Media Information

11 March 2009

CATHAY PACIFIC ANNOUNCES 2008 ANNUAL RESULTS

Results		2008	2007	Change
Turnover	*HK$ million*	**86,578**	75,358	**+14.9%**
(Loss)/profit attributable to owners of Cathay Pacific	*HK$ million*	**(8,558)**	7,023	**-221.9%**
(Loss)/earnings per share	*HK cents*	**(217.5)**	178.3	**-222.0%**
Dividend per share	*HK cents*	**3.0**	84.0	**-96.4%**

The Cathay Pacific Group today announced an attributable loss of HK$8,558 million in 2008, compared to a profit of HK$7,023 million the previous year. The 2008 result is a record annual loss for the airline.

Group turnover rose by 14.9% to HK$86,578 million in 2008. Business in the first six months of the year was generally strong, but extremely high fuel prices in the first half of the year and a plunge in both passenger and cargo demand in the second half as a result of the global financial crisis adversely impacted the financial results.

The price of aviation fuel reached new highs in July 2008 though prices fell significantly towards the end of the year. Fuel surcharges on cargo and passenger tickets only partially offset the additional cost incurred over the course of the year. The fall in fuel prices, though welcome, caused unrealised mark-to-market losses of HK$7.6 billion on fuel hedging contracts for the period 2009-2011 which were entered into in order to give a degree of certainty as to future fuel prices and protection against price increases.

Cathay Pacific and Dragonair between them carried 25.0 million passengers in 2008 – a rise of 7.3% on the previous year. Passenger revenue increased by HK$8,526 million largely as a result of strong demand in the first half. At the same time capacity increased by 12.7% due to the arrival of new aircraft and an increase in services to destinations in Australia, India and the Middle East. Demand from First and Business Class passengers was high until the summer but saw a sharp fall in the wake of the financial crisis. As a result of a strong first-half performance, passenger yield rose by 5.3% to HK¢63.6.

The Group’s cargo business in the first half was stronger than anticipated, but there was a rapid decline in the last quarter of the year as demand fell in all key markets. Cargo revenue for Cathay Pacific and Dragonair combined rose by HK$2,298 million while total tonnage carried fell by 1.6% to 1,644,785 tonnes. Capacity grew by 0.7% though services were trimmed in the second half of the year due to weakening demand. Higher fuel surcharges helped improve yield by 12.4% to HK$2.54.

CATHAY PACIFIC

Media Information

Although 2008 was a difficult year for the Cathay Pacific Group, there were many positive developments. These include the arrival of efficient new aircraft, an expansion of passenger services and the continued rollout of innovative three-class cabins on our medium- and long-haul aircraft, which can now be found on 41 aircraft.

As fuel prices soared in the early part of the year a number of measures were put in place to tackle the problem, including moving capacity to routes more likely to make money and continuing work to upgrade the fleet. As the impact of the financial crisis in the second half of 2008 became clearer further measures were announced to limit the impact on the business, including revising downwards the original growth plans for 2009, disposing of the five Boeing 777-200 aircraft in the Cathay Pacific fleet, not renewing leases on two Airbus A330-300s and one Airbus A320-200 operated by Dragonair when they expire in June and October 2009, and taking three Boeing 747-400BCF "Boeing Converted Freighters" out of service – two from Cathay Pacific and one from Dragonair. In January 2009 the airline announced the suspension of the construction of the Cathay Pacific cargo terminal at Hong Kong International Airport for two years.

Cathay Pacific Chairman Christopher Pratt said: "Having made a painful adjustment to high fuel prices, the aviation industry now has to adjust to a severe economic downturn. Cathay Pacific expects an extremely challenging year in 2009. Passenger and cargo demand are expected to remain weak and, if fuel prices remain at their present levels, further losses on fuel hedging contracts will be incurred (although they will not be at the levels incurred in 2008 and the actual cost of fuel will be substantially lower than in 2008). Up to the end of February, unrealised mark to market losses on fuel hedging of HK$1.9 billion have been incurred in 2009, compared with HK$7.6 billion for the whole of 2008. The 2009 losses principally reflect reductions in the forward prices payable for fuel during the periods in which the relevant fuel hedging contracts will mature.

"As a commercial airline with no financial support or subsidies from the government, we will manage resources in a responsible and prudent manner. Despite current difficulties, Cathay Pacific will continue to offer a superb international network through the Hong Kong hub, bolstered by the synergies with our sister carrier Dragonair and a continued strong relationship with Air China."

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CATHAY PACIFIC AIRWAYS LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 00293)

Announcement
2008 Annual Results

Financial and Operating Highlights

Group Financial Statistics

Results		2008	2007	Change
Turnover	*HK$ million*	**86,578**	75,358	**+14.9%**
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(Loss)/earnings per share	*HK cents*	**(217.5)**	178.3	**-222.0%**
Dividend per share	*HK cents*	**3.0**	84.0	**-96.4%**
(Loss)/profit margin	*%*	**(9.9)**	9.3#	**-19.2%pt**
Financial position				
Funds attributable to owners of Cathay Pacific	*HK$ million*	**38,325**	50,549	**-24.2%**
Net borrowings	*HK$ million*	**25,198**	14,731	**+71.1%**
Shareholders' funds per share	*HK$*	**9.7**	12.8	**-24.2%**
Net debt/equity ratio	*Times*	**0.66**	0.29	**+0.37 times**

Operating Statistics – Cathay Pacific and Dragonair

		2008	2007	Change
Available tonne kilometers (“ATK”)	*Million*	**24,410**	23,077	**+5.8%**
Passengers carried	*‘000*	**24,959**	23,253	**+7.3%**
Passenger load factor	*%*	**78.8**	79.8	**-1.0%pt**
Passenger yield	*HK cents*	**63.6**	60.4#	**+5.3%**
Cargo and mail carried	*‘000 tonnes*	**1,645**	1,672	**-1.6%**
Cargo and mail load factor	*%*	**65.9**	66.7	**-0.8%pt**
Cargo and mail yield	*HK$*	**2.54**	2.26#	**+12.4%**
Cost per ATK	*HK$*	**3.79**	2.87#	**+32.1%**
Cost per ATK without fuel	*HK$*	**1.88**	1.82#	**+3.3%**
Aircraft utilisation	*Hours per day*	**11.5**	11.7	**-1.7%**
On-time performance	*%*	**81.4**	83.9	**-2.5%pt**

\# Restated figures.

