,989

- Fuel consumption in 2024 was 35.1 million barrels (2023: 28.8 million barrels), an increase of 21.9% 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 2025 and 2026 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.

DIVIDENDS

- Dividends proposed for the year amount to HK$4,443 million.
- Dividend per ordinary share HK$0.69 for 2024 (2023: HK$0.43).

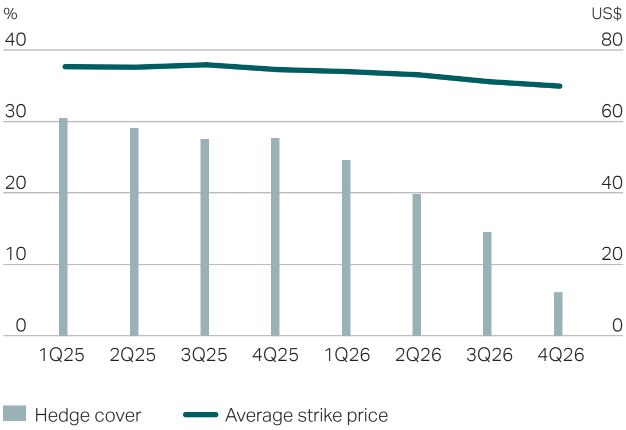
ASSETS

- Total assets at 31st December 2024 were HK$171,244 million.
- During the year, additions to property, plant and equipment and intangible assets were HK$9,917 million and HK$492 million respectively. Property, plant and equipment additions were comprised HK$9,227 million in respect of aircraft and related equipment, HK$390 million in respect of land and buildings and HK$300 million in respect of other equipment.

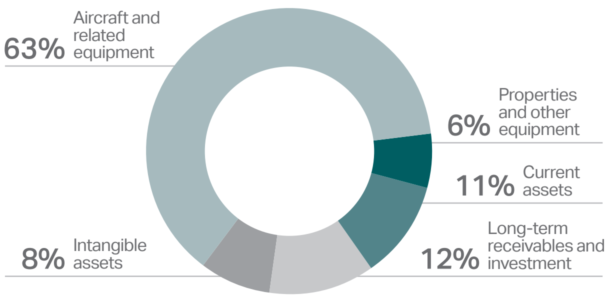
BORROWINGS AND CAPITAL

- Borrowings (being loans and other borrowings, and lease liabilities) increased by 0.3% to HK$68,475 million. Excluding leases without asset transfer components, borrowings increased by 1.2% to HK$57,631 million, which are fully repayable by 2035, with 34% 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 2023 Annual Report.
- Available unrestricted liquidity at 31st December 2024 totalled HK$19,073 million, comprising liquid funds of HK$10,534 million and committed undrawn facilities of HK$8,542 million, less pledged funds of HK$3 million. Liquid funds are predominately denominated in United States dollars and Hong Kong dollars.

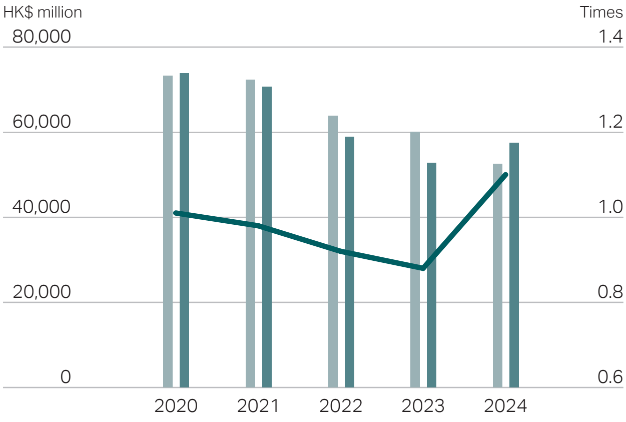
Projected fuel hedging cover
(at 31 December 2024)



Total assets

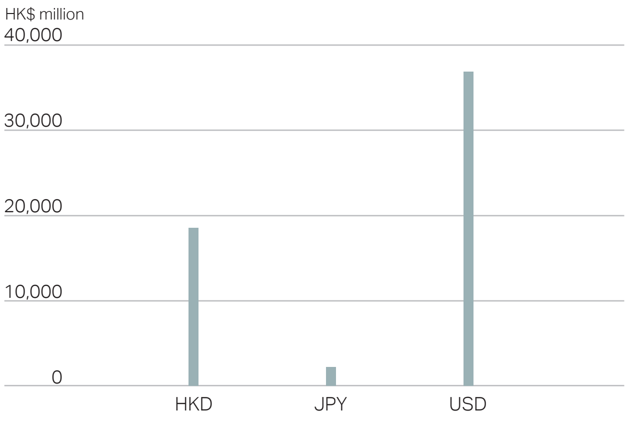


Net debt and equity



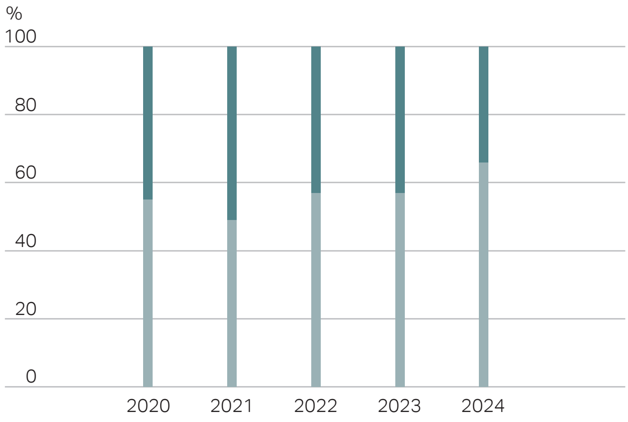
Funds attributable to the shareholders of the Cathay Group
Net borrowings
Net debt/equity ratio (see Borrowings and capital above)
Data in 2020 included Cathay Dragon.

Borrowings in key currencies



- Net borrowings (after deducting liquid funds) increased by 9.8% to HK$57,941 million. Excluding lease liabilities without asset transfer components, net borrowings increased by 13.6% to HK$47,097 million.
- Funds attributable to the shareholders of the Cathay Group decreased by 12.5% to HK$52,500 million. This was due to the preference shares redeemed of HK$9,750 million, decrease in other comprehensive income of HK$459 million, convertible bond repurchase of HK$1,152 million, warrant repurchase of HK$1,538 million and dividends distributed to ordinary shareholders of HK$4,056 million and the preference shareholder of HK$471 million, partially offset by the Group's attributable profit of HK$9,888 million (before non-controlling interest) and convertible bonds of HK$12 million converted into ordinary shares.
- Excluding lease liabilities without asset transfer components, the net debt/equity ratio increased from 0.69 times to 0.90 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 1.10 at 31st December 2024 (31st December 2023: 0.88 times).

Interest rate profile: borrowings (after derivatives)



Fixed
Floating
Data in 2020 included Cathay Dragon.

DIRECTORS AND OFFICERS

EXECUTIVE DIRECTORS

HEALY, Patrick#, aged 59, has been Chair and a Director of the Company since 6th November 2019. 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 52, has been a Director of the Company since 19th August 2019 and Chief Executive Officer since 1st January 2023. 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 and Air China Cargo Co., Ltd. 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 54, has been Chief Customer and Commercial Officer and a Director of the Company since 1st January 2023. 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 52, has been Chief Operations and Service Delivery Officer and a Director of the Company since 1st April 2023. 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 53, has been Chief Financial Officer and a Director of the Company since 25th January 2021. 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 59, has been a Director of the Company since 25th August 2021. He is also Chairman of John Swire & Sons (H.K.) Limited, Swire Pacific Limited and Swire Properties Limited. 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 Deputy Chairman of The Hong Kong General Chamber of Commerce and Vice-President of The Real Estate Developers Association of Hong Kong.

MA, Chongxian, aged 59, has been a Director of the Company since 11th June 2021 and Deputy Chair since 3rd November 2022. He is Chairman of Air China Limited and China National Aviation Holding Corporation Limited.

MCCALLUM, Gordon Douglas[#+&], aged 64, has been a Director of the Company since 12th January 2023. 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 Limited 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.

SUN, Yuquan, aged 51, has been a Director of the Company since 12th May 2022. 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, of China National Aviation Finance Co., Ltd. since November 2023 and Chairman of China National Aviation Corporation (Group) Limited since April 2024. He has been a Non-Executive Director of TravelSky Technology Limited since 25th January 2024.

SWIRE, Merlin Bingham[#], aged 51, has been a Director of the Company since 1st June 2010. He is 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 66, has been appointed Director of the Company with effect from 1st September 2024. 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 59, has been a Director of the Company since 24th July 2023. He has served as Vice Chairman of Tibet Airlines Co., Ltd. since June 2020. He has been serving as the President, Director and Vice Chairman of Air China Limited since March 2023. He has served as Chairman of Air Macau Company Limited from March 2022 to February 2025.

XIAO, Feng[*@], aged 56, has been a Director of the Company since 1st January 2017. He has been the Chief Economist of Air China Limited since March 2023, and the Board secretary and the joint 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 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 60, has been a Director of the Company since 1st December 2018. 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 46, has been a Director of the Company since 20th May 2024. She is an Independent Non-Executive Director of Chow Tai Fook Jewellery Group Limited. She is also a global council member of Herbert Smith Freehills 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 63, has been a Director of the Company since 12th May 2022. 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 57, has been a Director of the Company since 20th May 2024. She is an Independent Non-Executive Director of Hang Seng Bank Limited. She has been appointed as Independent Non-Executive Director of Transport International Holdings Limited with effect from 1st November 2024. 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 40, 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*

DIRECTORS' REPORT

We submit our report and the audited financial statements for the year ended 31st December 2024 which are on pages 75 to 141.

PRINCIPAL ACTIVITIES

Cathay Pacific Airways Limited (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 130 and 131.

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 2024 and the financial position of the Group and the Company at that date are set out in the financial statements on pages 75 to 141. Details of the associates are provided under note 9 to the financial statements.

DIVIDENDS

The Directors have declared second interim dividend of HK$0.49 per ordinary share for the year ended 31st December 2024. Together with the first interim dividend of HK$0.20 per ordinary share paid on 9th October 2024 ("2024 First Interim Dividend"), these represent a total dividend distribution for the year of HK$4,443 million. The second interim dividend will be paid on 8th May 2025 to ordinary shareholders registered at the close of business on the record date, being Thursday, 3rd April 2025. Ordinary shares of the Company will be traded ex-dividend as from Tuesday, 1st April 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. 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, 3rd April 2025, during which day no transfer of shares will be effected. In order to qualify for entitlement to the 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, 2nd April 2025.

To facilitate the processing of proxy voting for the annual general meeting to be held on 14th May 2025, the register of members will be closed from Friday, 9th May 2025 to Wednesday, 14th May 2025, 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, 8th May 2025.

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 79 and in note 21 to the financial statements, respectively.

ACCOUNTING POLICIES

The material accounting policies are set out on pages 132 to 141.

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 Listing Rules for the year covered by the annual report. Detailed information on the Company's ESG performance is provided in the Sustainability Report 2024 of the Company and in 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$3.1 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

REDUCTION OF CREDIT AND REDEMPTION OF PREFERENCE SHARES

On 11th October 2023, shareholders of the Company approved at the extraordinary general meeting to reduce all of the credit (being HK$19,500 million) standing in the preference shares capital account of the Company (the "Capital Reduction") which was completed on 16th November 2023. Part of the proceeds from the Capital Reduction was applied to redeem and cancel 97,500,000 preference shares of the Company ("Preference Shares") from Aviation 2020 Limited ("Aviation 2020"), the holder of the Preference Shares, at a redemption price of HK$100 per Preference Share plus any unpaid Preference Share dividends on 4th December 2023 (the "First Redemption"). Details of the First Redemption are set out in the Company's announcement dated 9th August 2023 and the circular to shareholders dated 18th September 2023.

On 5th July 2024, the Company issued a notice to Aviation 2020 for the redemption and cancellation of the remaining 97,500,000 Preference Shares at a redemption price of HK$100 per Preference Share plus any unpaid Preference Share dividends up to (but excluding) 31st July 2024 (the "Final Redemption"). The remaining Preference Shares were redeemed and cancelled on 31st July 2024. Details of the Final Redemption are set out in the Company's announcement dated 5th July 2024.

REPURCHASE OF WARRANTS

On 9th June 2020, the Company entered into a subscription agreement with Aviation 2020 pursuant to which the Company agreed to issue to Aviation 2020 416,666,666 warrants (the "Warrants"), which entitled Aviation 2020 to subscribe for up to 416,666,666 fully paid ordinary shares of the Company at the initial warrant exercise price of HK$4.68 per ordinary share (subject to adjustments upon occurrence of certain prescribed events including distributions). The expiry date of the Warrants was five years from 12th August 2020.

As a result of the declaration of the interim dividend for the year ended 31st December 2023 ("2023 Interim Dividend") and the 2024 First Interim Dividend, the exercise price of the Warrants was adjusted from HK$4.68 per ordinary share to HK$4.32 per ordinary share, increasing the maximum number of ordinary shares to be issued by the Company upon the exercise of the subscription rights attaching to the Warrants was increased to 451,388,888 ordinary shares.

On 30th August 2024, the Company entered into a warrant repurchase agreement with Aviation 2020 for the Company's repurchase of all of the Warrants from Aviation 2020 ("Warrants Repurchase") for a total consideration of HK$1,532 million. The Warrants Repurchase was completed on 13th September 2024, and all the Warrants were cancelled.

Details of the issue of the Warrants, adjustments to the exercise price of Warrants and Warrants Repurchase are set out in the Company's announcements dated 9th June 2020, 12th August 2020, 13th March 2024, 7th August 2024, 30th August 2024 and 13th September 2024, and the circular to shareholders dated 19th June 2020.

Save as disclosed above and in the section headed "Issue and Repurchase of Convertible Bonds" 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) and no exercise of Warrants during the year. The Group has not adopted any share option scheme or share award scheme.

At 31st December 2024, the share capital of the Company was HK$28,841 million (31st December 2023: HK$28,828 million) and 6,439,409,250 ordinary shares were in issue (31st December 2023: 6,437,900,319 ordinary shares, 97,500,000 Preference Shares and 416,666,666 warrants). Details of the movement of share capital are set out in note 19 to the financial statements.

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 (assuming that there is no other change to the issued share capital of the Company and prior to the exercise of any detachable warrants that were issued in 2020 as part of the recapitalisation plan).

As a result of the declaration of 2023 Interim Dividend and the 2024 First Interim Dividend, the conversion price of the Bonds was adjusted from HK$8.57 per ordinary share to HK$8.12 per ordinary share with effect from 6th April 2024 and further to HK$7.92 per ordinary share with effect from 7th September 2024. 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 850,000,000 ordinary shares.

On 13th May 2024, 246,305 ordinary shares were allotted and issued to Citi (Nominees) Ltd on exercise of the conversion rights at the conversion price of HK$8.12 per ordinary share in the principal amount of HK$2,000,000. On 13th December 2024, 1,262,626 ordinary shares were allotted and issued to HSBC Nominees (Hong Kong) Limited on exercise of the conversion rights at the conversion price of HK$7.92 per ordinary share in the principal amount of HK$10,000,000 (collectively the "Conversions"). The portion of the Bonds of which the conversion rights being exercised represents less than 0.003% of the Bonds and the enlarged total issued share capital of the Company resulting from the Conversions. Details of the Conversions are set out in note 19(b) to the financial statements. During the year ended 31st December 2024, a total principal amount of HK$12,000,000 of the Bonds was converted.

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.

As at 31st December 2024, a total principal amount of HK$6,722,000,000 of the Bonds was outstanding, out of which 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. After completion of the Bonds Repurchase, the outstanding principal amount of the Bonds was HK$2,164,000,000.

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, 13th March 2024, 7th August 2024, 14th November 2024, 15th November 2024, 20th December 2024 and 2nd January 2025.

CAPITAL COMMITMENTS AND CONTINGENCIES

The details of capital commitments and contingent liabilities of the Group at 31st December 2024 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".

As directors and/or employees of the John Swire & Sons Limited ("Swire") group, Patrick Healy, Guy Bradley, Ronald Lam, Gordon McCallum, Rebecca Sharpe, Augustus Tang and Merlin Swire are interested in the JS&SHK Services Agreement (as defined below). Zhang Zhuo Ping was so interested until his resignation as a Director of the Company with effect from 1st September 2024. 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 2024 are set out below and also given 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 3.8% of the Group's operating expenses in 2024. 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 TRANSACTION

On 7th August 2024, Cathay Pacific Aircraft Services Limited ("CPAS"), a wholly owned subsidiary of the Company, entered into an agreement with Airbus S.A.S., pursuant to which (i) CPAS agreed to purchase and Airbus S.A.S. agreed to sell 30 Airbus A330-900 aircraft; and (ii) CPAS has secured the right to acquire 30 additional Airbus A330-900 aircraft. This transaction constituted a major transaction under the Listing Rules in respect of which announcement dated 7th August 2024 was published, and a circular dated 28th August 2024 was sent to shareholders.

CONTINUING CONNECTED TRANSACTIONS

During the year ended 31st December 2024, 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, 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 procuration obligation or such use.

