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OFFICE OF INTERNATIONAL
CORPORATE FINANCE

Our Ref: CSA/CPA6/5(e)

23rd June 2006

By Registered Airmail

Securities and Exchange Commission
Office of International Corporate Finance
Division of Corporation Finance
450 Fifth Street, N.W.
Washington, DC 20549
U.S.A.

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Dear Sir/Madam,

Cathay Pacific Airways Limited (the "Company")
File No. 82-1390

Pursuant to our obligation under Rule 12g3-2(b) of the Securities and Exchanges Act of 1934, we are pleased to enclose herewith a copy of the Company's announcement published today in The Standard for your record.

Yours faithfully,
For CATHAY PACIFIC AIRWAYS LIMITED

David Fu
Company Secretary

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FINANCIAL

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Encl.

c.c.: Thomas DiVivo, Assistant Vice President, The Bank of New York (w/e, by e-mail:
tdivivo@bankofny.com)
Ms. Kammy Yuen, Assistant Vice President, The Bank of New York, H.K. (w/e, by
hand)

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CATHAY PACIFIC AIRWAYS LIMITED

(Incorporated in Hong Kong with limited liability)
(Stock Code: 293)

Announcement

Major Transaction: Purchase of 6 Boeing 747-400ERF Freighters

CPAS has entered into the Purchase Agreement with Boeing Company, pursuant to which CPAS has agreed to purchase the Boeing Aircraft from Boeing Company.

Swire and CITIC, which together own approximately 71.70% of the issued share capital of the Company, have approved the Transaction. Swire and CITIC do not have any interest in the Transaction other than as shareholders of the Company.

The Transaction constitutes a major transaction of the Company under the Listing Rules. A circular containing the information required under the Listing Rules will be dispatched to shareholders as soon as practicable.

Background

On 22nd June 2006, CPAS and Boeing Company entered into the Purchase Agreement, pursuant to which CPAS has agreed to purchase the Boeing Aircraft from Boeing Company.

The particulars of the Transaction are summarised as follows:

Agreement: Purchase Agreement dated 22nd June 2006

Parties: (i) CPAS
(ii) Boeing Company

Aircraft to be acquired:
Boeing Aircraft, i.e. 6 Boeing 747-400ERF freighters.

Consideration

The aircraft basic price comprises the airframe price, optional features prices and engine price. The aircraft basic price of the Boeing Aircraft in aggregate is US\$1,557 million. With regard to the Boeing Aircraft, Boeing Company has granted to CPAS significant price concessions which may be used towards the payment for the Boeing Aircraft. Such price concessions were determined after arm's length negotiations between the parties and as a result, the actual consideration for the Boeing Aircraft is lower than the aircraft basic price mentioned above. The Transaction was negotiated and entered into in accordance with customary business practice. Taking into account all the factors relating to the purchase of aircraft by CPAS, including the type, number and delivery schedule of aircraft being purchased, the extent of the price concessions granted to CPAS in the Transaction is comparable with the price concessions that CPAS had obtained in each of the 2005 Aircraft Purchase and the 1st June 2006 Purchase. The Company believes that there is no material difference between the effect of the price concessions obtained in the Transaction and each of the 2005 Aircraft Purchase and the 1st June 2006 Purchase on the Company's operating costs taken as a whole. It is normal business practice of the global airline industry to disclose the aircraft basic price, instead of the actual price, for aircraft acquisitions. Disclosure of the actual consideration will result in the loss of the significant price concessions and hence a significant negative impact on the Company's cost for the Transaction and will therefore not be in the interest of the Company and the shareholders as a whole. The Company has applied to the Stock Exchange for a waiver from strict compliance of Rules 14.58(4) and 14.66(1) of the Listing Rules in respect of disclosure of the actual consideration of the Boeing Aircraft.

The 2005 Aircraft Purchase constituted a major transaction in respect of which an announcement dated 14th December 2005 was published and a circular dated 22nd December 2005 was sent to shareholders. The purchase of the Boeing Aircraft was not in contemplation at the time of the 2005 Aircraft Purchase. The 1st June 2006 Purchase constituted a discloseable transaction in respect of which an announcement dated 1st June 2006 was published and a circular dated 8th June 2006 was sent to shareholders.