Capacity, load factor and yield – Cathay Pacific and Dragonair

	Capacity ASK/ATK (million)*			Load factor (%)			Yield
	2008	2007	**Change**	**2008**	2007	**Change**	**Change**
Passenger services							
South West Pacific and South Africa	**17,689**	14,589	**+21.2%**	**77.0**	81.7	**-4.7%pt**	**+6.9%**
Europe	**20,017**	19,641	**+1.9%**	**84.4**	83.6	**+0.8%pt**	**+9.0%**
South East Asia and Middle East	**22,528**	19,220	**+17.2%**	**77.4**	79.4	**-2.0%pt**	**+8.4%**
North Asia	**24,028**	23,765	**+1.1%**	**73.0**	71.9	**+1.1%pt**	**+6.5%**
North America	**31,216**	25,247	**+23.6%**	**81.7**	83.6	**-1.9%pt**	**+2.8%**
Overall	**115,478**	102,462	**+12.7%**	**78.8**	79.8	**-1.0%pt**	**+5.3%**
Cargo services	**13,425**	13,335	**+0.7%**	**65.9**	66.7	**-0.8%pt**	**+12.4%**

* *Capacity is measured in available seat kilometres ("ASK") for passenger services and available tonne kilometres ("ATK") for cargo services.*

Passenger services

South West Pacific and South Africa

Cathay Pacific

- 2008 saw a significant boost in capacity to Australia as we switched flights to those routes with more revenue earning potential in light of soaring fuel prices.
- Perth moved to a daily service in October while Brisbane went from seven to 10 flights a week. Another three flights were added to Sydney each week to make it a four-times-daily service.
- Business to and from Australia held up well throughout the year, helped by an increase in Mainland China passengers connecting on Dragonair through the Hong Kong hub.
- A product upgrade also helped our Australia business, with our new cabins featuring on the Melbourne and Sydney routes, and other destinations benefiting from the removal of our regional Airbus A330-300s.
- New Zealand moved back to a double-daily service from late October, though demand on the route was below expectations.
- Business to and from South Africa was stable, but yield dropped sharply in the last two months of the year due to the currency movements.

Europe

Cathay Pacific

- Loads on London and other European routes were high in the first half but saw a big falloff in front-end business following the financial crisis.
- We boosted capacity to London by upgrading the CX253/4 flight to a Boeing 747-400 aircraft. A similar upgrade helped us offer more seats to and from Amsterdam.
- A greater number of flights to and from Europe featured our new three-class cabins as the rollout progressed on older aircraft.
- Demand to and from Paris was robust during the year and we announced an increase in flights from summer 2009 with four more flights a week to make a double-daily service.

South East Asia and Middle East

Cathay Pacific

- We added a seventh daily flight to Singapore in November. Demand on the route was reasonably strong throughout 2008 though we began to see the impact of the financial crisis on front-end demand in the last quarter.
- Our business to Thailand was significantly affected by the political turmoil in the country for much of 2008.

- Revenues on the Malaysian routes were affected by aggressive pricing, particularly to and from Kuala Lumpur.
- Demand to and from the Philippines was strong throughout the year with some yield improvement.
- Indonesian routes performed reasonably well and we added an extra flight to Surabaya from December, making it a six-times-weekly service.
- Our joint venture with Vietnam Airlines to Hanoi ended in October. We now codeshare on one flight per day operated by the Vietnamese carrier in addition to the new daily flight operated by Dragonair.
- We reinstated our daily passenger service to Colombo on 30th March and performance has been satisfactory.
- The early part of the year saw a significant boost in our services to India, with a total of 20 extra flights being added. Delhi was turned into a double-daily service and a new destination, Chennai, was added. The latter has performed reasonably well, though demand to and from India as a whole lagged behind the capacity growth.
- Services to the Middle East were expanded in October as a result of the fuel-price-led redeployment of capacity. Dubai moved from a double daily service to triple daily. Demand remained strong throughout the year.

Dragonair

- Dragonair launched a new daily flight to Hanoi in October and initial loads have been encouraging.
- A new flight to Manila, which commenced in December, is providing more options for travellers to and from the Philippines.
- Loads to Kathmandu have been reasonable in the first year of operation, though the Dhaka service has been hampered by visa restrictions.
- Flights to Phuket and Kota Kinabalu have enjoyed good loads throughout the year.
- Dragonair entered the Indian market in July with a new daily service to Bengaluru.

North Asia

Cathay Pacific

- Business to and from Taiwan was satisfactory despite the impact of cross-straits charter flights. These charter flights were introduced in July and were significantly increased from December, to a greater number of destinations. We are still assessing the potential long-term impact on our business.
- Korea flights performed satisfactorily, though the depreciation of the Won did reduce yield.
- Japan flights performed well with some yield improvement, helped by the strengthening of the Yen in the last quarter.
- Cathay Pacific withdrew its passenger services to Xiamen in September.
- Demand to Mainland China, and Beijing in particular, was adversely affected by visa restrictions imposed on international travellers entering Mainland China during the Olympic Games period.

Dragonair

- Traffic to and from Mainland China was affected by a number of factors in 2008, including the January snowstorms, the Sichuan earthquake in May and the Olympic Games in August.
- Demand on the key trunk routes to Beijing and Shanghai held up well, despite the impact from cross-straits charter flights. Beijing in particular saw a boost in business following the Olympics and the relaxation of visa restrictions.
- Dragonair took over Cathay Pacific's daily service to Xiamen, with the two airlines codesharing on the route.

- Business to secondary cities in Mainland China was below expectations for most of the year. Passenger numbers declined to Chengdu and Wuhan following the earthquake but we kept services to both cities intact.
- We added capacity to a number of Mainland China destinations in the summer and now fly daily to all but four of the cities we serve in the country.
- We terminated the twice-weekly tag between Haikou and Sanya in July for cost efficiency and also to boost Sanya as a destination by providing daily non-stop flights.
- We ceased our scheduled service to Sendai in Japan from the summer, turning it into a charter flight to match demand on the route.
- The daily flight to Busan in Korea performed well.

North America

Cathay Pacific

- The profitability of many flights to North America was seriously affected by high fuel prices in the first half of the year.
- The impact of high fuel prices led us to redeploy capacity to other routes with more revenue earning potential. As a result we trimmed back services on a number of North American routes. Los Angeles and Vancouver both moved from three to two flights a day while Toronto went from 10 to seven flights a week.
- Demand on all US routes was high during the first half though we saw a big falloff in front-end business following the financial crisis. New York premium traffic was hit particularly hard, especially in First Class.
- Loads in the back end held up better than expected after the financial crash.
- We saw very real benefits from being able to employ our new Boeing 777-300ERs to North America in terms of both operational efficiency and product quality. Feedback from passengers has been highly favourable.