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 current term of the JS&SHK Services Agreement is from 1st January 2023 to 31st December 2025 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.

Swire is the holding company of Swire Pacific which owns approximately 45% of the number of issued ordinary shares of the Company, 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 and 11th August 2022 were published.

For the year ended 31st December 2024 and under the JS&SHK Services Agreement, the amounts paid/payable by the Company to JS&SHK totalled HK$258 million.

(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.

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 an extraordinary general meeting of the Company was held on 23rd December 2022.

For the year ended 31st December 2024 and under the HAECO 2022 Framework Agreement, the amounts paid/payable by the Group to the HAECO group totalled HK$3,500 million and the amounts payable by the HAECO group to the Group totalled HK$15 million.

(c) The Company entered into a framework agreement dated 26th June 2008 ("Air China Framework Agreement") with Air China Limited ("Air China") in respect of transactions between the Group on the one hand and Air China and its subsidiaries (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 Air China Framework Agreement.

The current term of the Air China Framework Agreement is for three years ending on 31st December 2025 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.

Air China, by virtue of its approximately 29.98% shareholding in the Company, is a substantial shareholder and therefore a connected person of the Company under the Listing Rules. The transactions under the Air China Framework Agreement are continuing connected transactions in respect of which announcements dated 26th June 2008, 10th September 2010, 26th September 2013, 30th August 2016, 28th August 2019 and 30th August 2022 were published.

For the year ended 31st December 2024 and under the Air China Framework Agreement, the amounts paid/payable by the Group to the Air China group totalled HK$369 million; and the amounts payable by the Air China group to the Group totalled HK$110 million.

(d) The Company entered into a framework agreement dated 26th April 2024 (the "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 29.98% shareholding in the Company, 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.

For the year ended 31st December 2024, the amounts paid/payable by the Group to CASL for the services described above totalled HK$229 million.

(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 (the "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 2024, the amounts paid/payable by the Group to Air China Cargo Group for Service Arrangements described above totalled HK$40 million; and the amounts payable by the Air China Cargo Group to the Group totalled HK$11 million.

Air China, by virtue of approximately 29.98% shareholding in the Company, is a substantial shareholder of the Company. China National Aviation Holding Corporation Limited ("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, 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.

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 that:

(a) nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions have not been approved by the Board of the Company;

(b) nothing has come to their attention that causes them to believe that 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) nothing has come to their attention that causes them to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and

(d) nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions have exceeded the relevant annual caps.

MAJOR CUSTOMERS AND SUPPLIERS

8.9% of sales and 37.6% of purchases during the year were attributable to the Group's five largest customers and suppliers respectively. 4.5% of sales were made to the Group's largest customer and 13.2% 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 number of issued shares of the Company has an interest in the Group's five largest suppliers.

DIRECTORS

John Harrison and Andrew Tung resigned, and Lily Cheng and Wang Xiao Bin were appointed, as Directors with effect from 20th May 2024. Zhang Zhuo Ping resigned, and Augustus Tang was appointed, as a Director with effect from 1st September 2024. 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 2024.

Lily Cheng and Wang Xiao Bin who were appointed as Directors with effect from 20th May 2024, obtained legal advice on 16th April 2024, and Augustus Tang who was appointed as Director with effect from 1st September 2024 obtained legal advice on 19th August 2024, as regards the requirements under the Listing Rules that are applicable to them as Directors of a listed issuer in Hong Kong and the possible consequences of making false declaration or giving false information to the Stock Exchange. All of them confirmed that they have understood their obligations as Directors of a listed issuer in Hong Kong.

Carlson Tong and Rimsky Yuen were designated by the Hong Kong SAR Government as observers to attend board meetings and had access to management and information of the Company during the period which Aviation 2020 was a holder of any of the preference shares of the Company. Upon the completion of the Final Redemption on 31st July 2024, all Preference Shares were redeemed and cancelled, and Aviation 2020's right to appoint Carlson Tong and Rimsky Yuen as observers to the Board was terminated automatically.

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, Guy Bradley, Bernard Chan and Ma Chongxian retire this year and, being eligible, offer themselves for re-election. Lily Cheng, Augustus Tang and Wang Xiao Bin having been appointed as Directors of the Company under Article 91 since the last annual general meeting, also retire and, being eligible, offer themselves 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$4.0 million. They received no other emoluments from the Group.

DIRECTORS' INTERESTS

At 31st December 2024, 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, Ma Chongxian and Wang Mingyuan 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. 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 2024 or during the period from 1st January 2025 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 2024 the Company had been notified of the following interests in the shares of the Company held by substantial shareholders and other persons:

	No. of ordinary shares	Percentage of voting shares (%)	Type of interest (Note)
Long position			
1. Air China Limited	4,827,269,423	74.96	Attributable interest (a)
2. China National Aviation Holding Corporation Limited	4,827,269,423	74.96	Attributable interest (b)
3. Swire Pacific Limited	4,827,269,423	74.96	Attributable interest (a)
4. John Swire & Sons Limited	4,827,269,423	74.96	Attributable interest (c)
5. Qatar Airways Group Q.C.S.C.	643,076,181	9.99	Beneficial interest (d)
6. HSBC Holdings plc	455,258,493	7.07	Interest in controlled corporation (e)
Short position			
1. HSBC Holdings plc	387,762,684	6.02	Interest in controlled corporation (e)

Note: At 31st December 2024:

(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) China National Aviation Holding Corporation Limited 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 63.05% of the equity of Swire Pacific and controlling 70.13% of the voting rights attached to ordinary shares in Swire Pacific.

(d) Qatar Airways Group Q.C.S.C. held a total of 643,076,181 ordinary shares of the Company as beneficial owner.

(e) These ordinary shares were held by The Hongkong and Shanghai Banking Corporation Limited ("HSBC"), a corporation controlled by HSBC Holdings plc, as borrower under the Global Master Securities Lending Agreement dated 27th January 2021 entered into between HSBC and Swire Pacific. The interests were disclosed based on the disclosure of interest filing made by HSBC Holdings plc on 17th December 2024.

PUBLIC FLOAT

From information that is publicly available to the Company and within the knowledge of its Directors at the date of this annual report, at least 25% of the Company's total number of issued shares were held by the public.

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 annual general meeting.

By order of the Board

Patrick Healy
Chair
Hong Kong, 12th March 2025

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 2024 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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (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 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 (Ma Chongxian (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). Their biographical details are set out in the section headed "Directors and Officers" in this annual report and are posted on the Company's website. The Company has also maintained on the Company's 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, 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 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 will identify and consider potential new candidates for directorships, and any suitably qualified candidates will be nominated by the Nomination Committee. The Nomination Committee will also select or make 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 3rd March 2025, 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 Guy Bradley, Bernard Chan, Lily Cheng, Ma Chongxian, Augustus Tang and Wang Xiao Bin for recommendation to shareholders for election or re-election (as the case may be) at the 2025 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 12th March 2025, having considered the respective contributions, perspectives, skills and experience of Guy Bradley, Bernard Chan, Lily Cheng, Ma Chongxian, Augustus Tang and Wang Xiao Bin 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 2025 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 2024. 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 Company has adopted a shareholders' communication policy (available on the Company's website) to encourage shareholders to provide their views on various matters affecting the Group through various channels, including through attending general meetings and/or sending enquiries and concerns to the Company. For further information, please see the section headed Communication with Shareholders and Investors and Shareholders' Communication Policy below.

BOARD DIVERSITY

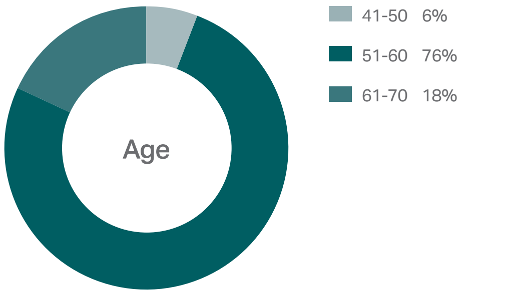
The Board has adopted a board diversity policy (available on the Company's website) and the Nomination Committee reviews its implementation and effectiveness at least on an annual basis. The Board's composition reflects a balance of skills, experience and diversity of perspectives among its members that are relevant to the Company's strategy, governance and business and contributes to the Board's effectiveness. A summary is set out below:

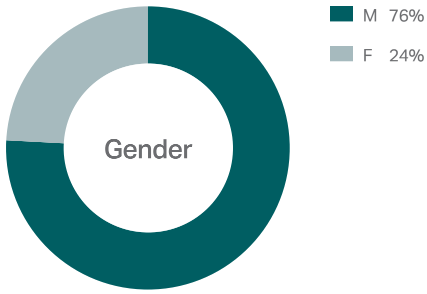
Skills, Expertise and Experience

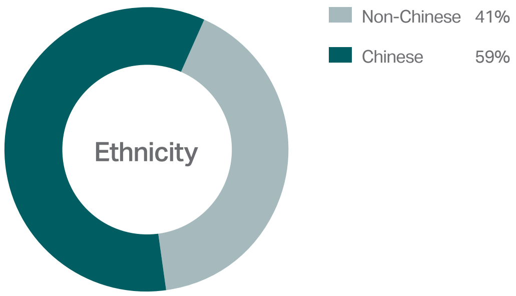
Aviation and Logistics	17
Executive Leadership and Strategy	17
Relevant Market Experience	17
Accounting / Finance and Risk Management	12
Digital	7
ESG	9

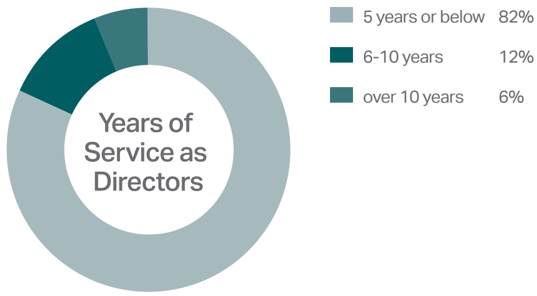
● Executive Directors

● Non-Executive Directors









The Company's target for gender diversity on the Board is to have not more than 70% of Directors of the same gender by the end of 2027. In order to achieve such target and a diversity of perspectives among members of the Board, it is the policy of the Company to consider a number of factors when deciding on appointments to the Board and the continuation of those appointments. Such factors include gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge, length of service and the legitimate interests of the Company's principal shareholders.

The Company has adopted the following measures to develop a pipeline of potential successors to the Board:

- The Company keeps track of the tenure of Directors and the need for new or replacement directors to be appointed (as the case may be), and maintains a running list of candidates comprising internal and external candidates as may be identified from time to time
- Principles and key criteria for evaluating candidates for directorship are set out in the Nomination Committee's terms of reference and the Company's Board Diversity Policy
- The skills and experience of existing Directors helps 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 section headed "Our Areas of Leadership" under Review of Operations in this annual report. In 2022, the Group has set a new and more ambitious goal to not have more than 65% of the same gender at senior positions by 2025.

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 2024 Board meetings were determined in 2023 and any amendments to this schedule 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 six times in 2024. The attendance of individual Directors at meetings of the Board and its committees is set out in the table on page 53. Average attendance at Board meetings was approximately 87%. 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 comment 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
- 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 2024.

	Meetings Attended/Held							
	Board	Audit Committee	Board Risk Committee	Nomination Committee	Remuneration Committee	Board Safety Review Committee	2024 Annual General Meeting	Training (Note)
Executive Directors								
Patrick Healy – Chair	6/6	3/4	3/4			3/4	√	√
Ronald Lam	6/6	3/4	3/4			3/4	√	√
Lavinia Lau	6/6		4/4			4/4	√	√
Alexander McGowan	6/6		4/4			4/4	√	√
Rebecca Sharpe	6/6	4/4	4/4				√	√
Non-Executive Directors								
Ma Chongxian – Deputy Chair	2/6					0/4	x	√
Guy Bradley	6/6						√	√
Gordon McCallum	6/6			1/1	2/2	3/4	√	√
Sun Yuquan	2/6	1/4					x	√
Merlin Swire	6/6						√	√
Augustus Tang (appointed with effect from 1st September 2024)	1/1						N/A	√
Wang Mingyuan	2/6						x	√
Xiao Feng	6/6	3/4	2/4				√	√
Zhang Zhuo Ping (resigned with effect from 1st September 2024)	4/5						x	√
Independent Non-Executive Directors								
Bernard Chan	6/6			1/1	2/2		√	√
Lily Cheng (appointed with effect from 20th May 2024)	2/2	2/2			1/1	2/2	N/A	√
John Harrison (resigned with effect from 20th May 2024)	4/4	2/2	2/2				√	√
Christoph Mueller	6/6	4/4	4/4			4/4	√	√
Andrew Tung (resigned with effect from 20th May 2024)	4/4	2/2		1/1	1/1	1/2	√	√
Wang Xiao Bin (appointed with effect from 20th May 2024)	2/2	2/2	2/2				N/A	√
Average attendance	87%	81%	88%	100%	100%	75%	76%	

Note: Directors who had attended training sessions and/or received training materials about financial, commercial, economic, risk management, legal regulatory and/or business affairs.

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 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, legal, regulatory and/or business affairs.

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 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 2024 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 59.

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 2024 and comprises three Non-Executive Directors Christoph Mueller, Wang Xiao Bin (since her appointment with effect from 20th May 2024) and Xiao Feng. John Harrison was a Board Risk Committee member until his resignation with effect from 20th May 2024. 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 2024 and comprises its Chair (Captain Timothy Jenkins), the Chief Executive Officer (Ronald Lam), two Independent Non-Executive Directors (Christoph Mueller (Chair of the Board Risk Committee) and Lily Cheng (since her appointment with effect from 20th May 2024)), and two Non-Executive Directors (Ma Chongxian and Gordon McCallum). Andrew Tung was a Board Safety Review Committee member until his resignation with effect from 20th May 2024. Regular attendees at the meetings included the Chair of the Board (Patrick Healy), Chief Operations and Service Delivery Officer (Alexander McGowan), Director Service Delivery and General Manager Group Safety and Operational Risk Management of the Company, Chief Executive Officer of Hong Kong Express Airways Limited and Chief Operating Officer of AHK Air Hong Kong Limited.

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 (Ma Chongxian, Sun Yuquan, Wang Mingyuan, Xiao Feng and Augustus Tang (since his appointment with effect from 1st September 2024)). Zhang Zhuo Ping was an Executive Committee member until his resignation with effect from 1st September 2024. 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 2024 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 since 20th May 2024), Lily Cheng (since her appointment with effect from 20th May 2024) and Gordon McCallum). Two of the Nomination Committee members are Independent Non-Executive Directors. Andrew Tung was the Committee Chair until his resignation with effect from 20th May 2024. 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 once in 2024 and once in 2025 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 one Non-Executive Director and two Independent Non-Executive Directors; and
- it made recommendations to the Board in respect of the proposed election and re-election of the Directors retiring at the 2025 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 section headed "Appointment and Re-election" in this annual report.

REMUNERATION COMMITTEE

The Remuneration Committee met twice during 2024 and comprises two Independent Non-Executive Directors (Lily Cheng (Committee Chair, since her appointment with effect from 20th May 2024) and Bernard Chan, and one Non-Executive Director (Gordon McCallum). Andrew Tung was the Committee Chair until his resignation with effect from 20th May 2024.

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 any discussion about 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 2024. At the meeting held in October 2024, 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 following table sets out the fees paid to the Independent Non-Executive Directors and certain Non-Executive Directors (Ma Chongxian, 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	**2024 HK$**	2023 HK$
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, 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 2024 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 page 59.

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 its internal intranet site.

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 catagorised 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, since her appointment with effect from 20th May 2024), Lily Cheng (since her appointment with effect from 20th May 2024), Christoph Mueller, and one Non-Executive Director (Xiao Feng), assists the Board in discharging its responsibilities for internal control and other matters. John Harrison and Andrew Tung were the Committee Chair and member respectively until their resignations with effect from 20th May 2024.

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 2024. 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 2024 included reviews of the following matters:

- the completeness, accuracy and integrity of formal announcements relating to the Group's performance including the 2023 annual and 2024 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 2024 group internal audit plan
- the Group Internal Audit Charter
- the proposed 2025 to 2027 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 pages 60 and 61
- the effectiveness of the Company's Independent Views Mechanisms
- the effectiveness of the Shareholders' Communication Policy of the Company
- 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 inside information policy, fuel hedging policy, external auditor non-assurance services policy, and privacy and data protection policy.

In 2025, the Audit Committee has reviewed, and recommended to the Board for approval, the 2024 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 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
- the effectiveness of the Group's processes in relation to financial reporting and statutory and regulatory compliance
- 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, which was revised on 2nd August 2023, and has been further revised and adopted 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 Audit Committee Chair and be ratified at the next Audit Committee meeting.

Auditors' Remuneration

In 2024, the total remuneration paid to the external auditors was HK$20 million, being HK$17 million for audit, HK$1 million for tax advice and HK$2 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.

WHISTLEBLOWING POLICY

The Group has adopted a 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. The whistleblowing 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 2024.

The methods used to communicate with shareholders include 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 8th May 2024. The meeting was open to all shareholders. The Directors who attended the meeting are shown in the table on page 53.

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 on voting by poll 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 2023
- electing/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 2025 are set out in the section headed "Corporate and Shareholder Information" in this annual report.