Cargo services

Cathay Pacific

- High fuel prices made it difficult to operate profitable long-haul freighter flights in the first half. We removed our older Boeing 747-200 "Classic" freighters from European services and combined more flights to ensure profitability.
- We began phasing out the more fuel-inefficient "Classics" in March 2008. Under an accelerated retirement programme, all will be retired by August 2009.
- The move to a more fuel-efficient freighter fleet began in May with the arrival of our first Boeing 747-400ERF freighter. Our second Boeing 747-400ERF freighter arrived in August but the delivery of the third was put back from November to January 2009 as a result of the strike at Boeing. Three more of the type will arrive in 2009.
- We also have 10 new-generation Boeing 747-8F freighters on firm order with delivery commencing in March 2010 – later than originally scheduled.
- We now have 10 Boeing 747-400BCF freighters after switching three over from the Dragonair fleet. The scheduled delivery of the last Boeing 747-400BCF freighter is in July 2009 bringing the fleet size to 11. However, we have now taken two of these aircraft out of service from January 2009 for a one-year period as a result of the recent deterioration in cargo loads.
- We strengthened our freighter network with the addition of a new service to Dhaka and Hanoi. The route has performed well since its launch.
- We postponed our plan to launch a new service to Houston and Miami in 2008 due to the delayed arrival of our third Boeing 747-400ERF freighter. The service was launched in the first quarter of 2009.

- We also launched a new twice-weekly freighter service to Jakarta/Ho Chi Minh City in January 2009 and increased our Malpensa frequency from three to six per week in February 2009 to maximise revenue earning opportunities.
- Regionally, demand out of Mainland China was robust for most of the year, particularly from the Yangtze River Delta. However, there was a marked dip in demand around the Olympics period.
- We will maintain our freighter frequencies to Beijing and Xiamen in 2009. In the coming summer schedule, our Shanghai frequency will increase and at the same time all Dragonair's Mainland China freighter operations will be transferred to Cathay Pacific.
- Business to and from Japan and Korea was well below expectations for most of the year. The Taiwan market was also soft and we expect a further erosion of demand following the launch of scheduled cross-straits services in December.
- In 2008 we reduced our European and transpacific services in order to mitigate the impact of high fuel prices and, in the latter part of the year, a slowdown in exports from Hong Kong. Capacity has been further adjusted for 2009.
- The Company's wholly owned subsidiary Cathay Pacific Services Limited ("CPSL") entered into a franchise agreement with the Airport Authority of Hong Kong ("AAHK") on 18th March 2008 for the franchise to invest in, design, construct and operate a new air cargo terminal at Hong Kong International Airport. The franchise agreement is for a term of 20 years and the new cargo terminal was originally scheduled to commence operation in the second half of 2011. In light of the recent market downturn, CPSL entered into a supplemental agreement with AAHK on 15th January 2009 to defer the completion of the new cargo terminal by a maximum of 24 months to mid 2013. Under the supplemental agreement, CPSL will compensate AAHK for the deferral. The amount of compensation is deemed to be fair and reasonable having duly considered the contractual terms and conditions of the franchise.

Dragonair

- We began a phased retirement of Dragonair's older Boeing 747-200F and Boeing 747-300F "Classic" freighters in a move to operate a more efficient fleet. The retirement plan was accelerated due to the fuel crisis and financial slump and all the "Classics" have now left the fleet.
- With the retirement of the "Classics" the Dragonair freighter fleet consisted solely of Boeing 747-400BCF freighters. Three of these were switched to Cathay Pacific in the latter part of 2008 so by the end of the year Dragonair operated just two Boeing 747-400BCF freighters.
- Due to the financial downturn, one of these Boeing 747-400BCF freighters was parked in California with effect from January 2009. Dragonair now has just one Boeing 747-400BCF freighter flying regionally.
- The Japan market remained soft and demand on our freighter service to and from Osaka was below expectations. The service was withdrawn with effect from the winter schedule.
- Shanghai was Dragonair's most important freighter route in 2008. For greater operating efficiency, this route will be transferred to Cathay Pacific in the coming summer schedule.

Chairman's Letter

The Cathay Pacific Group recorded an attributable loss of HK$8,558 million in 2008, compared to a profit of HK$7,023 million the previous year. Turnover rose by 14.9% to HK$86,578 million.

Cathay Pacific and Dragonair between them carried 25.0 million passengers in 2008 – a rise of 7.3% on the previous year. The amount of freight carried fell by 1.6%. Business in the first six months of the year was generally strong, but extremely high fuel prices in the first half of the year and a plunge in both passenger and cargo demand in the second half as a result of the global financial crisis adversely impacted the financial results.

The price of aviation fuel reached new highs in July 2008 though prices fell significantly towards the end of the year. Fuel surcharges on cargo and passenger tickets only partially offset the additional cost incurred over the course of the year. The fall in fuel prices, though welcome, caused unrealised mark to market losses of HK$7.6 billion on our fuel hedging contracts for the period 2009-2011 which were entered into in order to give a degree of certainty as to future fuel prices and protection against price increases. Our associate Air China also incurred unrealised mark to market losses on fuel hedging contracts and a provision of HK$1 billion has been made covering fourth quarter losses.

On the passenger side revenue increased by HK$8,526 million while the number of passengers carried rose by 7.3% to 25.0 million for the year, largely as a result of strong demand in the first half. At the same time capacity increased by 12.7% due to the arrival of new aircraft and an increase in services to destinations in Australia, India and the Middle East. Demand from First and Business Class passengers was high until the summer but saw a sharp fall in the wake of the financial crisis. As a result of a strong first half performance, passenger yield rose by 5.3% to HK¢63.6.

Our cargo business in the first half was stronger than anticipated, but there was a rapid decline in the last quarter of the year as demand fell in all key markets. Cargo revenue for Cathay Pacific and Dragonair combined rose by HK$2,298 million while total tonnage carried fell by 1.6% to 1,644,785 tonnes. Capacity grew by 0.7% as services were trimmed in the second half of the year due to the weakening demand. Higher fuel surcharges helped improve yield by 12.4% to HK$2.54.

Although 2008 was a difficult year for the Cathay Pacific Group, there were many positive developments. These include the arrival of efficient new aircraft, an expansion of our passenger services and the continued rollout of innovative three-class cabins on our medium- and long-haul aircraft, which can now be found on 41 aircraft. However our business was deeply affected by the dual impact of high fuel prices in the first half and a marked contraction in the world economy thereafter.

As fuel prices soared in the early part of the year a number of measures were put in place to tackle the problem, including moving capacity to routes more likely to make money and continuing work to upgrade the fleet. During the year four new Boeing 777-300ER "Extended Range" aircraft were received which have proved highly effective on our ultra-long-haul services to North America. The first two of six Boeing 747-400ERF "Extended Range Freighters" were also delivered, though scheduled deliveries in the latter part of the year were set back by a strike at the Boeing production line in Seattle.

As the impact of the financial crisis in the second half of 2008 became clearer further measures were announced to limit the impact on the business, including revising downwards the original growth plans for 2009. As a result of the downturn we plan to dispose of the five Boeing 777-200 aircraft in the Cathay Pacific fleet, while leases on two Airbus A330-300s and one Airbus A320-200 operated by Dragonair will not be renewed when they expire in June and October 2009. On the freighter side, three of our Boeing 747-400BCF “Boeing Converted Freighters” have now been taken out of service – two from Cathay Pacific and one from Dragonair. We also announced in January 2009 suspension of the construction of the Cathay Pacific cargo terminal at Hong Kong International Airport for two years.

In June 2008, Cathay Pacific announced it had entered into an agreement with the United States Department of Justice under which it pleaded guilty to a violation of the United States Sherman Act and paid a fine of US$60 million (equivalent to HK$468 million). A provision for this amount was made in the interim results, and this amount was paid in August. Cathay Pacific is still the subject of antitrust investigations by competition authorities in a number of other jurisdictions and is cooperating fully with the relevant authorities and vigorously defending itself as applicable. Additionally, Cathay Pacific received and responded to a Statement of Objections issued by the European Commission, and received and is evaluating a Statement of Claim issued by the New Zealand Commerce Commission. Cathay Pacific is not in a position at the present time to assess the full potential liabilities and is therefore not in a position to make further provisions for any antitrust fines.

Having made a painful adjustment to high fuel prices, the aviation industry now has to adjust to a severe economic downturn. Cathay Pacific expects an extremely challenging year in 2009. Passenger and cargo demand are expected to remain weak and, if fuel prices remain at their present levels, further losses on fuel hedging contracts will be incurred (although they will not be at the levels incurred in 2008 and the actual cost of fuel will be substantially lower than in 2008). Up to the end of February, unrealised mark to market losses on fuel hedging of HK$1.9 billion have been incurred in 2009, compared with HK$7.6 billion for the whole of 2008. The 2009 losses principally reflect reductions in the forward prices payable for fuel during the periods in which the relevant fuel hedging contracts will mature.

As a commercial airline with no financial support or subsidies from the government, we will manage resources in a responsible and prudent manner. Despite current difficulties, Cathay Pacific will continue to offer a superb international network through the Hong Kong hub, bolstered by the synergies with our sister carrier Dragonair and a continued strong relationship with Air China.

Christopher Pratt
Chairman
Hong Kong, 11th March 2009

CATHAY PACIFIC

Consolidated Statement of Comprehensive Income

for the year ended 31st December 2008

	Note	2008 HK$M	2007 HK$M
Turnover			
Passenger services		**58,046**	49,520
Cargo services		**24,623**	21,783
Catering, recoveries and other services		**3,909**	4,055
Total turnover	*2*	**86,578**	75,358
Expenses			
Staff		**(12,428)**	(12,142)
Inflight service and passenger expenses		**(3,336)**	(2,903)
Landing, parking and route expenses		**(11,039)**	(9,950)
Fuel		**(47,317)**	(24,624)
Aircraft maintenance		**(7,643)**	(6,830)
Aircraft depreciation and operating leases		**(7,211)**	(6,369)
Other depreciation and operating leases		**(1,060)**	(998)
Commissions		**(851)**	(860)
Others		**(3,154)**	(2,943)
Operating expenses		**(94,039)**	(67,619)
Operating (loss)/profit before non-recurring items		**(7,461)**	7,739
Settlement of the United States Department of Justice cargo investigations	*4*	**(468)**	-
Operating (loss)/profit	*5*	**(7,929)**	7,739
Finance charges		**(2,428)**	(2,451)
Finance income		**1,416**	1,664
Net finance charges		**(1,012)**	(787)
Share of (losses)/profits of associates		**(730)**	1,057
(Loss)/profit before tax		**(9,671)**	8,009
Taxation	*6*	**1,337**	(799)
(Loss)/profit for the year		**(8,334)**	7,210
Other comprehensive income			
Cash flow hedges		**(1,035)**	(57)
Revaluation (deficit)/surplus arising from available-for-sale financial assets		**(430)**	162
Share of other comprehensive income of associates		**(154)**	(309)
Exchange differences on translation of foreign operations		**524**	557
Other comprehensive income for the year, net of tax	*7*	**(1,095)**	353
Total comprehensive income for the year		**(9,429)**	7,563
(Loss)/profit attributable to			
Owners of Cathay Pacific		**(8,558)**	7,023
Minority interests		**224**	187
		(8,334)	7,210
Total comprehensive income attributable to			
Owners of Cathay Pacific		**(9,653)**	7,376
Minority interests		**224**	187
		(9,429)	7,563
(Loss)/earnings per share		**HK¢**	HK¢
Basic	*8*	**(217.5)**	178.3
Diluted	*8*	**(217.5)**	178.1

CATHAY PACIFIC

Consolidated Statement of Financial Position
at 31st December 2008

	Note	**2008 HK$M**	2007 HK$M
ASSETS AND LIABILITIES			
Non-current assets and liabilities			
Fixed assets		**66,039**	62,388
Intangible assets		**7,782**	7,782
Investments in associates		**9,773**	10,054
Other long-term receivables and investments		**3,087**	3,519
		86,681	83,743
Long-term liabilities		**(43,221)**	(40,323)
Related pledged security deposits		**7,196**	7,833
Net long-term liabilities		**(36,025)**	(32,490)
Retirement benefit obligations		**(281)**	(268)
Deferred taxation		**(4,977)**	(6,771)
		(41,283)	(39,529)
Net non-current assets		**45,398**	44,214
Current assets and liabilities			
Stock		**960**	882
Trade and other receivables	*10*	**12,010**	11,376
Liquid funds		**15,088**	21,649
		28,058	33,907
Current portion of long-term liabilities		**(4,556)**	(4,788)
Related pledged security deposits		**301**	910
Net current portion of long-term liabilities		**(4,255)**	(3,878)
Trade and other payables	*11*	**(22,749)**	(14,787)
Unearned transportation revenue		**(5,878)**	(6,254)
Taxation		**(2,129)**	(2,475)
		(35,011)	(27,394)
Net current (liabilities)/assets		**(6,953)**	6,513
Net assets		**38,445**	50,727
CAPITAL AND RESERVES			
Share capital	*12*	**787**	788
Reserves		**37,538**	49,761
Funds attributable to owners of Cathay Pacific		**38,325**	50,549
Minority interests		**120**	178
Total equity		**38,445**	50,727

Notes:

1. Basis of preparation and accounting policies

The accounts have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (which include all applicable Hong Kong Accounting Standards, Hong Kong Financial Reporting Standards and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants. These accounts also comply with the requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities (the "Listing Rules") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

2. Turnover

Turnover comprises revenue and surcharges from transportation services, airline catering, recoveries and other services provided to third parties. Fuel surcharges, insurance surcharges and cargo security charges collected upon sales of transportation services are treated as traffic turnover and a total amount of HK$9,936 million have been reclassified in the 2007 comparatives.