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:

- Business or specialist functions that are directly involved in business management activities or executive decision making are classified as First Line.
- Functions that oversee, advise and support the First Line in managing the risks associated with those activities are considered Second Line.
- Group Internal Audit, which provides independent and objective assurance and advice to the Board as to the effectiveness of the Group's risk management and internal controls, is classified as Third Line.

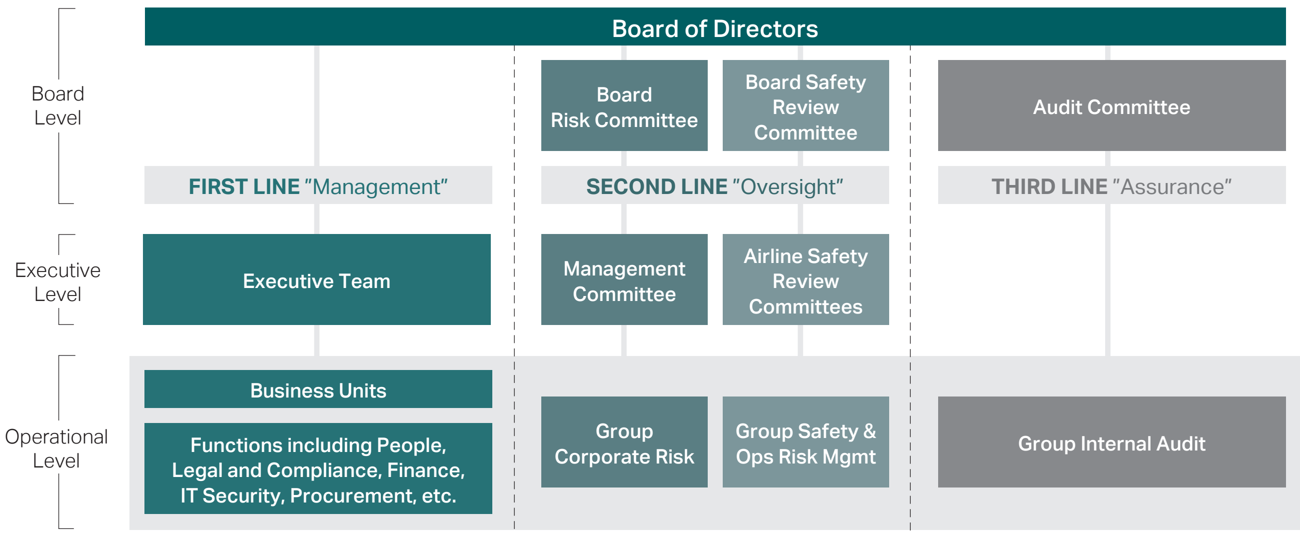
The two core principles of the risk management framework are:

(a) 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.

(b) The First Line is responsible for managing risks. The risk management function 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.

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
• **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. 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. 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. • **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. • **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.	• **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. 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. • **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 consider 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. • **Group Corporate Risk (GCR) department** is headed by the Chief Risk Officer reporting to the Chief Executive Officer. GCR'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.

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 Actions 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 & 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 GCR, it normally takes the form of risk identification workshops with the Management Committee members as well as business unit leaders; horizon scanning to track emerging risks; and regular discussions with management of the business. 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 GCR, 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 GCR'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 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 GCR. 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. GCR monitors the top corporate risks regularly and engages with the risk owners as appropriate to ensure the risks are reviewed and assessed dynamically.

Mitigation: As part of the risk deep dive exercise, mitigation measures are also considered that might reduce either impact and/or vulnerability. A programme of mitigation measures are agreed and packaged into a recommended action plan which is put to management for approval. Adequacy of mitigations for top risks are also discussed at the Management Committee on a quarterly basis. 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 resulting from this process. 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 2024

(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 Company undertook the recently enhanced Risk Based IATA Operational Safety Audit (IOSA) in November. This extremely thorough audit was a great success and while there were very few findings, the overall learning will see the Group focus on continual enhancement and focus on a world leading Safety and Quality Management System.

The increasing instability in geopolitics, such as the ongoing military actions in Ukraine and the Middle East, remains an area of constant vigilance – both from an airport and people security perspective, as well as in ensuring our global route networks overflight security 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.

The Group's airlines have continued to focus on rebuilding operations, with the aim of reaching 100% of pre-pandemic flights in January 2025. The rebuild journey witnessed the reactivation of all of the Company's aircraft stored in Alice Springs during the pandemic, reactivation of ports and destinations, and rebuild in pilot and cabin crew workforce through robustly-managed recruitment, training and recertification. Risk deep dives undertaken by the Company on Workforce Planning and Employee Wellbeing risks helped with the successful execution of recruitment efforts and wellbeing initiatives to increase workforce productivity.

The three-runway system at Hong Kong International Airport was launched on 28th November 2024. To ensure Cathay is adequately prepared for this, an analysis was conducted with stakeholders from operational and commercial teams, to understand the risks and opportunities underlying the new system, and an action plan was developed accordingly.

In 2024, global aviation sector continues to experience supply chain challenges resulting from material shortages and geopolitical tensions. Supplier risk and the potential disruptions to the business continues to be managed through conducting regular communications with and ongoing monitoring of key supplier, performing proactive analysis on potential supply chain risks and designing mitigation strategies.

This year, the Company has implemented a due diligence programme featuring new onboarding and ongoing monitoring processes, to enhance its risk management capabilities on both new and existing third parties and improve the Company's overall resilience against third-party risks. The new process initially covers suppliers of a selected number of business units, with the intention of expanding the coverage to all business units of the Company and its subsidiaries, and also different types of third parties including corporate customers as appropriate. Key risk areas covered by the programme include: data privacy, ESG, financial, integrity & compliance, political, IT & cyber security, occupational health & safety, and use of artificial intelligence.

On the technology front, with Cathay's vision to become a digital leader, a deep dive was conducted to determine an effective governance for growth over artificial intelligence ("AI"), so that the use of AI across the Group's business is enabled whilst maintaining adequate governance over its responsible and ethical use and complying with regulatory requirements. Guidelines on responsible use of AI were published, and processes for conducting AI impact and risk assessments were established.

In addition to the Risk Master Class series available on the Company's intranet, a new joiner risk training module has been developed to further improve general awareness and understanding of corporate risks in the broader business. To better embed the risk processes in the business, a network of Risk Champions has been established with representatives from all lines of business / business units. Coaching and support was given by GCR to the Risk Champions to foster a proactive risk identification and mitigation mindset within the business.

KEY RISK MANAGEMENT AREAS

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

(a) 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 in the back office, 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.

(b) 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. 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.

(c) 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 an increase in the price of commodities and volatility in 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 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 continues to be closely monitored by the management team. 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.

(d) Risks arising from supply chain disruptions

The aviation sector globally is experiencing supply chain challenges in the form of supply chain shortages and geopolitics driven sanctions on key suppliers. Late delivery of parts or aircraft could lead to operational disruptions and revenue loss.

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

(e) 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 coming into operation, competition is expected to intensify. Competition for passengers and cargo impacts yields, puts pressure on revenues and may adversely affect financial performance. As an aviation hub, Hong Kong International Airport 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 as one of the world's greatest service brands. These include initiatives to invest in products to enhance customer experience, manage the cost base to remain competitive, and improve agility in responding to changes in the external business environment.

(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 personal injury from extreme weather events and sea level rise caused by climate change.

At Cathay Group, a sustainable development strategy is in place and climate change considerations are incorporated in key business decisions. The Company has committed to achieve net zero carbon emissions by 2050, supported with a near term target to use 10% Sustainable Aviation Fuel by 2030. Meeting these targets would help reduce the Company's impact on the environment while mitigating our transition risk. 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.

(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 cyber security 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. Lagging behind in adopting new technologies may hinder Cathay's vision to become one of the world's greatest service brands and 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.

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 75 to 141, which comprise the consolidated statement of financial position as at 31st December 2024, 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 2024 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") 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 ("HKSAs") 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") and we have 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 and 7 and note 8 to the consolidated financial statements

The Key Audit Matter	How the matter was addressed in our audit
The carrying values of the Group's goodwill arising from business combinations amounted to HK$11,615 million as at 31st December 2024. Management is required to conduct an impairment assessment on the carrying value of the Group's cash-generating units ("CGUs"): • Annually where the carrying value of the CGUs includes goodwill; and/or • When indicators of impairment are identified. Management performs an impairment assessment of the CGU by comparing the carrying value of each CGU with its recoverable amount, which is the higher of its fair value less costs of disposal and value in use based on discounted cash flow forecasts. The preparation of discounted cash flow forecasts involves estimating future cash flows and discount rates. 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.	Our audit procedures to assess the impairment of goodwill included the following: • 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 is 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 18 and 19 and notes 1 and 17 to the consolidated financial statements

The Key Audit Matter	How the matter was addressed in our audit
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. 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, the programme awards under the Group's customer loyalty programme. 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. 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 and allocation of revenue between flights and Asia Miles, all of which give rise to an inherent risk that revenue could be recorded in the incorrect period or could be subject to manipulation to meet targets or expectations.	Our audit procedures to assess revenue recognition included the following: • 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 and key manual internal controls over revenue recognition; • performing substantive tests of detail on revenue; • 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.

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 HKFRSs 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 HKSAs 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 HKSAs, 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.
- 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.

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong
12th March 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the year ended 31st December 2024

	Note	2024 HK$M	2023 HK$M	2024 US$M	2023 US$M
Revenue					
Passenger services		**68,589**	61,437	**8,793**	7,876
Cargo services		**27,417**	25,606	**3,515**	3,283
Other services and recoveries		**8,365**	7,442	**1,073**	954
Total revenue		**104,371**	94,485	**13,381**	12,113
Expenses					
Staff		**(16,840)**	(14,785)	**(2,159)**	(1,896)
Inflight service and passenger expenses		**(4,175)**	(3,026)	**(535)**	(388)
Landing, parking and route expenses		**(14,023)**	(11,190)	**(1,798)**	(1,435)
Fuel, including hedging gains		**(28,260)**	(24,989)	**(3,623)**	(3,204)
Aircraft maintenance		**(8,498)**	(7,357)	**(1,089)**	(943)
Aircraft depreciation and rentals		**(9,801)**	(9,860)	**(1,257)**	(1,264)
Other depreciation, amortisation and rentals		**(2,709)**	(2,578)	**(347)**	(331)
Others		**(6,888)**	(7,701)	**(883)**	(986)
Operating expenses		**(91,194)**	(81,486)	**(11,691)**	(10,447)
Operating profit before non-recurring items		**13,177**	12,999	**1,690**	1,666
Gains on deemed partial disposals of associates	*2*	**578**	1,929	**74**	247
Net reversal of impairment and other gains or charges		**173**	197	**22**	26
Operating profit	*3*	**13,928**	15,125	**1,786**	1,939
Finance charges		**(3,897)**	(3,961)	**(500)**	(507)
Finance income		**841**	1,228	**108**	157
Net finance charges	*4*	**(3,056)**	(2,733)	**(392)**	(350)
Share of profits/(losses) of associates		**331**	(1,534)	**42**	(197)
Profit before taxation		**11,203**	10,858	**1,436**	1,392
Taxation	*5*	**(1,315)**	(1,068)	**(169)**	(137)
Profit for the year		**9,888**	9,790	**1,267**	1,255
Profit for the year attributable to					
Ordinary shareholders of the Cathay Group		**9,607**	9,067	**1,232**	1,162
Preference shareholder of the Cathay Group	*20*	**281**	722	**35**	93
Non-controlling interests		**–**	1	**–**	–
Profit for the year		**9,888**	9,790	**1,267**	1,255
Underlying profit attributable to shareholders of the Cathay Group*		**9,137**	7,663	**1,171**	982
Earnings per ordinary share					
Basic	*6*	**149.2¢**	140.8¢	**19.1¢**	18.1¢
Diluted	*6*	**133.2¢**	125.8¢	**17.1¢**	16.1¢

* *The underlying profit was calculated excluding non-recurring items, which included deemed partial disposal gains of HK$578 million (2023: HK$1,929 million) and a total of HK$173 million (2023: HK$197 million) in net reversal of impairment and other gains or charges.*

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 80 to 131 and the material accounting policies on pages 132 to 141 form part of these financial statements.

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

for the year ended 31st December 2024

	Note	2024 HK$M	2023 HK$M	2024 US$M	2023 US$M
Profit for the year		**9,888**	9,790	**1,268**	1,255
Other comprehensive income					
Items that will or may be reclassified subsequently to profit or loss:					
Cash flow hedges					
– gains recognised during the year		**1,124**	4	**144**	–
– gains transferred to profit or loss	*21*	**(708)**	(1,326)	**(91)**	(170)
– deferred taxation	*14*	**(54)**	121	**(7)**	16
Share of other comprehensive income of associates					
– recognised during the year		**(220)**	(252)	**(28)**	(32)
Exchange differences on translation of foreign operations					
– losses recognised during the year		**(540)**	(479)	**(69)**	(61)
– reclassified to profit or loss upon deemed partial disposal		**54**	(76)	**7**	(10)
Items that will or may not be reclassified subsequently to profit or loss:					
Remeasurement of defined benefit plans					
– defined benefit retirement schemes		**(119)**	161	**(15)**	21
– long service payment obligation		**5**	(6)	**1**	(1)
– deferred taxation	*14*	**4**	2	**1**	–
Revaluation of equity investments designated at fair value through other comprehensive income (non-recycling)					
– loss recognised during the year		**(5)**	(2)	**(1)**	–
Other comprehensive income for the year, net of taxation		**(459)**	(1,853)	**(58)**	(237)
Total comprehensive income for the year		**9,429**	7,937	**1,210**	1,018
Total comprehensive income attributable to					
Ordinary shareholders of the Cathay Group		**9,148**	7,214	**1,174**	925
Preference shareholder of the Cathay Group	*20*	**281**	722	**36**	93
Non-controlling interests		**–**	1	**–**	–
		9,429	7,937	**1,210**	1,018

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31st December 2024

	Note	2024 HK$M	2023 HK$M	2024 US$M	2023 US$M
ASSETS AND LIABILITIES					
Non-current assets and liabilities					
Property, plant and equipment	*7*	**116,457**	116,088	**14,930**	14,883
Intangible assets	*8*	**14,420**	14,539	**1,849**	1,864
Investments in associates	*9*	**16,371**	16,046	**2,099**	2,057
Other long-term receivables and investments	*10*	**3,598**	3,608	**461**	463
Deferred tax assets	*14*	**1,152**	1,085	**148**	139
		151,998	151,366	**19,487**	19,406
Interest-bearing liabilities	*11*	**(56,849)**	(57,771)	**(7,288)**	(7,407)
Other long-term payables	*12*	**(3,462)**	(2,810)	**(444)**	(360)
Other long-term contract liabilities	*18*	**(197)**	(252)	**(25)**	(33)
Deferred tax liabilities	*14*	**(7,990)**	(7,756)	**(1,024)**	(994)
		(68,498)	(68,589)	**(8,781)**	(8,794)
Net non-current assets		**83,500**	82,777	**10,706**	10,612
Current assets and liabilities					
Stock		**1,386**	967	**178**	124
Trade and other receivables	*15*	**7,326**	6,252	**939**	801
Liquid funds	*16*	**10,534**	15,530	**1,351**	1,991
		19,246	22,749	**2,468**	2,916
Interest-bearing liabilities	*11*	**(11,626)**	(10,523)	**(1,492)**	(1,349)
Trade and other payables	*17*	**(18,477)**	(17,238)	**(2,369)**	(2,210)
Contract liabilities	*18*	**(18,365)**	(15,223)	**(2,354)**	(1,951)
Taxation		**(1,771)**	(2,509)	**(227)**	(322)
		(50,239)	(45,493)	**(6,442)**	(5,832)
Net current liabilities		**(30,993)**	(22,744)	**(3,974)**	(2,916)
Total assets less current liabilities		**121,005**	128,622	**15,513**	16,490
Net assets		**52,507**	60,033	**6,732**	7,696
CAPITAL AND RESERVES					
Share capital	*19*	**28,841**	28,828	**3,698**	3,696
Reserves	*21*	**23,659**	31,198	**3,033**	3,999
Funds attributable to the shareholders of the Cathay Group		**52,500**	60,026	**6,731**	7,695
Non-controlling interests		**7**	7	**1**	1
Total equity		**52,507**	60,033	**6,732**	7,696

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The notes on pages 80 to 131 and the material accounting policies on pages 132 to 141 form part of these financial statements.