3. Segment information

(a) Primary reporting by business segment

	Airline business		Non-airline business		Unallocated		Total	
	2008 HK$M	2007 HK$M	**2008 HK$M**	2007 HK$M	**2008 HK$M**	2007 HK$M	**2008 HK$M**	2007 HK$M
Revenue								
Sales to external customers	**85,405**	73,881	**1,173**	1,477			**86,578**	75,358
Inter-segment sales	**16**	24	**1,343**	1,209			**1,359**	1,233
Segment revenue	**85,421**	73,905	**2,516**	2,686			**87,937**	76,591
Segment results	**(8,118)**	7,471	**189**	268			**(7,929)**	7,739
Net finance charges	**(1,012)**	(803)	**-**	16			**(1,012)**	(787)
	(9,130)	6,668	**189**	284			**(8,941)**	6,952
Share of (losses)/profits of associates					**(730)**	1,057	**(730)**	1,057
(Loss)/profit before tax							**(9,671)**	8,009
Taxation	**1,360**	(752)	**(23)**	(47)			**1,337**	(799)
(Loss)/profit for the year							**(8,334)**	7,210
Assets and liabilities								
Segment assets	**103,663**	105,869	**1,303**	1,727			**104,966**	107,596
Investment in associates					**9,773**	10,054	**9,773**	10,054
Total assets	**103,663**	105,869	**1,303**	1,727	**9,773**	10,054	**114,739**	117,650
Segment liabilities	**76,058**	66,513	**236**	410			**76,294**	66,923
Net assets							**38,445**	50,727
Other segment information								
Depreciation and amortisation	**5,040**	4,681	**155**	163	**-**	-	**5,195**	4,844
Purchase of fixed and intangible assets	**8,509**	9,722	**719**	79	**-**	-	**9,228**	9,801

3. **Segment information (continued)**

The Group's two reportable segments are classified according to the nature of the business. The airline business segment comprises the Group's passenger and cargo operations. The non-airline business segment includes mainly catering, ground and aircraft ramp handling services.

The major revenue earning asset is the aircraft fleet which is jointly used by the passenger and cargo services. Management considers that there is no suitable basis for allocating such assets and related operating costs between the two segments. Accordingly, passenger and cargo services are not disclosed as separate business segments.

Inter-segment sales are based on prices set on an arm's length basis.

(b) Secondary reporting by geographical segment

	2008 HK$M	2007 HK$M
Turnover by origin of sale:		
North Asia		
- Hong Kong and Mainland China	**35,921**	32,906
- Japan, Korea and Taiwan	**12,189**	11,324
South West Pacific and South Africa	**6,144**	5,073
South East Asia and Middle East	**9,937**	7,722
Europe	**10,670**	8,707
North America	**11,717**	9,626
	86,578	75,358

Countries included in each region are defined in the 2008 Annual Report. Geographical segment results and segment net assets are not disclosed for the reasons set out in the 2008 Annual Report.

4 . **Settlement of the United States Department of Justice cargo investigations**

The Company is the subject of investigations and proceedings in respect of its air cargo operations by the competition authorities of various jurisdictions, including the European Union, Canada, Australia, Switzerland, Korea and New Zealand. The Company has been cooperating with the authorities in their investigations and, where applicable, vigorously defending itself. The investigations are focused on issues relating to pricing and competition.

On 22 July 2008, the United States District Court for the District Columbia accepted a plea agreement between the United States and the Company in which it paid a fine of US$60 million, or HK$468 million. Cathay Pacific pleaded guilty to a one-count violation of the United States Sherman Act and this concludes the investigation in the United States. This payment was incorporated by way of provision in the 2008 interim results.

5. Operating (loss)/profit

	2008 HK$M	2007 HK$M
Operating (loss)/profit has been arrived at after charging/(crediting):		
Depreciation of fixed assets		
- Leased	**1,939**	1,811
- Owned	**3,230**	3,020
Amortisation of intangible assets	**26**	13
Operating lease rentals		
- Land and buildings	**613**	550
- Aircraft and related equipment	**2,436**	1,941
- Others	**27**	32
Operating lease income		
- Aircraft and related equipment	**(48)**	(276)
Cost of stock expensed	**1,836**	1,919
Exchange differences	**(28)**	(490)
Auditors' remuneration	**10**	10
Net losses/(gains) on financial assets and liabilities classified as held for trading	**7,374**	(867)
Net loss on financial assets and liabilities designated as at fair value through profit and loss	**531**	257
Income from unlisted investments	**(114)**	(213)
Income from listed investments	**(3)**	(3)

6. Taxation

	2008 HK$M	2007 HK$M
Current tax expenses		
- Hong Kong profits tax	**41**	61
- Overseas tax	**330**	502
- (Over)/under provisions for prior years	**(234)**	37
Deferred tax		
- Origination and reversal of temporary differences	**(1,398)**	199
- Decrease in tax rate	**(76)**	-
	(1,337)	799

Hong Kong profits tax is calculated at 16.5% (2007: 17.5%) 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 status of negotiations (see note 30(d) to the accounts in the 2008 Annual Report).

6. Taxation (continued)

A reconciliation between tax credit/(charge) and accounting (loss)/profit at applicable tax rates is as follows:

	2008 **HK$M**	2007 HK$M
Consolidated (loss)/profit before tax	**(9,671)**	8,009
Notional tax calculated at Hong Kong profits tax rate of 16.5% (2007: 17.5%)	**1,595**	(1,402)
Expenses not deductible for tax purposes	**(184)**	(57)
Tax provisions over/(under) provided in prior years	**234**	(37)
Effect of different tax rates in overseas jurisdictions	**(796)**	449
Tax losses recognised	**341**	59
Income not subject to tax	**71**	189
Effect on opening deferred tax balances resulting from a change in tax rate	**76**	-
Tax credit/(charge)	**1,337**	(799)

Further information on deferred tax is shown in note 18 to the accounts in the 2008 Annual Report.

7. Other comprehensive income

	2008 **HK$M**	2007 HK$M
Cash flow hedges		
- recognised during the year	**(1,275)**	(249)
- transferred to profit and loss	**132**	176
- deferred tax recognised	**108**	16
Revaluation (deficit)/surplus arising from available-for-sale financial assets	**(430)**	162
Share of other comprehensive income of associates	**(154)**	(309)
Exchange differences on translation of foreign operations		
- recognised during the year	**529**	557
- transferred to profit and loss	**(5)**	-
Other comprehensive income for the year	**(1,095)**	353

8. Loss/earnings per share

Basic loss per share and diluted loss per share are calculated by dividing the loss attributable to owners of Cathay Pacific of HK$8,558 million (2007: a profit of HK$7,023 million) by the daily weighted average number of shares in issue throughout the year of 3,934 million (2007: 3,938 million) shares and 3,935 million (2007: 3,942 million) shares respectively with the latter adjusted for the effects of the share options.

	2008 **Million**	2007 Million
Weighted average number of ordinary shares used in calculating basic loss/earnings per share	**3,934**	3,938
Deemed issue of ordinary shares for no consideration	**1**	4
Weighted average number of ordinary shares used in calculating diluted loss/earnings per share	**3,935**	3,942

9. Dividends

	2008 HK$M	2007 HK$M
2008 interim dividend paid on 2nd October 2008 of HK¢3 per share (2007: HK¢25 per share)	**118**	985
2008 no final dividends proposed on 11th March 2009 (2007: HK¢59 per share)	**-**	2,320
	118	3,305

We recommend no final dividends for the year ended 31st December 2008. Together with the interim dividend of HK¢3 per share paid on 2nd October 2008, this makes a total dividend for the year of HK¢3 per share. This represents a total distribution for the year of HK$118 million.