Patrick Healy
Director
Hong Kong, 12th March 2025

Wang Xiao Bin
Director

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31st December 2024

	Note	2024 HK$M	2023 HK$M	2024 US$M	2023 US$M
Operating activities					
Cash generated from operations	22	**28,257**	32,148	**3,623**	4,122
Interest received		**540**	737	**69**	94
Interest paid		**(3,246)**	(3,364)	**(416)**	(431)
Tax paid		**(2,010)**	(3,113)	**(258)**	(399)
Net cash inflow from operating activities		**23,541**	26,408	**3,018**	3,386
Investing activities					
Net decrease in liquid funds other than cash and cash equivalents		**2,848**	3,873	**365**	497
Proceeds from sales of property, plant and equipment		**190**	222	**24**	28
Net decrease/(increase) in other long-term receivables and investments		**164**	(57)	**21**	(7)
Payments for property, plant and equipment and intangible assets		**(9,207)**	(6,801)	**(1,180)**	(872)
Dividends received		**93**	66	**12**	8
(Loan to)/repayment from associates		**(170)**	29	**(22)**	4
Net cash outflow from investing activities		**(6,082)**	(2,668)	**(780)**	(342)
Financing activities					
New financing	11	**13,112**	4,654	**1,681**	596
Loan and principal elements of lease payments	11	**(11,812)**	(16,386)	**(1,514)**	(2,101)
Initial cash benefit from lease arrangements		**172**	273	**22**	35
Convertible bonds and warrants repurchase	19	**(7,029)**	–	**(901)**	–
Preference shares redemption	19	**(9,750)**	(9,750)	**(1,250)**	(1,250)
Dividends paid – ordinary shares	20	**(4,056)**	–	**(520)**	–
Dividends paid – preference shares	20	**(471)**	(1,969)	**(60)**	(252)
Net cash outflow from financing activities		**(19,834)**	(23,178)	**(2,542)**	(2,972)
Net (decrease)/increase in cash and cash equivalents		**(2,375)**	562	**(304)**	72
Cash and cash equivalents at 1st January		**7,894**	7,340	**1,012**	941
Effect of exchange differences		**(75)**	(8)	**(10)**	(1)
Cash and cash equivalents at 31st December	16	**5,444**	7,894	**698**	1,012

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31st December 2024

	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 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 bond conversion	**13**	**–**	**(1)**	**–**	**–**	**–**	**–**	**12**	**–**	**12**
Convertible bond 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**
At 1st January 2023	48,322	–	526	13,209	(157)	1,467	436	63,803	6	63,809
Profit for the year	–	–	–	9,789	–	–	–	9,789	1	9,790
Other comprehensive income	–	–	–	157	(2)	(1,201)	(807)	(1,853)	–	(1,853)
Total comprehensive income for the year	–	–	–	9,946	(2)	(1,201)	(807)	7,936	1	7,937
Convertible bond conversion	6	–	–	–	–	–	–	6	–	6
Capital reduction	(19,500)	19,500	–	–	–	–	–	–	–	–
Redeemed preference shares	–	(9,750)	–	–	–	–	–	(9,750)	–	(9,750)
Dividend – preference shares	–	–	–	(1,969)	–	–	–	(1,969)	–	(1,969)
At 31st December 2023	28,828	9,750	526	21,186	(159)	266	(371)	60,026	7	60,033

The notes on pages 80 to 131 and the material accounting policies on pages 132 to 141 form part of these financial statements.

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 130 and 131.

1. SEGMENT INFORMATION

(a) Segment results

	2024					
	The Company* 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	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
Net finance (charges)/income	(1,952)	(250)	7	(861)	–	(3,056)
	10,965	(454)	964	(603)	–	10,872
Share of profits of associates	–	–	–	–	331	331
Profit/(loss) before taxation	10,965	(454)	964	(603)	331	11,203
Taxation	(1,166)	54	(157)	(3)	(43)	(1,315)
Profit/(loss) for the year	9,799	(400)	807	(606)	288	9,888
Non-controlling interests	–	–	–	–	–	–
Profit/(loss) attributable to the shareholders of the Cathay Group	9,799	(400)	807	(606)	288	9,888
Other segment information						
Depreciation and amortisation	10,721	700	5	633		12,059
Purchase of property, plant and equipment and intangible assets	10,036	207	1	165		10,409

* *These balances are sub-consolidated and included insignificant financial results of certain subsidiaries.*

1. SEGMENT INFORMATION (continued)

	2023					
	The Company* 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	84,687	5,603	3,447	748		94,485
Inter-segment sales	653	–	7	3,110		3,770
Segment revenue	85,340	5,603	3,454	3,858		98,255
Segment profit/(loss), before non-recurring items	11,588	850	924	(363)	–	12,999
Gain on deemed partial disposal of an associate	1,929	–	–	–	–	1,929
Net reversal of impairment and other gains or charges	197	–	–	–	–	197
Segment profit/(loss)	13,714	850	924	(363)	–	15,125
Net finance (charges)/income	(1,546)	(360)	8	(835)	–	(2,733)
	12,168	490	932	(1,198)	–	12,392
Share of losses of associates	–	–	–	–	(1,534)	(1,534)
Profit/(loss) before taxation	12,168	490	932	(1,198)	(1,534)	10,858
Taxation	(827)	(57)	(154)	(2)	(28)	(1,068)
Profit/(loss) for the year	11,341	433	778	(1,200)	(1,562)	9,790
Non-controlling interests	–	–	–	(1)	–	(1)
Profit/(loss) attributable to the shareholders of the Cathay Group	11,341	433	778	(1,201)	(1,562)	9,789
Other segment information						
Depreciation and amortisation	10,931	745	6	642		12,324
Purchase of property, plant and equipment and intangible assets	8,893	121	–	57		9,071

* *These balances are sub-consolidated and included insignificant financial results of certain subsidiaries.*

(i) 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.

(ii) HK Express is a low cost passenger carrier offering scheduled services within Asia.

(iii) Air Hong Kong provides express cargo air transportation offering scheduled services within Asia.

(iv) Airline services represents our supporting airline operations including catering, cargo terminal operations, ground handling services and commercial laundry operations.

(v) 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.

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.

1. SEGMENT INFORMATION (continued)

(b) Geographical information

	2024 HK$M	2023 HK$M
Revenue by origin of sale:		
North Asia		
– Chinese Mainland, Hong Kong and Taiwan	**61,442**	57,435
– Japan and Korea	**4,253**	3,841
Americas	**14,615**	12,458
Europe	**8,247**	8,248
Southeast Asia	**6,820**	5,758
Southwest Pacific	**5,419**	4,310
South Asia, Middle East and Africa	**3,575**	2,435
	104,371	94,485

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

On 16th January 2023, the Group's interest in Air China was diluted from 18.13% to 16.26% as a result of Air China issuing 1,676 million new A shares to investors with proceeds of the issuance totalling RMB15 billion.

On 7th February 2024 and 10th December 2024, the Group's interest in Air China was further 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.

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.

Notwithstanding the dilution, the Group considers it retains significant influence over Air China and Air China Cargo and has continued to account for its interests as associates.

Gains on these deemed partial disposals of HK$578 million (2023: HK$1,929 million) were recorded, principally reflecting the change in the Group's shares of net assets in Air China and Air China Cargo immediately before and after the share issuances.

3. OPERATING PROFIT

	2024 HK$M	2023 HK$M
Operating profit has been arrived at after charging/(crediting):		
Depreciation of property, plant and equipment		
– right-of-use assets	**3,787**	4,266
– owned	**7,676**	7,464
Amortisation of intangible assets	**596**	594
(Reversal of) impairment on non-financial assets		
– property, plant and equipment	**(46)**	(208)
– investments in associates	**27**	–
Expenses relating to short-term leases and leases of low-value assets	**12**	9
Gains on convertible bonds repurchase	**(106)**	–
(Gains)/losses on disposal of property, plant and equipment, net	**(42)**	33
Loss on disposal of intangible assets	**2**	1
Cost of stock expensed	**1,754**	1,300
Exchange differences, net	**(52)**	162
Auditors' remuneration	**17**	16
Government grants	**(266)**	(563)
Dividend income from unlisted equity investments	**(68)**	(58)

4. NET FINANCE CHARGES

	2024 HK$M	2023 HK$M
Net interest charges comprise:		
– lease liabilities stated at amortised cost	**1,456**	1,497
– bank loans and overdrafts		
– wholly repayable within five years	**984**	928
– not wholly repayable within five years	**476**	611
– other borrowings		
– wholly repayable within five years	**648**	594
– not wholly repayable within five years	**333**	331
	3,897	3,961
Income from liquid funds:		
– funds with investment managers and other liquid investments at fair value through profit or loss	**(327)**	(565)
– bank deposits and others	**(449)**	(571)
	(776)	(1,136)
Fair value change:		
– gains on financial derivatives	**(65)**	(92)
	3,056	2,733

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

Included in fair value change in respect of financial derivatives was net losses from derivatives that are classified as fair value through profit or loss of HK$nil (2023: HK$17 million).

5. TAXATION

	2024 HK$M	2023 HK$M
Current tax expenses		
– Hong Kong profits tax	**149**	142
– overseas tax	**140**	133
– over provisions for prior years	**(81)**	(166)
Deferred tax		
– origination and reversal of temporary differences (note 14)	**1,107**	959
	1,315	1,068

Hong Kong profits tax is calculated at 16.5% (2023: 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:

	2024 HK$M	2023 HK$M
Profit before taxation	**11,203**	10,858
Notional tax charge calculated at Hong Kong profits tax rate of 16.5% (2023: 16.5%)	**1,848**	1,792
Expenses not deductible for tax purposes	**411**	332
Income not subject to tax	**(109)**	(259)
Effect of changes in effective tax rate and jurisdictional differences	**(616)**	(542)
Tax over provisions arising from prior years	**(81)**	(166)
Recognition of tax losses and temporary differences previously not recognised	**(138)**	(89)
Tax charge	**1,315**	1,068

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

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 a global minimum tax reform. Australia has implemented the Pillar Two model rules with effect from 1st January 2024, and there is no top-up tax exposure for the year ended 31st December 2024. Aside from Australia, the Pillar Two model rules had not been enacted or substantively enacted by 31st December 2024 in any jurisdictions where the Group operates that does not provide double tax agreement with Hong Kong. Other jurisdictions in which the Group operates are currently in the process of implementing their Pillar Two income tax legislation. As a result, it is possible that the Group may be subject to additional Pillar Two income taxes in these jurisdictions.

Based on the current assessment and quantification, the Group considers that if the new tax laws had been applied in 2024, the exposure would have not been material. 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 (SBIE) 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

	2024			2023		
	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	**9,607**	**6,438,120,562**	**149.2**	9,067	6,437,462,747	140.8
Effect of dilutive potential ordinary shares[b]						
– Deemed issue of ordinary shares from the exercise of warrants	**–**	**135,936,979**		–	171,574,435	
– Convertible bonds and its after tax effect of effective interest	**231**	**810,201,493**		235	786,201,867	
Diluted earnings per ordinary share	**9,838**	**7,384,259,034**	**133.2**	9,302	7,395,239,049	125.8

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

(b) The Company's warrants and convertible bonds as at 31st December 2024 have a dilutive effect to the earnings per ordinary share. The dilutive impact for the year ended 31st December 2024 is presented above. Please refer to notes 19(a) and 19(b) for the background and details of warrants and convertible bonds.

7. PROPERTY, PLANT AND EQUIPMENT

	Aircraft and related equipment		Other equipment		Land and buildings		
	Owned HK$M	Right-of-use assets HK$M	Owned HK$M	Right-of-use assets HK$M	Owned HK$M	Right-of-use assets HK$M	Total HK$M
Cost							
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**
At 1st January 2023	139,032	58,524	5,339	259	15,206	7,505	225,865
Additions	5,581	2,852	134	–	89	75	8,731
Disposals	(1,605)	(563)	(93)	(23)	–	(55)	(2,339)
Transfers	15,380	(15,383)	3	–	–	–	–
Other right-of-use asset adjustments	–	89	–	9	–	213	311
At 31st December 2023	158,388	45,519	5,383	245	15,295	7,738	232,568
Accumulated depreciation and impairment							
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**
At 1st January 2023	68,246	21,444	4,217	157	9,004	3,942	107,010
Charge for the year	6,672	3,518	188	39	604	709	11,730
Disposals	(1,322)	(562)	(92)	(23)	–	(53)	(2,052)
Reversal of impairment	(208)	–	–	–	–	–	(208)
Transfers	7,943	(7,943)	–	–	–	–	–
At 31st December 2023	81,331	16,457	4,313	173	9,608	4,598	116,480
Net book value							
At 31st December 2024	**78,837**	**26,728**	**1,139**	**72**	**5,336**	**4,345**	**116,457**
At 31st December 2023	77,057	29,062	1,070	72	5,687	3,140	116,088

(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 policies 6 and 10 respectively.

During the year, additions to right-of-use assets were HK$1,587 million (2023: HK$2,927 million), a significant proportion of which is related to the delivery of leased aircraft.

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

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 2024 (2023: 28) 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 five months to 10 years.

The Group also held 41 aircraft at 31st December 2024 (2023: 46) 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 nine 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)	
	2024 HK$M	2023 HK$M	**2024 HK$M**	2023 HK$M
Aircraft and related equipment	**23,850**	26,146	**3,558**	4,375

(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 23 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.

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 2024 advance payments included in owned aircraft and related equipment amounted to HK$5,107 million (2023: HK$3,231 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 2024, no impairment was recognised for the Group's cash generating units and non-financial assets. A reversal of impairment of HK$46 million (2023: HK$208 million) under the Company was relating to one (2023: three) 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 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**
At 1st January 2023	11,654	8,751	39	20,444	24	20,468
Additions	–	334	–	334	6	340
Disposals	–	(3)	–	(3)	–	(3)
At 31st December 2023	11,654	9,082	39	20,775	30	20,805
Accumulated amortisation and impairment						
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**
At 1st January 2023	39	5,595	32	5,666	2	5,668
Charge for the year	–	590	4	594	6	600
Disposals	–	(2)	–	(2)	–	(2)
At 31st December 2023	39	6,183	36	6,258	8	6,266
Net book value						
At 31st December 2024	**11,615**	**2,789**	**–**	**14,404**	**16**	**14,420**
At 31st December 2023	11,615	2,899	3	14,517	22	14,539

8. INTANGIBLE ASSETS (continued)

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

	2024 HK$M	2023 HK$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 continued recovery in passenger travel in the near term with a steadily growing momentum of passenger traffic in the longer term. However, the revenue efficiency in the long-term forecast is considered weaker than historical levels owing to increased competition associated with the new Three Runway System at Hong Kong International Airport. Cash flows beyond the forecast period are extrapolated with an estimated general annual growth rate of 3.0% (2023: 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 9.5% (2023: 9.6%) 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 2024 and consequently no impairment has been made.

For the HK Express CGU, the assessment reflects stronger growth than the Company in the near term, due to strong demand as a low cost carrier, particularly with the opening of the Three Runway System, 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% (2023: 3.0%). The discount rate used of 11.7% (2023: 12.1%) 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 2024 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 a 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.

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.

9. INVESTMENTS IN ASSOCIATES

	2024 HK$M	2023 HK$M
Share of net assets		
– listed in Hong Kong and Chinese Mainland	**7,673**	7,472
– listed in Chinese Mainland	**5,489**	–
– unlisted	**662**	5,694
Goodwill	**2,597**	2,887
	16,421	16,053
Less: impairment loss	**(83)**	(56)
	16,338	15,997
Loans due from associates	**219**	49
Less: share of post-acquisition losses that are in excess of cost of investment	**(186)**	–
	16,371	16,046

Material associates are listed on page 131.

The Group accounts for Air China and Air China Cargo three months in arrears. The Group's 2024 results included Air China and Air China Cargo's results for the 12 months ended 30th September 2024.

(a) Air China

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

At 31st December 2024, 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$13,564 million (2023: HK$13,011 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 2024 are summarised as below:

	2024 HK$M	2023 HK$M
Gross amounts of the associate's		
– current assets	**42,929**	42,370
– non-current assets	**323,644**	330,401
– current liabilities	**(160,370)**	(124,440)
– non-current liabilities	**(165,812)**	(206,527)
Revenue	**179,067**	132,282
Loss from continuing operations	**(2,107)**	(12,727)
Other comprehensive income	**146**	(1,212)
Total comprehensive income	**(1,961)**	(13,939)
Dividend received from the associate	**–**	–
Reconciled to the Group's interests in the associate		
– gross amounts of net assets of the associate	**40,391**	41,804
– Group's share of net assets of the associate at effective interest (2024: 15.09%; 2023: 16.26%)	**6,095**	6,797
– effect of cross shareholding and others	**1,578**	675
– goodwill	**2,597**	2,887
	10,270	10,359

9. INVESTMENTS IN ASSOCIATES (continued)

The Group held 2,634 million shares of Air China, representing a 15.09% interest at 31st December 2024 (2023: 2,634 million shares representing a 16.26% interest) and had significant influence through its representation on the Board of Directors of Air China and 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 and the national flag carrier and a leading provider of cargo and other related services in the Chinese Mainland.