10. Trade and other receivables

	Group	
	2008 HK$M	2007 HK$M
Trade debtors	**4,640**	4,938
Derivative financial assets	**3,828**	2,666
Other receivables and prepayments	**3,494**	3,709
Due from associates	**48**	63
	12,010	11,376

As at 31st December 2008, derivative financial assets of the Group accounted for as held for trading amounted to HK$3,300 million (2007: HK$1,064 million).

	Group	
	2008 HK$M	2007 HK$M
Analysis of trade debtors by age:		
Current	**4,558**	4,841
One to three months overdue	**69**	95
More than three months overdue	**13**	2
	4,640	4,938

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 guarantee or other monetary collateral.

The movement in the provision for bad debt included in trade debtors during the year was as follows:

	Group	
	2008 HK$M	2007 HK$M
At 1st January	**169**	144
Amounts written back	**(2)**	(2)
Impairment loss recognised	**2**	27
At 31st December	**169**	169

11. Trade and other payables

	Group 2008 HK$M	Group 2007 HK$M
Trade creditors	**5,571**	5,546
Derivative financial liabilities	**10,467**	2,103
Other payables	**6,496**	6,783
Due to associates	**170**	197
Due to other related companies	**39**	146
Bank overdrafts – unsecured	**6**	12
	22,749	14,787

As at 31st December 2008, derivative financial liabilities of the Group accounted for as held for trading amounted to HK$9,216 million (2007: HK$1,246 million).

	Group 2008 HK$M	Group 2007 HK$M
Analysis of trade creditors by age:		
Current	**5,321**	5,270
One to three months overdue	**240**	266
More than three months overdue	**10**	10
	5,571	5,546

Trade accruals are now grouped under current in the aging analysis and a total amount of HK$1,352 million has been reclassified in the 2007 comparatives for the Group.

12. Share capital

During the year under review, the Company purchased 9,390,000 shares on the Stock Exchange. These purchases were made for the benefit of the Company and shareholders taking into account relevant factors and circumstances at the time. All the shares purchased were cancelled. At 31st December 2008, 3,932,746,072 shares were in issue (31st December 2007: 3,940,025,072 shares). Details of shares acquired by month are as follows:

	Number of shares purchased	Highest price paid per share HK$	Lowest price paid per share HK$	Total cost HK$M
March 2008	9,390,000	16.66	15.24	149

The Company adopted a share option scheme on 10th March 1999. During the year, 2,111,000 shares were issued under the scheme. Details of the scheme can be found in note 22 to the accounts in the 2008 Annual Report.

13. Corporate governance

Cathay Pacific Airways is committed to maintaining a high standard of corporate governance and devotes considerable effort to identifying and formalising best practices of corporate governance. The Company has complied throughout the year with all the code provisions set out in the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 of the Listing Rules. The Company has also put in place corporate governance practices to meet most of the recommended best practices in the CG Code.

The 2008 annual result has been reviewed by the Audit Committee. Details of Corporate Governance can be found in the 2008 Annual Report.

14. Annual Report

The 2008 Annual Report containing all the information required by the Listing Rules of the Stock Exchange will be published on the Stock Exchange's website and the Company's website *www.cathaypacific.com* by 2nd April 2009. It will be sent to shareholders by 6th April 2009.

Operating expenses

	Group			Cathay Pacific and Dragonair		
	2008	2007		**2008**	2007	
	HK$M	HK$M	**Change**	**HK$M**	HK$M	**Change**
Staff	**12,428**	12,142	**+2.4%**	**11,305**	10,975	**+3.0%**
Inflight service and passenger expenses	**3,336**	2,903	**+14.9%**	**3,336**	2,903	**+14.9%**
Landing, parking and route expenses	**11,039**	9,950	**+10.9%**	**10,993**	9,876	**+11.3%**
Fuel	**47,317**	24,624	**+92.2%**	**46,637**	24,227	**+92.5%**
Aircraft maintenance	**7,643**	6,830	**+11.9%**	**7,511**	6,718	**+11.8%**
Aircraft depreciation and operating leases	**7,211**	6,369	**+13.2%**	**7,024**	6,303	**+11.4%**
Other depreciation and operating leases	**1,060**	998	**+6.1%**	**814**	756	**+7.7%**
Commissions	**851**	860	**-1.0%**	**851**	860	**-1.0%**
Exchange gain	**(28)**	(490)	**-94.3%**	**(11)**	(502)	**-97.8%**
Others	**3,182**	3,433	**-7.3%**	**3,268**	3,444	**-5.1%**
Operating expenses	**94,039**	67,619	**+39.1%**	**91,728**	65,560	**+39.9%**
Net finance charges	**1,012**	787	**+28.6%**	**907**	645	**+40.6%**
Total operating expenses	**95,051**	68,406	**+39.0%**	**92,635**	66,205	**+39.9%**

- Group operating expenses rose 39.0% to HK$95,051 million.
- The combined cost per ATK of Cathay Pacific and Dragonair increased from HK$2.87 to HK$3.79 due to higher fuel prices and unrealised mark to market losses on fuel derivatives.

Underlying (loss)/profit

The following provides a reconciliation on the Group's reported and underlying (loss)/profit.

	2008	2007
	HK$M	HK$M
(Loss)/profit attributable to owners of Cathay Pacific	**(8,558)**	7,023
Adjustment to reverse the impact of Hong Kong Accounting Standards 39*		
- Fuel derivatives	**7,883**	(118)
- Currency and interest rate derivatives	**(5)**	(162)
Adjustment to reverse our share of Air China's mark to market fuel hedging losses in the fourth quarter	**1,000**	-
Settlement of the United States Department of Justice Cargo Investigations	**468**	-
Taxation	**(1,327)**	30
Underlying (loss)/profit	**(539)**	6,773

* The adjustment reverses both the unrealised mark to market gain/(loss) and the subsequent realised gain/(loss) and instead recognises the cash amount received/(paid) on settlement.