At 31st December 2024, 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$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 2024 are summarised as below:

	2024 HK$M	2023 HK$M
Gross amounts of the associate's		
– current assets	**8,481**	9,346
– non-current assets	**16,709**	15,425
– current liabilities	**(2,949)**	(3,384)
– non-current liabilities	**(141)**	(306)
Revenue	**20,558**	15,447
Profit from continuing operations	**1,717**	1,170
Other comprehensive income	**(2)**	1
Total comprehensive income	**1,715**	1,171
Dividend received from the associate	**–**	–
Reconciled to the Group's interests in the associate		
– gross amounts of net assets of the associate	**22,100**	21,081
– Group's share of net assets of the associate at effective interest (2024: 21.36%; 2023: 24.00%)	**4,721**	5,059
– others	**768**	93
	5,489	5,152

The Group held 2,565 million shares of Air China Cargo, representing a 21.36% interest at 31st December 2024 (2023: 2,565 million shares representing a 24.00% interest) and had significant influence through its representation on the Board of Directors 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:

	2024 HK$M	2023 HK$M
Aggregate carrying amount of individually immaterial associates	**612**	535
Aggregate amounts of the Group's share of those associates		
– (loss)/profit from continuing operations	**(16)**	155
– other comprehensive income	**(22)**	(14)
– total comprehensive income	**(38)**	141

10. OTHER LONG-TERM RECEIVABLES AND INVESTMENTS

	2024 HK$M	2023 HK$M
Unlisted equity investments		
– designated at fair value through other comprehensive income (non-recycling)	**40**	45
– measured at fair value through profit or loss	**830**	782
Other long-term receivables measured at amortised cost	**1,113**	1,148
Derivative financial assets – long-term portion	**124**	45
Retirement benefit assets (note 13(a))	**1,491**	1,588
	3,598	3,608

11. INTEREST-BEARING LIABILITIES

	2024 HK$M	2023 HK$M
Non-current liabilities:		
Loans and other borrowings	**33,174**	33,576
Lease liabilities	**23,675**	24,195
	56,849	57,771
Current liabilities:		
Loans and other borrowings	**7,423**	5,719
Lease liabilities	**4,203**	4,804
	11,626	10,523
Total borrowings	**68,475**	68,294
Liquid funds	**(10,534)**	(15,530)
Net borrowings	**57,941**	52,764

Included in lease liabilities, HK$10,844 million (2023: HK$11,321 million) pertains to leases without asset transfer components, and included in other borrowings, HK$4,646 million (2023: HK$4,855 million) relates to sale-and-leaseback financing arrangements without asset transfer at the end of contract term.

11. INTEREST-BEARING LIABILITIES (continued)

(a) Loans and other borrowings

	2024 HK$M	2023 HK$M
Bank loans		
– secured	**19,345**	20,233
– unsecured	**6,260**	500
Other borrowings		
– secured	**6,012**	6,277
– unsecured	**8,980**	12,285
	40,597	39,295
Amount due within one year included in current liabilities	**(7,423)**	(5,719)
	33,174	33,576
Repayable as follows:		
Bank loans		
– within one year	**5,977**	3,924
– after one year but within two years	**5,257**	5,704
– after two years but within five years	**11,075**	8,225
– after five years	**3,296**	2,880
	25,605	20,733
Other borrowings		
– within one year	**1,446**	1,795
– after one year but within two years	**7,664**	1,452
– after two years but within five years	**3,827**	13,080
– after five years	**2,055**	2,235
	14,992	18,562
Amount due within one year included in current liabilities	**(7,423)**	(5,719)
	33,174	33,576

At 31st December 2024, aircraft and related equipment of HK$40,763 million and land and building of HK$1,957 million (2023: aircraft and related equipment of HK$47,562 million and land and building of HK$2,044 million) are pledged as security for the secured loans and other borrowings. Loans and other borrowings are repayable up to 2035 (2023: 2035).

Loans and other borrowings of the Group not wholly repayable within five years amounted to HK$14,178 million (2023: HK$15,145 million).

Save as disclosed in note 19 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 2024, the Group had loans totalling HK$18,157 million (2023: HK$21,844 million) which were defeased by funds and other investments. Accordingly, these loans and the related funds, as well as related expenses and income, have been defeased in the financial statements.

On 5th February 2021, the Group completed the issuance of HK$6,740 million guaranteed convertible 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(b) for the conversion and repurchase of convertible bonds.

As at 31st December 2024, the liability component had a carrying value of HK$2,120 million (2023: HK$6,476 million).

11. INTEREST-BEARING LIABILITIES (continued)

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 did not issue any listed notes (2023: did not issue any listed or unlisted notes)
- the Group redeemed HK$488 million and RMB230 million (HK$253 million) of unlisted notes (2023: redeemed SG$175 million (HK$1 billion) of listed notes listed on the Singapore Exchange and HK$400 million of unlisted notes).

(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 2034. The reconciliation of future lease payments and their carrying values at the end of the current and previous reporting periods is as follows:

	2024 HK$M	2023 HK$M
Future payments	**33,586**	35,663
Interest charges relating to future periods	**(5,708)**	(6,664)
Present value of future payments	**27,878**	28,999
Amount due within one year included in current liabilities	**(4,203)**	(4,804)
	23,675	24,195

The present value of future payments is repayable as follows:

	2024 HK$M	2023 HK$M
Within one year	**4,203**	4,804
After one year but within two years	**3,572**	3,793
After two years but within five years	**10,387**	9,639
After five years	**9,716**	10,763
	27,878	28,999

The undiscounted future payments are repayable as follows:

	2024 HK$M	2023 HK$M
Within one year	**5,484**	6,302
After one year but within two years	**4,577**	4,944
After two years but within five years	**12,409**	12,002
After five years	**11,116**	12,415
	33,586	35,663

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 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**
At 1st January 2023	45,166	31,940	77,106
Changes from financing cash flows			
– new financing	3,348	1,306	4,654
– repayments	(9,693)	(6,693)	(16,386)
Other changes			
– exchange gains	(25)	(243)	(268)
– changes resulting from new leases	–	2,264	2,264
– changes resulting from lease modification	–	311	311
– changes resulting from lease termination	–	(2)	(2)
– conversion of bonds	(6)	–	(6)
– others	505	116	621
At 31st December 2023	39,295	28,999	68,294

12. OTHER LONG-TERM PAYABLES

	2024 HK$M	2023 HK$M
Deferred liabilities	**3,180**	2,516
Long service payments obligations (note 13(c))	**99**	90
Derivative financial liabilities – long-term portion	**183**	204
	3,462	2,810

There are no derivative financial liabilities of the Group which did not qualify for hedge accounting in both years.

The Group had a maintenance provision of HK$3,161 million (2023: HK$3,239 million) for returning the aircraft to lessors under certain maintenance conditions. The movements during the year are as follows:

	2024 HK$M	2023 HK$M
At 1st January	**3,239**	3,069
Additional provision made	**511**	571
Reversals	**(188)**	(81)
Provision utilised	**(401)**	(320)
At 31st December	**3,161**	3,239
Amount expected to be utilised within one year included in trade and other payables	**(446)**	(852)
Included in deferred liabilities above	**2,715**	2,387

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 ("CDI") and Vogue Laundry Service Limited ("VLS") are participating employers, and CPAGRBS in which Hong Kong Airport Services Limited ("HAS") 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, CDI, VLS and HAS 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.

13. POST-EMPLOYMENT BENEFITS (continued)

Staff employed by the Company in Hong Kong on expatriate terms 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 141.3% (2023: 142.6%) covered by the plan assets held by the trustees at 31st December 2024.

	2024 HK$M	2023 HK$M
Net expenses recognised in the profit or loss:		
Current service cost	**114**	125
Net interest income	**(66)**	(79)
Total included in staff costs	**48**	46
Actual return on plan assets	**375**	625

	2024 HK$M	2023 HK$M
Net assets recognised in the consolidated statement of financial position:		
Present value of funded obligations	**3,617**	3,730
Fair value of plan assets	**(5,108)**	(5,318)
Retirement benefit assets (note 10)	**(1,491)**	(1,588)

13. POST-EMPLOYMENT BENEFITS (continued)

	2024 HK$M	2023 HK$M
Movements in present value of funded obligations comprise:		
At 1st January	**3,730**	3,900
Remeasurements		
– actuarial (gains)/losses arising from changes in financial assumptions	**(82)**	135
– experience losses	**386**	52
Movements for the year		
– current service cost	**114**	125
– interest expense	**124**	198
– employee contributions	**3**	2
– benefits paid	**(625)**	(682)
– transfer	**(33)**	–
At 31st December	**3,617**	3,730

The weighted average duration of the defined benefit obligations is five years (2023: seven years).

	2024 HK$M	2023 HK$M
Movements in fair value of plan assets comprise:		
At 1st January	**5,318**	5,323
Movements for the year		
– return on plan assets excluding interest income	**185**	348
– interest income	**190**	277
– employee contributions	**3**	2
– employer contributions	**70**	50
– benefits paid	**(625)**	(682)
– transfer	**(33)**	–
At 31st December	**5,108**	5,318

No curtailment gain/loss was incurred in the year ended 31st December 2024 and 2023.

There were no plan amendments during the year.

	2024 HK$M	%	2023 HK$M	%
Fair value of plan assets comprises:				
Equities				
– Asia Pacific	**359**	**7**	415	8
– Europe	**199**	**4**	239	4
– Americas	**743**	**14**	754	14
– Emerging markets	**528**	**10**	556	10
Bonds				
– Global	**1,512**	**30**	1,334	26
– Emerging markets	**81**	**2**	187	4
Absolute return funds	**876**	**17**	913	17
Cash	**810**	**16**	920	17
	5,108	**100**	5,318	100

13. POST-EMPLOYMENT BENEFITS (continued)

At 31st December 2024, the prices of 49% of equities and 38% of bonds were quoted on active markets (31st December 2023 (restated): 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$81 million to the schemes in 2025.

	2024	2023
The significant actuarial assumptions (expressed as weighted averages) are:		
Discount rate	**4.52%**	4.36%
Expected rate of future salary increases	**2.62%**	2.61%

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 2024 would have (increased)/decreased as a result of 0.5% change in the actuarial assumptions:

	Increase by 0.5%		Decrease by 0.5%	
	2024 HK$M	2023 HK$M	**2024 HK$M**	2023 HK$M
Discount rate	**90**	126	**(96)**	(133)
Expected rate of future salary increases	**(55)**	(85)	**54**	84

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.

Staff employed by the Company in Hong Kong on expatriate terms are eligible to join a defined contribution retirement scheme, the CPA Provident Fund 1993. All staff employed in Hong Kong are eligible to join the CPA Provident Fund.

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 contributions. The amounts utilised in the course of the year amounted to HK$27 million (2023: HK$44 million). Amounts available at 31st December 2024 for such use in future years amounted to HK$2 million (2023: HK$4 million).

13. POST-EMPLOYMENT BENEFITS (continued)

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$741 million (2023: HK$587 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.

In June 2022, the Government gazetted the Amendment Ordinance, which will eventually abolish 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. The Government has subsequently announced that the Amendment Ordinance will come into effect from the Transition Date i.e. 1st May 2025.

The Group has accounted for the offsetting mechanism and its abolition as disclosed in material accounting policy 15.

	2024 HK$M	2023 HK$M
At 1st January	**90**	75
Remeasurements recognised in other comprehensive income:		
Actuarial losses arising from changes in financial assumptions	**(5)**	6
Expenses recognised in profit or loss:		
Current service cost	**14**	9
Interest cost	**3**	2
Benefits paid directly by the employer	**(3)**	(2)
At 31st December	**99**	90

The weighted average duration of the defined benefit obligation is 11.8 (2023:11.5) years.

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

	2024	2023
Discount rate	**3.6-3.8%**	3.5-3.8%
Future salary increases	**2.5-3.8%**	2.5-3.3%
Expected investment return on offsetable 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.

14. DEFERRED TAXATION

	2024 HK$M	2023 HK$M
Deferred tax assets:		
– provisions	**(19)**	(69)
– tax losses	**(6,676)**	(4,917)
– lease liabilities	**(1,138)**	(1,172)
Deferred tax liabilities:		
– accelerated tax depreciation	**8,552**	5,786
– investments in associates	**239**	197
– right-of-use assets	**1,004**	1,023
– cash flow hedges	**82**	28
– retirement benefits	**114**	125
Provision in respect of certain lease arrangements	**4,680**	5,670
	6,838	6,671

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

	2024 HK$M	2023 HK$M
Net deferred tax asset recognised in the consolidated statement of financial position	**(1,152)**	(1,085)
Net deferred tax liability recognised in the consolidated statement of financial position	**7,990**	7,756
	6,838	6,671

	2024 HK$M	2023 HK$M
Movements in deferred taxation comprise:		
At 1st January	**6,671**	6,983
Movements for the year		
– charged to profit or loss		
– deferred tax charge (note 5)	**1,107**	959
– operating expenses	**60**	69
– charged/(credited) to other comprehensive income		
– transferred to cash flow hedge reserve	**54**	(121)
– transferred to retained profit	**(4)**	(2)
– initial cash benefit from lease arrangements	**172**	273
Current portion of provision in respect of certain lease arrangements included in current liabilities – taxation	**(1,222)**	(1,490)
At 31st December	**6,838**	6,671

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$20,452 million (2023: HK$30,000 million) to carry forward against future taxable profits. These amounts are analysed as follows:

	2024 HK$M	2023 HK$M
No expiry date	**20,435**	21,032
Expiring in 2025 to 2037 (2023: 2024 to 2037)	**17**	8,968
	20,452	30,000

The provision in respect of certain lease arrangements corresponds to payments which are expected to be made during the years 2025 to 2034 (2023: 2024 to 2034) as follows:

	2024 HK$M	2023 HK$M
After one year but within five years	**3,539**	3,796
After five years but within 10 years	**1,007**	1,661
After 10 years	**134**	213
	4,680	5,670

15. TRADE AND OTHER RECEIVABLES

	2024 HK$M	2023 HK$M
Trade debtors, net of loss allowances	**4,731**	4,323
Derivative financial assets – current portion	**505**	253
Other receivables and prepayments	**2,078**	1,512
Due from associates and other related companies	**12**	164
	7,326	6,252

	2024 HK$M	2023 HK$M
Analysis of trade debtors (net of loss allowances) by invoice date:		
Within one month	**4,241**	3,850
One to three months	**478**	467
More than three months	**12**	6
	4,731	4,323

	2024 HK$M	2023 HK$M
Analysis of trade debtors (net of loss allowances) by age:		
Current	**4,373**	4,076
Within three months overdue	**330**	244
More than three months overdue	**28**	3
	4,731	4,323

15. TRADE AND OTHER RECEIVABLES (continued)

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

	2024 HK$M	2023 HK$M
At 1st January	**41**	36
Expected credit loss recognised	**63**	5
At 31st December	**104**	41

16. LIQUID FUNDS

	2024 HK$M	2023 HK$M
Cash and cash equivalents		
Short-term deposits and bank balances	**5,444**	7,894
Other liquid funds		
Short-term deposits maturing beyond three months when placed	**1,446**	385
Funds with investment managers		
– debt securities listed outside Hong Kong	**3,257**	7,208
– bank deposits	**384**	38
Other liquid investments		
– debt securities listed outside Hong Kong	**3**	5
Liquid funds	**10,534**	15,530

Included in other liquid investments are debt securities of HK$3 million (2023: HK$5 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:

	2024 HK$M	2023 HK$M
Liquid funds	**10,534**	15,530
Less: amounts pledged as part of long-term financing		
– debt securities listed outside Hong Kong	**(3)**	(5)
Committed undrawn facilities	**8,542**	4,460
Available unrestricted liquidity to the Group	**19,073**	19,985

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

17. TRADE AND OTHER PAYABLES

	2024 HK$M	2023 HK$M
Trade creditors	**7,480**	7,397
Derivative financial liabilities – current portion	**277**	422
Other payables	**9,935**	8,879
Due to associates	**334**	139
Due to other related companies	**451**	401
	18,477	17,238

	2024 HK$M	2023 HK$M
Analysis of trade creditors by invoice date:		
Within one month	**7,033**	7,047
One to three months	**384**	291
More than three months	**63**	59
	7,480	7,397

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

Included in other payables above, the Group had a provision of HK$170 million (2023: HK$657 million) for possible or actual taxation (other than income tax), litigation and claims. The movements during the year are as follows:

	2024 HK$M	2023 HK$M
At 1st January	**657**	324
Addition	**–**	400
Reversal	**(465)**	–
Provision utilised	**(22)**	(67)
At 31st December	**170**	657

18. CONTRACT LIABILITIES

	2024 HK$M	2023 HK$M
Non-current	**197**	252
Current	**18,365**	15,223
	18,562	15,475

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

		2024 HK$M	2023 HK$M
Passenger revenue, fuel and insurance surcharge	*(a)*	**12,762**	10,528
Loyalty programme	*(b)*	**5,768**	4,839
Cargo revenue	*(c)*	**32**	108
		18,562	15,475

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:

		2024 HK$M	2023 HK$M
Passenger revenue, fuel and insurance surcharge	*(a)*	**8,435**	5,987
Cargo revenue	*(c)*	**108**	163

(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:

	2024 HK$M	2023 HK$M
At 1st January	**4,839**	4,584
Deferral of revenue – mileage credits issued through travel or sold to co-branded credit card and other partners	**3,928**	3,684
Recognition of revenue – mileage credits redeemed or expired	**(2,999)**	(3,429)
At 31st December	**5,768**	4,839

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

19. SHARE CAPITAL

	2024		2023	
	Number of shares	**HK$M**	Number of shares	HK$M
Issued and fully paid				
Ordinary shares				
At 1st January	**6,437,900,319**	**28,828**	6,437,200,203	28,822
Conversion of bonds (notes 11(a) and 19(b))	**1,508,931**	**13**	700,116	6
At 31st December	**6,439,409,250**	**28,841**	6,437,900,319	28,828
Preference shares				
At 1st January (note 19(a))	**–**	**–**	195,000,000	19,500
Reduction	**–**	**–**	(97,500,000)	(9,750)
Redemption (note 19(a))	**–**	**–**	(97,500,000)	(9,750)
At 31st December	**–**	**–**	–	–
		28,841		28,828

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) and no exercise of warrants during the years ended 2024 and 2023.

(a) In 2020, the Company issued (a) 195,000,000 preference shares (the "Preference Shares") and (b) 416,666,666 warrants (the "Warrants") to Aviation 2020 Limited, a limited company wholly owned by the Financial Secretary Incorporated. The Preference Shares were redeemable by the Company at HK$100 per share plus any unpaid dividends. The Warrants entitled Aviation 2020 Limited to subscribe for up to 416,666,666 fully paid ordinary shares at the initial warrant exercise price of HK$4.68 per share (subject to adjustment upon occurrence of certain prescribed events including distributions). The expiry date of the Warrants was five years from the Warrants issue date of 12th August 2020.

As a result of dividends declared in 2023 and 2024, the exercise price of the Warrants was adjusted to HK$4.32 per share, increasing the maximum number of ordinary shares issuable to 451,388,888.

On 11th October 2023, shareholders approved the reduction of HK$19,500 million from the Company's preference shares capital account ("Capital Reduction") which was completed on 16th November 2023. The proceeds were partially applied to redeem and cancel 97,500,000 Preference Shares at HK$100 per share plus unpaid dividends on 4th December 2023 (the "First Redemption"). The remaining proceeds were applied to redeem and cancel the remaining 97,500,000 Preference Shares at a redemption price of HK$100 per preference share plus any unpaid dividends on 31st July 2024 (the "Final Redemption").

Separately, on 30th August 2024, the Company entered into an agreement to repurchase and cancel all Warrants from Aviation 2020 Limited for a total consideration of HK$1,532 million ("Warrants Repurchase"). The Warrants Repurchase was completed on 13th September 2024.

Details of the issue of Preference Shares and Warrants, First Redemption, Final Redemption, adjustments to the exercise price of the Warrants and Warrants Repurchase are set out in the Company's announcements.

As at 31st December 2024, the Company has no Preference Shares or Warrants in issue.

19. SHARE CAPITAL (continued)

(b) On 18th August 2023, 700,116 ordinary shares were issued at HK$8.57 each, totalling a principal amount of HK$6 million. On 13th May 2024 and 13th December 2024, additional 246,305 shares and 1,262,626 shares were issued at HK$8.12 each and HK$7.92 each respectively for principal amount of HK$2 million and HK$10 million. These conversions represent less than 0.003% of the total convertible bonds ("Bonds"). For the year ended 31st December 2024, HK$12 million (2023: HK$6 million) of the Bonds were converted.

As a result of dividends declared in 2023 and 2024, the exercise price of the Bonds was adjusted to HK$7.92 per share, increasing the maximum number of ordinary shares issuable upon full conversion of the outstanding Bonds to 850,000,000.

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 ("Bonds Repurchase"). As at 31st December 2024, 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.

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 on cumulative preference shares issued by the Company

The Preference Shares accrued dividends at the rate of:

(i) 3% per annum from and including the Issue Date (i.e. 12th August 2020) to but excluding the date falling three years from the Issue Date (the "First Step-up Date");

(ii) 5% per annum from and including the First Step-up Date up to (but excluding) 31st July 2024, the completion date of the Final Redemption.

Dividends on cumulative preference shares were paid semi-annually in arrears at the applicable rates. Dividends on cumulative preference shares were not accrued until declared and were classified as distributions from equity.

On 14th February 2024, the Company paid dividend of HK$244 million to the preference shareholder. On 31st July 2024, the Company paid final dividend of the HK$227 million on the remaining 97,500,000 Preference Shares to preference shareholder. During the year, the profit attributable to preference shareholder is HK$281 million (2023: HK$722 million).

(b) Dividends payable to ordinary shareholders

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

	2024 HK$M	2023 HK$M
First interim dividend declared and paid of HK$0.20 per share (2023: nil)	**1,288**	–
Second interim dividend proposed after the end of the reporting period of HK$0.49 per ordinary share (2023: HK$0.43 per ordinary share)	**3,155**	2,768
	4,443	2,768

The second interim dividend will be paid on 8th May 2025 to ordinary shareholders registered at the close of business on the record date, being Thursday, 3rd April 2025. Ordinary shares of the Company will be traded ex-dividend as from Tuesday, 1st April 2025.

The register of members will be closed on Thursday, 3rd April 2025, during which day no transfer of shares will be effected. In order to qualify for entitlement to the 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, 2nd April 2025.

The second interim dividend was proposed after the end of the reporting period and therefore has not been recognised as a liability at 31st December 2024.

20. DIVIDENDS (continued)

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

	2024 HK$M	2023 HK$M
Interim dividend in respect of the previous financial year, approved and paid during the year, of HK$0.43 per share (2023: nil)	**2,768**	–

21. RESERVES

	2024 HK$M	2023 HK$M
Retained profit	**26,437**	21,186
Investment revaluation reserve (non-recycling)	**(164)**	(159)
Preference shares reserve (note 19(a))	**–**	9,750
Cash flow hedge reserve	**628**	266
Equity component of convertible bonds issued (note 11(a))	**169**	526
Others	**(3,411)**	(371)
	23,659	31,198

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 losses arising from revaluation of foreign investments which amounted to HK$580 million (2023: HK$94 million), share of associates' other negative reserves of HK$497 million (2023: HK$277 million), repurchase of warrants and convertible bond equity portion HK$1,538 million and HK$796 million respectively.

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

	2024 HK$M	2023 HK$M
Revenue	**607**	524
Fuel	**34**	655
Net finance credit	**64**	109
Other expenses	**3**	38
Net gains transferred to profit or loss	**708**	1,326

The cash flow hedge reserve of the Group is expected to be 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
2025	**218**
2026	**11**
2027	**241**
2028	**75**
2029	**83**
	628

21. RESERVES (continued)

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.

	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 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**
At 1st January 2023	18,929	–	526	(109)	1,468	–	20,814
Profit for the year	10,140	–	–	–	–	–	10,140
Other comprehensive income	167	–	–	–	(1,202)	–	(1,035)
Total comprehensive income for the year	10,307	–	–	–	(1,202)	–	9,105
Transfer from share capital	–	9,750	–	–	–	–	9,750
Dividend – preference shares	(1,969)	–	–	–	–	–	(1,969)
At 31st December 2023	27,267	9,750	526	(109)	266	–	37,700

Distributable reserves of the Company at 31st December 2024 amounted to HK$31,190 million (2023: HK$27,267 million), as calculated under the provisions of Part 6 of the Hong Kong Companies Ordinance (Cap. 622).

22. RECONCILIATION OF OPERATING PROFIT TO CASH GENERATED FROM OPERATIONS

	2024 HK$M	2023 HK$M
Operating profit	**13,928**	15,125
Depreciation of property, plant and equipment	**11,463**	11,730
Amortisation of intangible assets	**596**	594
Reversal of impairment of property, plant and equipment	**(46)**	(208)
(Gains)/losses on disposal of property, plant and equipment, net	**(42)**	33
Losses on disposal of intangible assets	**2**	1
Gains on deemed partial disposals of associates	**(578)**	(1,929)
Fair value (gains)/losses on equity investments measured at fair value through profit or loss	**(48)**	11
Impairments of investment in associates	**27**	–
Gains on convertible bonds repurchase	**(106)**	–
Dividend income from unlisted equity investments	**(68)**	(58)
Gains from financial derivatives, cash flow hedge reserve and other items not involving cash flows	**(443)**	(375)
Cash generated from operations before working capital changes	**24,685**	24,924
(Increase)/decrease in stock	**(419)**	170
Increase in trade debtors and other receivables	**(974)**	(6)
Increase in net amounts due to associates and other related companies	**397**	53
Increase in trade creditors, other payables and deferred liabilities	**1,803**	5,515
Increase in contract liabilities	**3,087**	1,656
Non-operating movements in debtors and creditors	**(322)**	(164)
Cash generated from operations	**28,257**	32,148

23. TOTAL CASH OUTFLOW FOR LEASES

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

	2024 HK$M	2023 HK$M
Within operating cash flows	**459**	525
Within investing cash flows	**385**	658
Within financing cash flows	**4,100**	5,387
	4,944	6,570

Significant non-cash transactions for leases:

During the year ended 31st December 2024, the Group entered into new lease arrangements in respect of property, plant and equipment with a total capitalised value at the inception of HK$1,196 million (2023: HK$2,264 million), a significant proportion of which is related to the delivery of leased aircraft.

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					
	Basic salary/ Fees (note i) HK$'000	Bonus (in respect of 2023) HK$'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$'000	**2024 Total HK$'000**	2023 Total HK$'000
Executive Directors									
Healy, Patrick	2,930	3,032	929	932	3,032	–	–	**10,855**	8,669
Hughes, Gregory (up to March 2023)	–	2,187	–	–	–	–	–	**2,187**	8,407
Lam, Ronald	3,946	6,618	1,983	1,601	–	–	–	**14,148**	10,455
Lau, Lavinia (from January 2023)	3,120	2,673	1,872	251	39	2	–	**7,957**	5,434
McGowan, Alexander (from April 2023)	3,001	2,224	1,800	1,050	–	107	–	**8,182**	4,635
Sharpe, Rebecca	3,087	2,594	2,242	982	2,594	83	–	**11,582**	9,714
Tang, Augustus (up to December 2022)	–	–	–	–	–	–	–	**–**	7,276
Non-Executive Directors									
Bradley, Guy	–	–	–	–	–	–	–	**–**	–
Ma, Chongxian	575	–	–	–	–	–	–	**575**	575
McCallum, Gordon (from January 2023)	–	–	–	–	–	–	–	**–**	–
Sun, Yuquan	575	–	–	–	–	–	–	**575**	575
Swire, Merlin	–	–	–	–	–	–	–	**–**	–
Swire, Samuel (up to January 2023)	–	–	–	–	–	–	–	**–**	–
Tang, Augustus (from September 2024)	–	–	–	–	–	–	–	**–**	–
Wang, Mingyuan (from July 2023)	575	–	–	–	–	–	–	**575**	254
Xiao, Feng	947	–	–	–	–	–	–	**947**	947
Zhang, Zhuo Ping (up to September 2024)	–	–	–	–	–	–	–	**–**	–
Independent Non-Executive Directors									
Chan, Bernard	709	–	–	–	–	–	–	**709**	695
Cheng, Lily (from May 2024)	558	–	–	–	–	–	–	**558**	–
Harrison, John (up to May 2024)	695	–	–	–	–	–	–	**695**	1,029
Mueller, Christoph	1,029	–	–	–	–	–	–	**1,029**	1,029
Wang, Xiao Bin (from May 2024)	635	–	–	–	–	–	–	**635**	–
Tung, Andrew (up to May 2024)	356	–	–	–	–	–	–	**356**	927
2024 Total	**22,738**	**19,328**	**8,826**	**4,816**	**5,665**	**192**	**–**	**61,565**	**–**
2023 Total	21,491	17,963	9,485	4,167	5,505	113	1,897	**–**	60,621

24. DIRECTORS' REMUNERATION (continued)

(i) Independent Non-Executive Directors 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.

(b) The five individuals whose emoluments were the highest in the Group for the year ended 31st December 2024 and 2023 are as follows:

	2024	2023
Number of individuals:		
Executive Directors	**4**	4
Senior staff	**1**	1
	5	5

Details of their emoluments are as follows:

	Cash			Non-cash				
	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$'000	**Total HK$'000**
2024 Total	**15,245**	**18,154**	**9,688**	**5,290**	**5,626**	**394**	**–**	**54,397**
2023 Total	13,332	10,254	9,019	4,466	6,506	118	2,039	45,734

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$	**2024**	2023
8,000,001 – 8,500,000	**1**	1
8,500,001 – 9,000,000	**–**	2
9,500,001 – 10,000,000	**1**	1
10,000,001 – 10,500,000	**–**	1
10,500,001 – 11,000,000	**1**	–
11,500,001 – 12,000,000	**1**	–
14,000,001 – 14,500,000	**1**	–
	5	5

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:

	2024			2023		
HK$	**Director**	**Flight staff**	**Other staff**	Director	Flight staff	Other staff
0 – 1,000,000	**14**	**12,216**	**9,691**	11	8,414	8,798
1,000,001 – 1,500,000	**1**	**461**	**629**	2	561	367
1,500,001 – 2,000,000	**–**	**626**	**172**	–	586	170
2,000,001 – 2,500,000	**1**	**413**	**107**	–	252	36
2,500,001 – 3,000,000	**–**	**255**	**31**	–	231	20
3,000,001 – 3,500,000	**–**	**215**	**15**	–	112	14
3,500,001 – 4,000,000	**–**	**82**	**6**	–	37	5
4,000,001 – 4,500,000	**–**	**31**	**2**	–	26	3
4,500,001 – 5,000,000	**–**	**40**	**5**	1	24	4
5,000,001 – 5,500,000	**–**	**24**	**2**	1	6	–
5,500,001 – 6,000,000	**–**	**6**	**1**	–	2	–
6,000,001 – 6,500,000	**–**	**4**	**–**	–	–	–
7,000,001 – 7,500,000	**–**	**–**	**1**	1	–	–
7,500,001 – 8,000,000	**1**	**–**	**–**	–	–	–
8,000,001 – 8,500,000	**1**	**–**	**–**	1	–	1
8,500,001 – 9,000,000	**–**	**–**	**–**	1	–	1
9,500,001 – 10,000,000	**–**	**–**	**1**	1	–	–
10,000,001 – 10,500,000	**–**	**–**	**–**	1	–	–
10,500,001 – 11,000,000	**1**	**–**	**–**	–	–	–
11,500,001 – 12,000,000	**1**	**–**	**–**	–	–	–
14,000,001 – 14,500,000	**1**	**–**	**–**	–	–	–
	21	**14,373**	**10,663**	20	10,251	9,419

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:

	2024		2023	
	Associates HK$M	**Other related parties HK$M**	Associates HK$M	Other related parties HK$M
Revenue	**135**	**18**	214	7
Aircraft maintenance	**(1,231)**	**(2,369)**	(1,149)	(1,896)
Other operating expenses	**(464)**	**(575)**	(266)	(528)
Dividend income	**25**	**66**	8	57
Finance income	**5**	**–**	5	–
Fixed asset purchased	**–**	**–**	5	–
Lease payments	**(1)**	**(50)**	(1)	(49)

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 2024 (2023: HK$4 million), which was determined with reference to amounts charged by the related party to third parties. For the year ended 31st December 2024, lease payments of HK$49 million (2023: HK$49 million) were paid. The balances of right-of-use assets and lease liabilities as at 31st December 2024 were HK$89 million and HK$101 million respectively (2023: HK$128 million and HK$143 million respectively).

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

(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 a definition of terms, please refer to the section headed Directors' Report in this annual report.

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. Such transactions constitute continuing connected transactions. The amounts paid/payable to the HAECO group for the year ended 31st December 2024 totalled HK$3,500 million (2023: HK$3,033 million). The amounts received/receivable from the HAECO group for the year ended 31st December 2024 totalled HK$15 million (2023: HK$141 million).

As a director of HAECO, Guy Bradley is interested in the HAECO 2022 Framework Agreement.

Air China

Under the Air China Framework Agreement with Air China dated 26th June 2008, 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 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 2024 totalled HK$369 million (2023: HK$174 million). The amounts received/receivable from the Air China group for the year ended 31st December 2024 totalled HK$110 million (2023: HK$74 million).

As directors or employees of Air China, Patrick Healy, Ma Chongxian, Sun Yuquan, Xiao Feng and Wang Mingyuan are interested in the Air China Framework Agreement.

26. RELATED PARTY TRANSACTIONS (continued)

JS&SHK

The Company has an agreement for services with JS&SHK ("JS&SHK Services Agreement"). 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 2024, service fee paid/payable amounted to HK$258 million (2023: HK$258 million).

As directors and/or employees of the Swire group, Patrick Healy, Guy Bradley, Ronald Lam, Gordon McCallum, 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. Zhang Zhuo Ping was interested as a Director of the Swire group until his resignation with effect from 1st September 2024.

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. Such transactions constitute continuing connected transactions. The amounts paid/payable to CASL for the year ended 31st December 2024 totalled HK$229 million (2023: HK$130 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, Ma Chongxian and Sun Yuquan, holding positions in CNAHC, are materially interested in the CASL Framework Agreement.

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 2024 totalled HK$40 million (2023: HK$39 million). The amounts received/receivable from the Air China Cargo Group for the year ended 31st December 2024 totalled HK$11 million (2023: HK$13 million).

As directors of Air China Cargo, Ronald Lam, Augustus Tang and Xiao Feng, and as directors or employees of Air China (associate of Air China Cargo), Ma Chongxian, Sun Yuquan, and Wang Mingyuan are interested in the Air China Cargo Framework Agreement.