Underlying (loss)/profit (continued)

The change from an underlying profit to an underlying loss can be analysed as follows:

	HK$M	
2007 underlying profit	**6,773**	
Passenger and cargo turnover	**11,366**	**Passenger** - Increased HK$6,272 million due to 12.7% increase in capacity. - 1.0% point decrease in load factor contributed to a decrease of HK$714 million. - HK$2,968 million increase with 5.3% increase in yield. **Cargo** - Increased HK$136 million due to 0.7% increase in capacity. - 0.8% point decrease in load factor contributed to a decrease of HK$268 million. - HK$2,430 million increase with 12.4% increase in yield. - HK$542 million increase from AHK.
Catering, recoveries and other services	**(146)**	
Staff	**(286)**	- Increased due to a rise in the average number of staff partly offset by a lower bonus.
Inflight service and passenger expenses	**(433)**	- More expenditure due to a 7.3% increase in passenger numbers.
Landing, parking and route expenses	**(1,089)**	- Increased as a result of additional flights and strong foreign currencies in the first half of the year.
Fuel	**(14,692)**	- Fuel costs increased due to a 44.3% increase in the average into-plane fuel price to US$132 per barrel and a 7.0% increase in consumption to 38.3 million barrels.
Aircraft maintenance	**(813)**	- Higher spending with fleet expansion and a provision for return condition on planned return of operating lease aircraft.
Depreciation and operating leases	**(904)**	- Increased due to the new aircraft deliveries.
Net finance charges	**(364)**	- Increased as a result of additional aircraft lease obligations.
Share of profits of associates	**(787)**	- The reduction was mainly a result of a share of loss from Air China.
Taxation	**779**	- The tax charge decreased as a result of the loss this year.
Others	**57**	
2008 underlying loss	**(539)**	

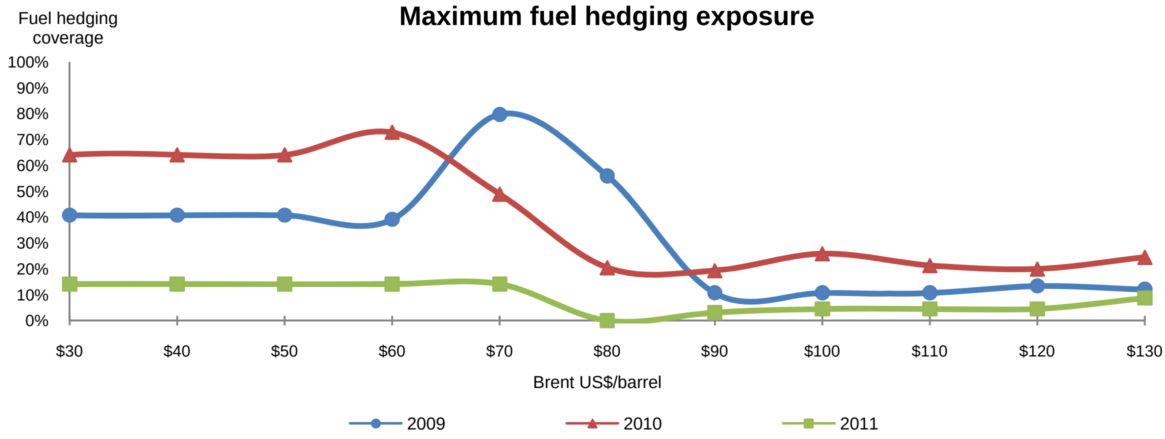
Fuel expenditure and hedging

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

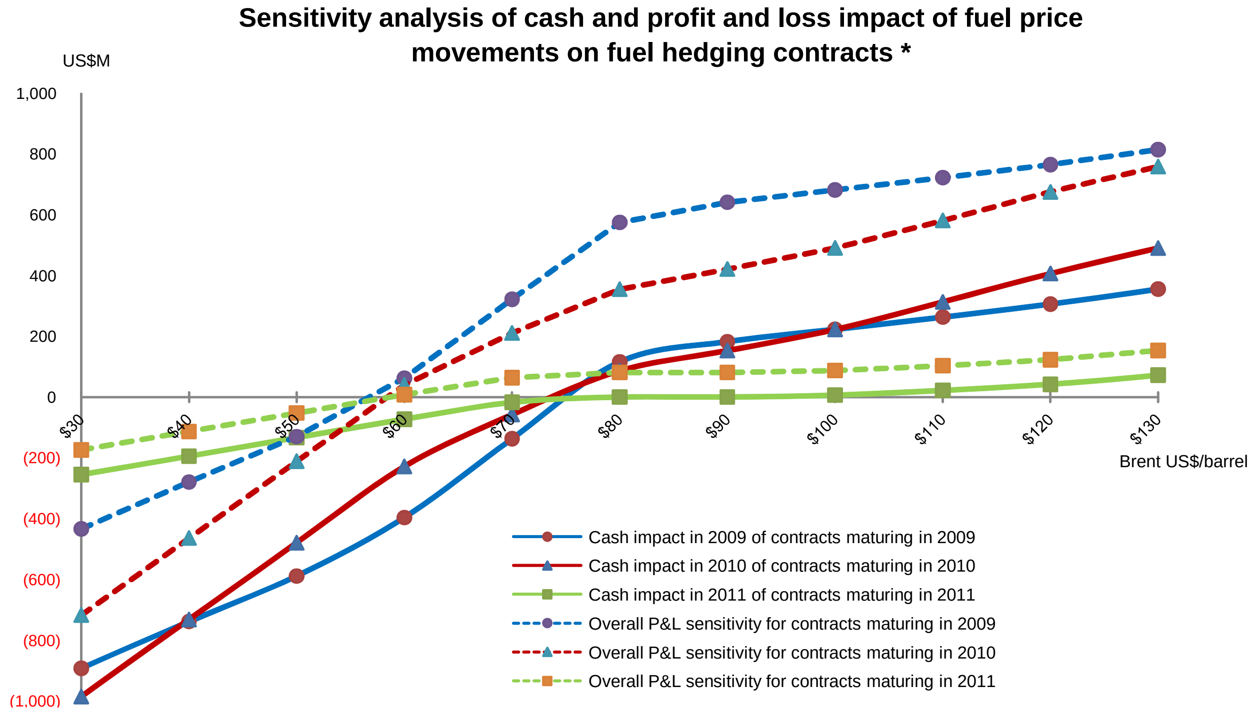
	2008 **HK$M**	2007 HK$M
Gross fuel cost	**39,347**	25,557
Realised hedging losses/(gains)	**309**	(719)
Unrealised mark to market losses/(gains)	**7,661**	(214)
Net fuel cost	**47,317**	24,624

Fuel expenditure and hedging (continued)

The Group's maximum fuel hedging exposure and a sensitivity analysis of both the cash and the profit and loss impact of fuel price movements on fuel hedging contracts as at 31st December 2008 are set out as below:



The Group's policy is to reduce exposure to fuel price risk by hedging a percentage of its anticipated fuel consumption. As the Group uses a combination of fuel derivatives to achieve its desired hedging position, the percentage of anticipated consumption hedged will vary depending on the nature and combination of contracts which generate payoffs in any particular range of fuel prices. The chart above indicates the estimated maximum percentage of projected consumption covered by hedging transactions at various settled Brent prices.



At 31st December 2008 the Group had entered into fuel derivatives contracts which expire in 2009, 2010 and 2011. The chart above shows, for the range of specified reasonably possible average fuel prices, the estimated amount of cash inflow or outflow from the settlement of these contracts in 2009, 2010 and 2011, and the estimated impact on the Group's profit and loss split according to the maturity of the contracts. The periods in which profit or loss would actually be impacted varies contract by contract. For contracts which are accounted for as cash flow hedges, profit or loss would generally be impacted in the period the contracts mature. For contracts which are not accounted for as cash flow hedges, profit or loss for each year would be impacted by the change in mark to market valuation in that year.