(b) Amounts due from and due to associates and other related companies at 31st December 2024 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) Guarantees given by the Company in respect of bank loan facilities of an associate at 31st December 2024 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 Directors' Report and the Corporate Governance Report). Remuneration of Directors is disclosed in note 24 to the financial statements.

27. CAPITAL COMMITMENTS AND CONTINGENCIES

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

	2024 HK$M	2023 HK$M
Authorised and contracted for		
– aircraft and related equipment	**95,966**	65,358
– others	**718**	30
Authorised but not contracted for		
– aircraft and related equipment	**18,429**	6,725
– others	**841**	366
	115,954	72,479

(b) Performance and financial guarantees outstanding at the year end:

	2024 HK$M	2023 HK$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 22.

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 is expected within the first half of 2025.

The Company is a defendant in a number of civil claims, including class litigation and third party contribution claims, in a number of countries including Germany, 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.

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 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 2024 totalled HK$457 million (2023: HK$424 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 implies 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.

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.

28. FINANCIAL RISK MANAGEMENT (continued)

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$10,534 million (2023: HK$15,530 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:

	2024 HK$M	2023 HK$M
Available unrestricted liquidity to the Group (note 16)	**19,073**	19,985
Uncommitted bank overdraft facilities	**417**	438

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 Japanese yen, 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:

	2024				
	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**	**Total 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)**

	2023				
	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	Total HK$M
Group					
Loans and other borrowings	(7,651)	(8,746)	(23,697)	(6,386)	(46,480)
Lease liabilities	(6,302)	(4,944)	(12,002)	(12,415)	(35,663)
Other long-term payables	–	(561)	(1,399)	(556)	(2,516)
Trade and other payables	(16,816)	–	–	–	(16,816)
Derivative financial liabilities, net	(393)	(169)	–	–	(562)
Total	(31,162)	(14,420)	(37,098)	(19,357)	(102,037)

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. The Group's policy is to reduce foreign currency exposure on foreign currencies. 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 carrying amount of foreign currency borrowings and the notional amount of currency derivative contracts 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:

	2024 HK$M	2023 HK$M
Currency derivative contracts – outgoing currencies		
Renminbi	**5,969**	3,934
Australian dollars	**1,604**	1,381
Euros	**1,292**	1,671
Pound sterling	**1,160**	904
Canadian dollars	**854**	578
Indian rupee	**754**	892
New Taiwan dollars	**714**	960
Indonesian Rupiah	**433**	438
Japanese yen	**415**	461
Others	**943**	1,021
Foreign currency borrowings		
Japanese yen	**1,189**	1,817
Renminbi	**–**	253
Cross currency interest rate swaps – incoming currency		
United States dollars	**(5,048)**	(5,076)

	2024		2023	
	Assets HK$M	**Liabilities HK$M**	Assets HK$M	Liabilities HK$M
Cash flow hedges				
Carrying amount of currency derivative contracts	**522**	**(1)**	133	(151)
Fair value hedges				
Carrying amount of cross currency interest rate swaps	**21**	**(50)**	–	(21)

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 five years (2023: six 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 (2023: 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:

	2024 USD to	2023 USD to
Renminbi	**7.01**	6.91
Australian dollars	**1.51**	1.49
Euros	**0.91**	0.91
Pound sterling	**0.78**	0.80
Canadian dollars	**1.36**	1.34
Indian rupee	**85.94**	84.62
New Taiwan dollars	**30.95**	29.69
Indonesian Rupiah	**16,123.05**	15,480.09
Japanese yen	**144.06**	130.63

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 two years (2023: three) from the reporting date and have a weighted average forward exchange rate between Hong Kong dollars and United States dollars as follows:

	2024 USD to	2023 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.

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:

	2024 HK$M	2023 HK$M
Balance at 1st January	**541**	716
Effective portion of the cash flow hedge recognised in other comprehensive income	**1,038**	333
Amounts reclassified to profit or loss*	**(607)**	(524)
Related tax	**(57)**	16
Balance at 31st December**	**915**	541
Change in fair value of the derivative instruments during the year	**1,038**	333
Hedge ineffectiveness recognised in profit or loss	**–**	–
Effective portion of the cash flow hedge recognised in other comprehensive income	**1,038**	333

* *Amounts reclassified to profit or loss are recognised in "Passenger services revenue" and "Cargo services revenue" in the consolidated statement of profit or loss.*

** *At 31st December 2024, the Group had nil in the hedging reserve from discontinued hedges (2023: HK$22 million, net of deferred tax).*

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 2024 and 2023 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:

	2024					
	USD HK$M	**EUR HK$M**	**AUD HK$M**	**SGD HK$M**	**RMB HK$M**	**JPY HK$M**
Group						
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)**

	2023					
	USD HK$M	EUR HK$M	AUD HK$M	SGD HK$M	RMB HK$M	JPY HK$M
Group						
Trade debtors and other receivables	3,295	250	144	41	691	137
Liquid funds	14,006	58	47	34	218	30
Loans and other borrowings	(26,863)	–	–	–	(252)	(199)
Lease liabilities	(21,656)	(48)	(43)	(14)	(82)	(2,793)
Trade creditors and other payables	(5,258)	(260)	(174)	(59)	(415)	(109)
Net exposure	(36,476)	–	(26)	2	160	(2,934)

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 2023.

	2024	
	Net increase/(decrease) in profit or loss HK$M	**Net increase/(decrease) in other equity components HK$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**

	2023	
	Net increase/(decrease) in profit or loss HK$M	Net increase/(decrease) in other equity components HK$M
United States dollars*	1,903	(532)
Euros	(10)	1,461
Australian dollars	(3)	1,215
Singapore dollars	1	282
Renminbi	(26)	3,348
Japanese yen	56	471
Net increase	1,921	6,245

* *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.

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:

	2024 HK$M	2023 HK$M
Notional amount		
United States dollars	**1,710**	2,823

	2024 HK$M	2023 HK$M
Carrying amount		
Asset	**25**	77
Liability	**(2)**	(11)

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 three years (2023: four years) matching the maturity of the related financial liabilities and have fixed swap rates ranging from 2.69% to 4.22% (2023: 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:

	2024 HK$M	2023 HK$M
Balance at 1st January	**43**	118
Effective portion of the cash flow hedge recognised in other comprehensive income	**33**	26
Amounts reclassified to profit or loss*	**(64)**	(109)
Related tax	**3**	8
Balance at 31st December**	**15**	43
Change in fair value of the derivative instruments during the year	**33**	26
Hedge ineffectiveness recognised in profit or loss	**–**	–
Effective portion of the cash flow hedge recognised in other comprehensive income	**33**	26

* *Amounts reclassified to profit or loss are recognised in "Finance charges" in the consolidated statement of profit or loss.*

** *The entire balance in the hedging reserve relates to continuing hedges.*

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:

	2024 HK$M	2023 HK$M
Fixed rate instruments		
Loan due from an associate	**29**	45
Loans and other borrowings	**(14,509)**	(18,064)
Lease liabilities	**(14,134)**	(14,550)
Interest rate and cross currency interest rate swaps	**(1,758)**	(3,058)
Net exposure	**(30,372)**	(35,627)

	2024 HK$M	2023 HK$M
Variable rate instruments		
Loan due from an associate	**186**	–
Liquid funds	**10,534**	15,530
Loans and other borrowings	**(26,088)**	(21,231)
Lease liabilities	**(13,744)**	(14,449)
Interest rate and cross currency interest rate swaps	**1,710**	3,047
Net exposure	**(27,402)**	(17,103)

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 2023.

	2024		2023	
	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	**(58)**	**43**	(46)	(5)

(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.

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:

		2024	2023
Notional amount	*Barrel (million)*	**20.8**	16.5
Carrying amount			
Asset	*HK$M*	**62**	88
Liability	*HK$M*	**(398)**	(443)

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 (2023: two years) from the reporting date and have a weighted average strike price (Brent, US$/barrel) as follows:

	2024 US$/barrel	2023 US$/barrel
Within one year	**75.22**	78.92
After one year but within two years	**72.50**	75.46

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:

	2024 HK$M	2023 HK$M
Balance at 1st January	**(318)**	633
Effective portion of the cash flow hedge recognised in other comprehensive income	**53**	(355)
Amounts reclassified to profit or loss*	**(37)**	(693)
Related tax	**-**	97
Balance at 31st December**	**(302)**	(318)
Change in fair value of the derivative instruments during the year	**53**	(355)
Hedge ineffectiveness recognised in profit or loss	**–**	–
Effective portion of the cash flow hedge recognised in other comprehensive income	**53**	(355)

* *Amounts reclassified to profit or loss are recognised in "Fuel, including hedging gains" in the consolidated statement of profit or loss.*

** *The entire balance in the hedging reserve relates to continuing hedges.*

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 2023.

	2024	2023
	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%	**498**	434
Decrease in crude oil price by 5%	**(498)**	(434)

(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 2024 and 2023 except for the following financial instruments, for which their carrying amounts and fair values are shown below:

	2024		2023	
	Carrying amount HK$M	**Fair value HK$M**	Carrying amount HK$M	Fair value HK$M
Loans and other borrowings	**(40,597)**	**(42,396)**	(39,295)	(41,138)

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 2024 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.

28. FINANCIAL RISK MANAGEMENT (continued)

	2024				2023			
	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	**–**	**–**	**870**	**870**	–	–	827	827
Liquid funds								
– funds with investment managers	**–**	**3,257**	**–**	**3,257**	–	7,208	–	7,208
– other liquid investments	**–**	**3**	**–**	**3**	–	5	–	5
Derivative financial assets	**–**	**629**	**–**	**629**	–	298	–	298
	–	**3,889**	**870**	**4,759**	–	7,511	827	8,338
Liabilities								
Derivative financial liabilities	**–**	**(460)**	**–**	**(460)**	–	(626)	–	(626)
	–	**(460)**	**–**	**(460)**	–	(626)	–	(626)

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 2024 and 2023, 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	2024: 8.0-11.0% (2023: 8.3-11.0%)	The higher the discount rate, the lower the fair value	2024: +/- 0.5% (2023: +/- 0.5%)	2024: (30)/33 (2023: (23)/25)

The movement during the year in the balance of Level 3 fair value measurements is as follows:

	2024 HK$M	2023 HK$M
Unlisted equity investments at fair value		
At 1st January	**827**	840
Unrealised loss recognised in other comprehensive income during the year	**(5)**	(2)
Fair value gains/(losses) recognised in profit or loss during the year	**48**	(11)
At 31st December	**870**	827

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".

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.

The table below illustrates the net amounts of financial instruments with the same counterparty:

	2024		
	Amount of financial assets/(liabilities) presented in the statement of financial position HK$M	**Financial instruments not offset in the statement of financial position HK$M**	**Net amount HK$M**
Group			
Derivative financial assets	**629**	**(169)**	**460**
Derivative financial liabilities	**(460)**	**169**	**(291)**
	169	**–**	**169**

	2023		
	Amount of financial assets/(liabilities) presented in the statement of financial position HK$M	Financial instruments not offset in the statement of financial position HK$M	Net amount HK$M
Group			
Derivative financial assets	298	(235)	63
Derivative financial liabilities	(626)	235	(391)
	(328)	–	(328)

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. The adjusted net borrowings, net debt/equity ratio and adjusted net debt/equity ratio are shown in Financial and Operational Highlights section to the financial statements and a ten year history of net debt/equity ratio is included on pages 142 and 143 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 2024, no significant changes were made in the objectives, policies or processes relating to the management of the Group's capital risk management.

30. COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	Note	**2024 HK$M**	2023 HK$M	**2024 US$M**	2023 US$M
ASSETS AND LIABILITIES					
Non-current assets and liabilities					
Property, plant and equipment		**100,746**	100,074	**12,916**	12,830
Intangible assets		**10,264**	10,394	**1,316**	1,332
Investments in subsidiaries		**19,162**	26,867	**2,457**	3,444
Investments in associates		**10,506**	10,505	**1,347**	1,347
Other long-term receivables and investments		**2,957**	2,773	**379**	356
		143,635	150,613	**18,415**	19,309
Interest-bearing liabilities		**(51,662)**	(50,570)	**(6,623)**	(6,483)
Other long-term payables		**(1,807)**	(1,498)	**(232)**	(192)
Other long-term contract liabilities		**(197)**	(252)	**(25)**	(32)
Deferred tax liabilities		**(7,536)**	(7,335)	**(966)**	(941)
		(61,202)	(59,655)	**(7,846)**	(7,648)
Net non-current assets		**82,433**	90,958	**10,569**	11,661
Current assets and liabilities					
Stock		**1,353**	924	**173**	118
Trade and other receivables		**6,540**	5,591	**838**	717
Liquid funds		**10,369**	8,012	**1,329**	1,027
		18,262	14,527	**2,340**	1,862
Interest-bearing liabilities		**(8,920)**	(9,252)	**(1,144)**	(1,186)
Trade and other payables		**(14,847)**	(13,671)	**(1,903)**	(1,753)
Contract liabilities		**(17,209)**	(14,095)	**(2,206)**	(1,807)
Taxation		**(1,334)**	(1,939)	**(171)**	(248)
		(42,310)	(38,957)	**(5,424)**	(4,994)
Net current liabilities		**(24,048)**	(24,430)	**(3,084)**	(3,132)
Total assets less current liabilities		**119,587**	126,183	**15,331**	16,177
Net assets		**58,385**	66,528	**7,485**	8,529
CAPITAL AND RESERVES					
Share capital	*19*	**28,841**	28,828	**3,698**	3,696
Reserves	*21*	**29,544**	37,700	**3,787**	4,833
Total equity		**58,385**	66,528	**7,485**	8,529

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, 12th March 2025

Wang Xiao Bin
Director

MATERIAL SUBSIDIARIES AND ASSOCIATES

at 31st December 2024

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$2,164 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.*

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	21.36*
Air China Limited	People's Republic of China	Airline	15.09

* *Shareholding held through subsidiaries.*

1. BASIS OF ACCOUNTING

The financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") (which include all applicable Hong Kong Accounting Standards ("HKAS"), Hong Kong Financial Reporting Standards and 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 15 below.

The preparation of the financial statements in conformity with HKFRSs 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 7, 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.

- Amendments to HKFRS 16 "Leases: Lease Liability in a Sale and Leaseback"
- Amendments to HKAS 1 "Presentation of financial statements: Classification of Liabilities as Current or Non-current" and related amendments to Hong Kong Interpretation 5 (2020)
- Amendments to HKAS 1 "Presentation of financial statements: Non-current Liabilities with Covenants"
- Amendments to HKAS 7 "Statement of cash flows" and HKFRS 7 "Financial instruments: Disclosures Supplier Finance Arrangements"

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. The standard and the amendments do not have a material impact on these financial statements.

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.

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.

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.

6. LEASED ASSETS (continued)

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, 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 – recycling, 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 (recycling). 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. PREFERENCE SHARE CAPITAL

Preference share capital is classified as equity if it is non-redeemable, or redeemable only at the Company's option, and any dividends are discretionary. Dividends on preference share capital classified as equity are recognised as distributions within equity.

14. WARRANTS

Warrants in issue fulfil a fixed-for-fixed criterion and are accounted for as equity instruments, with no subsequent fair value remeasurement. Upon the exercise of the warrants, the resulting ordinary shares issued are recorded as additional share capital.

15. 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.

16. DEFERRED TAXATION

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.

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.

17. 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.

18. 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 as reflected by the point of flown 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.

19. 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 stand-alone selling price, 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.

20. 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.

21. 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.

22. 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.

23. 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.

24. 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.