* This information supplements note 31(c) (iii) to the accounts in the 2008 Annual Report.

Fuel expenditure and hedging (continued)

If the Brent price is at a level of US$45 per barrel over 2009, 2010 and 2011, then the Group would be required to pay a total of about US$1.4 billion to settle these contracts and the profit would be further reduced over the three years. If the annual average price of Brent over each of the next three years is approximately US$75 per barrel there will be no further net cash impact and mark to market losses recognised in 2008 would then be released in subsequent periods.

In addition to the estimated impact of changes of fuel prices on fuel hedging contracts shown above, the Group's operating profit would be affected by costs of fuel uplift and the level of fuel surcharges.

Assets

- Total assets as at 31st December 2008 were HK$114,739 million.
- During the year, additions to fixed assets were HK$9,202 million, comprising HK$8,306 million for aircraft and related equipment, HK$661 million for buildings and HK$235 million for other equipment.

Borrowings and capital

- Borrowings increased by 10.8% to HK$40,280 million compared with HK$36,368 million in 2007.
- Borrowings are mainly denominated in US dollars, Hong Kong dollars, Singapore dollars, Japanese yen and Euros, and are fully repayable by 2023 with 35% at fixed rates of interest net of derivatives.
- Liquid funds, 49% of which are denominated in US dollars, decreased by 30% to HK$15,088 million.
- Net borrowings increased by 71.1% to HK$25,198 million.
- Funds attributable to owners of Cathay Pacific decreased by 24.2% to HK$38,325 million.
- Net debt/equity ratio increased from 0.29 times to 0.66 times.

Fleet profile

Aircraft type	Number as at 31st December 2008				Firm orders				Expiry of operating leases						Purchase rights
		Leased													
	Owned	Finance	Operating	Total	'09	'10	'11 and beyond	Total	'09	'10	'11	'12	'13	'14 and beyond	
Aircraft operated by Cathay Pacific:															
A330-300	9	17	6	32		2	6	8			3			3	
A340-300	5	6	4	15							4				
747-400	17		6	23								3		3	
747-200F	5			5											
747-400F	2	4		6											
747-400BCF	7	1	2	10	1[a]			1					2		
747-400ERF		2		2	4			4							
747-8F						4	6	10							
777-200	1	4		5											
777-300	2	10		12											
777-300ER	1	4	4	9	4	5	12	21						4	20[b]
Total	49	48	22	119	9	11	24	44			7	3	2	10	20
Aircraft operated by Dragonair:															
A320-200	4	1	5	10	1	1		2[c]	1	1	3				
A321-200	2		4	6						2	2				
A330-300	4	1	11	16					2	1	2	3	3		
747-200F	1			1											
747-400BCF	2			2											
Total	13	2	20	35	1	1		2	3	4	7	3	3		
Aircraft operated by AHK:															
A300-600F	2	6		8											
Grand total	**64**	**56**	**42**	**162**	**10**	**12**	**24**	**46**	**3**	**4**	**14**	**6**	**5**	**10**	**20**

(a) Aircraft on 9 year operating lease.
(b) Purchase rights for aircraft delivered by 2017.
(c) Two aircraft on 8 year operating leases.

Review of subsidiaries and associates

- AHK Air Hong Kong Limited ("AHK") recorded a higher profit in 2008 despite the adverse impact of higher fuel prices in the first half. At the beginning of 2008, AHK further expanded its overnight express cargo network to Manila, increasing the number of cities served in Asia to 11.
- Cathay Pacific Catering Services (H.K.) Limited produced a record 21.9 million meals in 2008, yet increased food costs, rent and fuel costs reduced the profit margin from 2007. The performance of other inflight catering kitchens in Asia and Canada were disappointing with lower profits than in 2007.
- Air China Limited ("Air China"), in which Cathay Pacific owns 18.1%, is the national flag carrier and leading provider of passenger, cargo and other airline related services in Mainland China. The Group's share of Air China's profit is based on accounts drawn up three months in arrears and consequently the 2008 annual results include Air China's results for the 12 months ended 30th September 2008. The airline suffered from a loss in this reporting period as a result of higher average fuel price, fuel hedging losses and reduced demand. In view of Air China's material fuel hedging losses in the fourth quarter of 2008, the Group has taken up its share of these losses amounting to HK$1 billion in 2008.
- Hong Kong Aircraft Engineering Company Limited achieved a consolidated profit attributable to its shareholders of HK$1,138 million, a 6.1% increase on the previous year. Despite the weakness in the aviation industry, demand in general for the group's services continued to be strong in 2008. Its third hangar at Hong Kong International Airport is progressing well with the opening scheduled for the middle of 2009. Taikoo (Xiamen) Aircraft Engineering Company Limited opened a new training centre in December 2008 and is expected to open its sixth hangar in 2010.

Corporate Responsibility

- Cathay Pacific and Dragonair announced a fundraising effort after the devastating earthquake in Sichuan Province in May. The airlines contributed HK$2 million to the fund and then matched all monies raised by staff in various fundraising efforts. A total of HK$14.6 million was donated to the Hong Kong Red Cross to help provide relief.
- We published our 2007 Corporate Social Responsibility Report in June, outlining the progress made last year in areas such as environmental initiatives, community activities and requirements for procurement and supply chains. We also outlined our agenda items for the current year, setting targets for each of the key areas. The 2007 report is available online at *www.cathaypacific.com*. We are currently working on our 2008 Corporate Social Responsibility Report.
- Together with Dragonair we continue to promote our "FLY greener" carbon offset programme, the first of its kind to be launched in Asia. The carbon credits are currently being sourced from a large wind farm near Shanghai. In the first year, 3,752 tonnes of carbon dioxide were offset by passengers, including other corporates in Hong Kong, through "FLY greener", the majority using Asia Miles to pay for their offsets. In 2009, we will look at ways to further promote "FLY greener" to the public.
- Cathay Pacific and its subsidiaries employed 27,100 people worldwide at the end of 2008. Some 18,800 worked for the airline itself, with more than 12,700 of those employed in Hong Kong. We review our human resource and remuneration policies in the light of local legislation, industry practice, market conditions and the performance of individuals and the Company.

The Directors of the Company as at the date of this announcement are:

Executive Directors: Christopher Pratt (Chairman), Robert Atkinson, Ian Shiu, John Slosar and Tony Tyler;

Non-Executive Directors: Philip Chen, Martin Cubbon, Henry Fan, James W.J. Hughes-Hallett, Kong Dong, Vernon Moore, Robert Woods and Zhang Lan; and

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

By Order of the Board
Cathay Pacific Airways Limited
Christopher Pratt
Chairman
Hong Kong, 11th March 2009

Website: www.cathaypacific.com