25. 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

		2024	2023
Consolidated profit or loss summary	*HK$M*		
Passenger services		**68,589**	61,437
Cargo services		**27,417**	25,606
Other services and recoveries		**8,365**	7,442
Revenue		**104,371**	94,485
Operating expenses		**(91,194)**	(81,486)
Operating gain/(loss) before non-recurring items		**13,177**	12,999
Profit on disposal of investments		**–**	–
Gain on deemed partial disposals of associates		**578**	1,929
Restructuring costs		**–**	–
Net reversal of/(impairment) and other gains or charges		**173**	197
Net finance charges		**(3,056)**	(2,733)
Share of profits/(losses) of associates		**331**	(1,534)
Profit/(loss) before taxation		**11,203**	10,858
Taxation		**(1,315)**	(1,068)
Profit/(loss) for the year		**9,888**	9,790
Attributable to			
Ordinary shareholders of the Cathay Group		**9,607**	9,067
Preference shareholder of the Cathay Group		**281**	722
Non-controlling interests		**–**	1
Profit/(loss) for the year		**9,888**	9,790
Dividends paid to ordinary shareholders		**4,056**	–
Consolidated statement of financial position summary	*HK$M*		
Property, plant and equipment and intangible assets		**130,877**	130,627
Long-term receivables and investments		**19,969**	19,654
Borrowings		**(68,475)**	(68,294)
Liquid funds less bank overdrafts		**10,534**	15,530
Net borrowings		**(57,941)**	(52,764)
Net current liabilities (excluding liquid funds, bank overdrafts and current portion of borrowings)		**(29,901)**	(27,751)
Other long-term payables and long-term contract liabilities		**(3,659)**	(3,062)
Deferred taxation		**(6,838)**	(6,671)
Net assets		**52,507**	60,033
Financed by:			
Funds attributable to the ordinary shareholders of the Cathay Group*		**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		**52,500**	60,026
Non-controlling interests		**7**	7
Total equity		**52,507**	60,033
Per ordinary share			
Ordinary shareholders' funds	*HK$*	**8.15**	7.78
EBITDA	*HK$*	**4.09**	4.03
Profit/(loss)/earnings – basic	*HK cents*	**149.2**	140.8
– diluted	*HK cents*	**133.2**	125.8
Dividend	*HK$*	**0.69**	0.43
Ratios			
Profit/(loss) margin	*%*	**9.5**	10.4
Return on capital employed	*%*	**11.6**	10.6
Dividend cover	*Times*	**2.2**	3.3
Cash interest cover	*Times*	**10.4**	12.2
Gross debt/equity ratio	*Times*	**1.30**	1.14
Net debt/equity ratio	*Times*	**1.10**	0.88
Adjusted net debt/equity ratio (excludes leases without asset transfer components)**	*Times*	**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.*

2022	2021	2020	2019	2018	2017	2016	2015
14,333	4,357	11,950	73,985	73,119	66,408	66,926	73,047
30,554	35,814	27,890	23,810	28,316	23,903	20,063	23,122
6,149	5,416	7,094	9,178	9,625	6,973	5,762	6,173
51,036	45,587	46,934	106,973	111,060	97,284	92,751	102,342
(47,565)	(46,037)	(58,639)	(103,646)	(107,465)	(99,563)	(93,276)	(95,678)
3,471	(450)	(11,705)	3,327	3,595	(2,279)	(525)	6,664
–	–	–	–	–	586	–	–
–	210	–	114	–	244	–	–
–	(385)	(2,383)	–	–	–	–	–
–	(818)	(4,056)	–	–	–	–	–
(2,909)	(2,629)	(2,895)	(2,939)	(2,114)	(1,761)	(1,301)	(1,164)
(6,677)	(1,985)	(1,282)	1,643	1,762	2,630	2,049	1,965
(6,115)	(6,057)	(22,321)	2,145	3,243	(580)	223	7,465
(507)	531	674	(454)	(466)	(308)	(497)	(1,157)
(6,622)	(5,526)	(21,647)	1,691	2,777	(888)	(274)	6,308
(7,237)	(6,123)	(21,876)	1,691	2,345	(1,259)	(575)	6,000
614	596	228	–	–	–	–	–
1	1	1	–	432	371	301	308
(6,622)	(5,526)	(21,647)	1,691	2,777	(888)	(274)	6,308
–	–	–	(1,495)	(590)	–	(1,259)	(2,046)
133,655	139,025	146,986	155,265	128,298	122,403	117,390	111,158
19,789	27,859	29,394	30,878	31,585	32,212	27,902	27,947
(77,106)	(89,854)	(93,129)	(97,260)**	(73,877)	(78,394)	(70,169)	(63,105)
18,277	19,284	19,341	14,864	15,296	19,094	20,290	20,647
(58,829)	(70,570)	(73,788)	(82,396)**	(58,581)	(59,300)	(49,879)	(42,458)
(20,700)	(11,172)	(14,249)	(23,690)	(20,329)	(18,649)	(21,727)	(23,961)
(3,123)	(3,919)	(4,210)	(4,806)	(4,649)	(3,502)	(7,517)	(15,838)
(6,983)	(8,974)	(10,872)	(12,475)	(12,385)	(11,892)	(10,643)	(8,781)
63,809	72,249	73,261	62,776	63,939	61,272	55,526	48,067
42,865	51,920	53,529	62,773	63,936	61,101	55,365	47,927
20,938	20,324	19,728	–	–	–	–	–
63,803	72,244	73,257	62,773	63,936	61,101	55,365	47,927
6	5	4	3	3	171	161	140
63,809	72,249	73,261	62,776	63,939	61,272	55,526	48,067
6.66	8.07	8.32	15.96	16.25	15.53	14.07	12.18
1.40	1.45	(0.97)	4.91	3.85	2.68	2.56	4.45
(112.4)	(95.1)	(424.3)	39.1	54.2	(29.1)	(13.3)	138.7
(112.4)	(95.1)	(424.3)	39.1	54.2	(29.1)	(13.3)	138.7
–	–	–	0.18	0.30	0.05	0.05	0.53
(13.0)	(12.1)	(46.1)	1.6	2.1	(1.3)	(0.6)	5.9
(2.8)	(2.0)	(12.8)	3.5	4.0	0.8	1.0	8.0
–	–	–	2.4	2.0	(6.4)	(2.9)	2.9
9.3	6.2	(5.3)	6.5	10.4	4.9	9.1	25.5
1.21	1.24	1.27	1.55	1.16	1.28	1.27	1.32
0.92	0.98	1.01	1.31**	0.92	0.97	0.90	0.89
0.71	0.75	0.75	0.99	0.92	0.97	0.90	0.89

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.

		2024	2023
The Company's operating summary (and Cathay Dragon as at 31st December 2020 and previous years)			
Available tonne kilometres ("ATK")	*Million*	**24,836**	21,225
Revenue tonne kilometres ("RTK")	*Million*	**17,362**	15,090
ATK per employee	*'000*	**1,081**	1,165
Kilometres flown	*Million*	**428**	344
Block hours	*'000 hours*	**611**	492
Aircraft departures	*'000*	**114**	90
Length of scheduled routes network	*'000 kilometres*	**491**	491
Number of destinations at year end	*Destinations*	**242**	241
Staff number at year end	*Number*	**22,949**	18,211
Available seat kilometres ("ASK")	*Million*	**111,789**	85,607
Revenue passenger kilometres ("RPK")	*Million*	**93,016**	73,342
Revenue passengers carried	*'000*	**22,827**	17,985
Revenue load factor	*%*	**75.0**	77.3
Passenger load factor	*%*	**83.2**	85.7
Excess baggage carried	*Tonnes*	**4,083**	4,337
On-time performance (passenger)	*%*	**72.9**	76.2
Cargo carried	*'000 tonnes*	**1,532**	1,381
Revenue freight tonne kilometres ("RFTK")	*Million*	**8,503**	8,099
Cargo load factor	*%*	**59.9**	62.0
Average aircraft utilisation	*Hours per day*		
A320-200		**–**	–
A321-200		**–**	–
A321-200neo		**6.9**	3.8
A330-300		**6.2**	4.8
A340-300		**–**	–
A350-900		**11.2**	9.6
A350-1000		**13.3**	13.4
747-400		**–**	–
777-200/300		**4.7**	2.8
777-300ER		**10.8**	7.1
747-400F/BCF/ERF/8F		**12.7**	13.2
Fleet average		**9.4**	7.7
Fleet profile			
Cathay Pacific (and Cathay Dragon as at 31st December 2020)			
A320-200		**–**	–
A321-200		**–**	2
A321-200neo		**16**	12
A330-300		**43**	43
A340-300		**–**	–
A350-900		**30**	30
A350-1000		**18**	18
747-400		**–**	–
777-200		**–**	–
777-300		**17**	17
777-300ER		**36**	39
747-400F		**–**	–
747-400BCF		**–**	–
747-400ERF		**6**	6
747-8F		**14**	14
Total		**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.

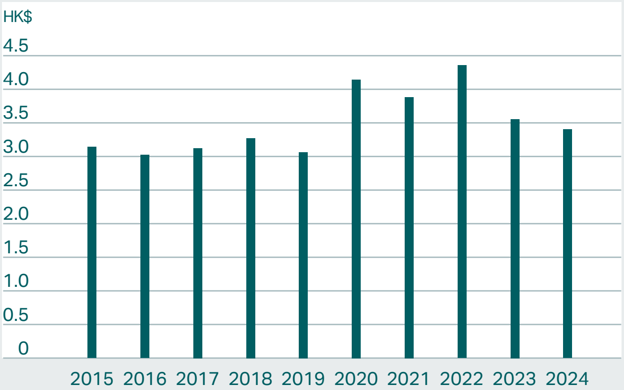
(2) The Group adopted HKFRS 16 with effect from 1st January 2019, and has changed its accounting policies in relation to lessee accounting. Under the transition methods chosen, the Group recognised the cumulative effect of the initial application of HKFRS 16 as an adjustment to the opening balance of 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.

2022	2021	2020	2019	2018	2017	2016	2015
10,100	11,354	14,620	33,077	32,387	31,439	30,462	30,048
7,190	8,615	10,220	24,090	24,543	23,679	22,418	22,220
614	679	752	1,256	1,217	1,208	1,142	1,120
147	175	226	618	611	596	579	576
212	237	304	880	877	857	826	823
42	42	55	175	177	175	172	173
490	504	622	670	715	653	636	620
255	255	255	255	232	200	182	179
16,462	16,721	19,452	27,342	26,623	26,029	26,674	26,833
20,056	13,228	34,609	163,244	155,362	150,138	146,086	142,680
14,764	4,120	20,079	134,397	130,630	126,663	123,478	122,330
2,804	717	4,631	35,233	35,468	34,820	34,323	34,065
71.6	68.4	67.7	77.4	79.6	79.7	79.5	79.9
73.6	31.1	58.0	82.3	84.1	84.4	84.5	85.7
2,343	607	563	2,179	2,329	2,449	2,471	2,596
80.1	86.2	86.7	76.3	72.7	71.2	72.1	64.7
1,154	1,333	1,332	2,022	2,152	2,056	1,854	1,798
5,774	8,220	8,309	11,311	12,122	11,633	10,675	10,586
70.6	81.4	73.3	64.4	68.8	67.8	64.4	64.2
–	–	1.2	8.9	8.8	9.3	9.3	9.4
0.5	–	1.1	9.1	10.1	9.4	9.4	9.8
0.8	0.3	–	–	–	–	–	–
1.4	1.1	2.3	9.8	10.4	10.7	11.4	12.1
–	–	–	–	–	3.8	8.3	8.5
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	5.7
0.4	0.1	1.3	8.0	8.6	8.8	9.4	8.6
1.8	2.1	3.7	14.9	15.6	16.0	16.0	15.9
10.4	12.3	13.1	12.4	12.8	12.5	11.7	11.9
3.3	3.4	4.3	11.9	12.3	12.3	12.2	12.2
4	7	11	–	–	–	–	–
3	5	7	–	–	–	–	–
7	5	2	–	–	–	–	–
43	51	51	29	33	37	41	42
–	–	–	–	–	–	4	7
28	28	27	24	22	22	10	–
18	15	13	12	8	–	–	–
–	–	–	–	–	–	–	3
–	–	–	1	4	5	5	5
17	17	17	17	14	12	12	12
41	45	51	51	52	53	53	53
–	–	–	–	–	–	–	4
–	–	–	1	1	–	1	1
6	6	6	6	6	6	6	6
14	14	14	14	14	14	14	13
181	193	199	155	154	149	146	146
–	–	–	15	15	15	15	15
–	–	–	8	8	8	8	8
–	–	–	25	25	24	20	19
–	–	–	48	48	47	43	42

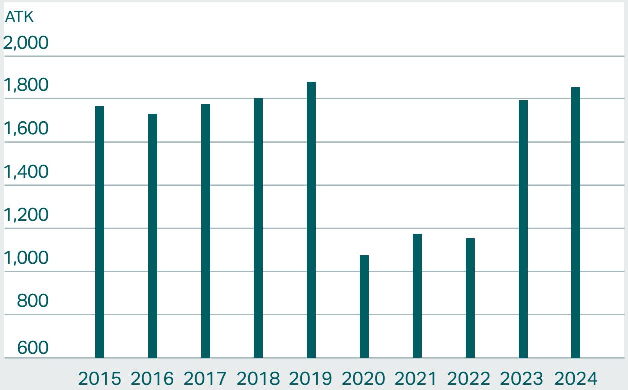
Note:

(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.

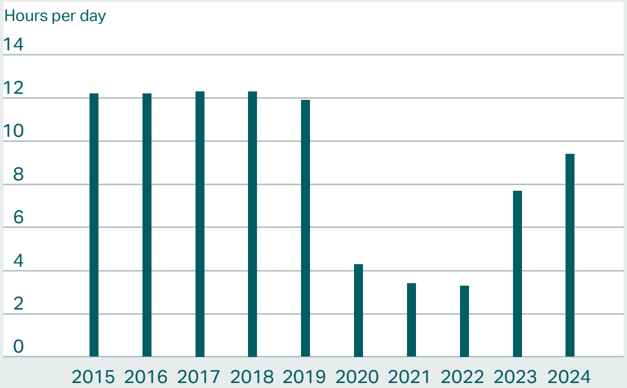
Cost per ATK (with fuel)



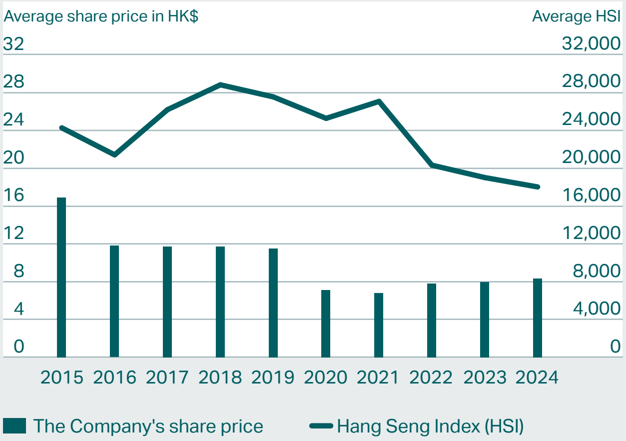
ATK per HK$'000 staff cost



Aircraft utilisation



Share price



		2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
The Company's productivity											
Cost per ATK (with fuel)	*HK$*	**3.40**	3.55	4.35	3.88	4.14	3.06	3.27	3.12	3.02	3.14
ATK per HK$'000 staff cost	*Unit*	**1,853**	1,793	1,153	1,174	1,074	1,879	1,801	1,775	1,730	1,764
Aircraft utilisation	*Hours per day*	**9.4**	7.7	3.3	3.4	4.3	11.9	12.3	12.3	12.2	12.2
Share prices	*HK$*										
High		**9.8**	8.9	9.0	7.9	10.0	13.9	14.7	13.4	14.0	20.6
Low		**7.7**	7.1	6.3	6.0	5.1	9.5	9.9	10.4	10.1	12.7
Year-end		**9.5**	8.2	8.5	6.4	7.2	11.5	11.1	12.1	10.2	13.4
Price ratios (Note)	*Times*										
Price/earnings		**6.4**	5.8	(7.6)	(6.7)	(1.7)	26.8	18.6	(37.8)	(69.8)	8.8
Market capitalisation/ funds attributable to the ordinary shareholders of the Cathay Group		**1.2**	1.1	1.3	0.8	0.9	0.7	0.7	0.8	0.7	1.1
Price/cash flows		**2.2**	1.6	2.6	3.5	(3.3)	2.5	2.5	7.4	5.2	3.1

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

$$\text{Earnings/(loss) per ordinary share} = \frac{\text{Profit/(loss) attributable to the ordinary shareholders of the Cathay Group}}{\text{Weighted average number of ordinary shares (by days) in issue for the year}}$$

$$\text{Profit/(loss) margin} = \frac{\text{Profit/(loss) attributable to the shareholders of the Cathay Group}}{\text{Revenue}}$$

$$\text{Shareholders' funds per ordinary share} = \frac{\text{Funds attributable to the shareholders of the Cathay Group}}{\text{Total issued and fully paid ordinary shares at end of the year}}$$

$$\text{Ordinary shareholders' funds per ordinary share} = \frac{\text{Funds attributable to the ordinary shareholders of the Cathay Group}}{\text{Total issued and fully paid ordinary shares at end of the year}}$$

$$\text{Return on capital employed} = \frac{\text{Operating profit and share of profits of associates less taxation}}{\text{Average of total equity and net borrowings}}$$

$$\text{Dividend cover} = \frac{\text{Profit/(loss) attributable to the ordinary shareholders of the Cathay Group}}{\text{Dividends payable to ordinary shareholders}}$$

$$\text{Cash interest cover} = \frac{\text{Cash generated from/(used in) operations}}{\text{Net interest paid}}$$

$$\text{Gross debt/equity ratio} = \frac{\text{Borrowings}}{\text{Funds attributable to the shareholders of the Cathay Group}}$$

$$\text{Net debt/equity ratio} = \frac{\text{Net borrowings}}{\text{Funds attributable to the shareholders of the Cathay Group}}$$

$$\text{Adjusted net debt/equity ratio excluding leases without asset transfer components} = \frac{\text{Net borrowings less lease liabilities without asset transfer components}}{\text{Funds attributable to the shareholders of the Cathay Group}}$$

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

$$\text{Revenue load factor} = \frac{\text{Total passenger, cargo traffic revenue}}{\text{Maximum possible revenue at current yields and capacity}}$$

Breakeven load factor = 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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Website: *www.computershare.com/investor*

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ADR	CPCAY

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Hong Kong

FINANCIAL CALENDAR

Year ended 31st December 2024	
Annual report available to shareholders	8th April 2025
Annual General Meeting	14th May 2025
Six months ending 30th June 2025	
Interim results announcement	August 2025
Interim dividend payable	October 2025

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 Macau are to Macao SAR and to Taiwan are to the Taiwan region.

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