Payment and delivery terms:

The consideration for the purchase of each of the Boeing Aircraft is payable in cash in six instalments, with the first five instalments to be paid prior to delivery of each aircraft and the balance, being a substantial portion of the consideration, to be paid upon delivery of the aircraft. The Company is expecting to take delivery of the Boeing Aircraft from 2008 to 2009.

Source of funding:

The Transaction will be funded through commercial bank loans, other debt instruments of the Company and/or cash generated from the Company's business operations.

Reasons for, and benefits of, the Transaction

The Boeing Aircraft will replenish and expand the cargo fleet capacity of the Company. They will principally serve destinations in North America, Europe and the Middle East. The Company expects that the Boeing Aircraft will deliver improved payload range capability at competitive operating costs. The Directors consider that the terms of the Transaction are fair and reasonable and in the interests of the shareholders as a whole.

General

The Company confirms that, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Boeing Company and its ultimate beneficial owner are third parties independent of and not connected with Cathay Pacific or any of its connected persons.

As the relevant percentage ratio under Rule 14.07 of the Listing Rules for the Transaction is above 25% but less than 100%, the Transaction constitutes a major transaction and is therefore subject to approval by the Company's shareholders under the Listing Rules.

The Company has received written approval for the Transaction from a closely allied group of shareholders, namely Swire and CITIC which currently own 1,566,233,246 shares (46.30%) and 859,353,462 shares (25.40%) respectively of the issued share capital of the Company. Swire and CITIC are connected persons of each other. Each of Swire and CITIC and their associates does not have any interest in the Transaction other than as a shareholder of the Company (where applicable). No shareholder would be required to abstain from voting if the Company were to convene a general meeting pursuant to Rule 14.44 of the Listing Rules. A circular containing the information required under the Listing Rules in relation to the Transaction will be dispatched to shareholders as soon as practicable.

Directors

As at the date of this announcement, the Directors of the Company are:
Executive Directors: Christopher Pratt (Chairman), Robert Atkinson, Philip Chen, Derek Cridland and Tony Tyler;
Non-Executive Directors: Martin Gibbon, Henry Fan, Daw Ho, James Hughes-Hallett, Vernon Moore, Carl Yung and Zhang Xianlin; and
Independent Non-Executive Directors: Peter Lee, Raymond Or, Jack So and Tung Chee Chen.

Definitions

"1st June 2006 Purchase"	The acquisition by CPAS of 2 Boeing 777-300ER aircraft pursuant to a supplemental agreement dated 1st June 2006 to the purchase agreement dated 14th December 2005 between CPAS and Boeing Company.
"2005 Aircraft Purchase"	The acquisition by CPAS of 12 Boeing 777-300ER aircraft pursuant to a purchase agreement dated 14th December 2005 between CPAS and Boeing Company.
"Boeing Aircraft"	6 Boeing 747-400ERF freighters to be purchased by CPAS pursuant to the Purchase Agreement.
"Boeing Company"	The Boeing Company, a corporation organised and existing under the General Corporation Law of the State of Delaware, U.S.A., the principal activity of which is aircraft manufacturing.
"Cathay Pacific" or "Company"	Cathay Pacific Airways Limited, the principal activity of which is the operation of scheduled airline services.
"CITIC"	CITIC Pacific Limited, a company incorporated in Hong Kong and listed on the Stock Exchange.
"CPAS"	Cathay Pacific Aircraft Services Limited, a company incorporated in the Isle of Man and wholly owned by Cathay Pacific, the principal activity of which is to act as an aircraft acquisition facilitator.
"Directors"	The directors of the Company.
"Listing Rules"	The Rules Governing the Listing of Securities on the Stock Exchange.
"Purchase Agreement"	The aircraft purchase agreement dated 22nd June 2006 pursuant to which CPAS has agreed to purchase and Boeing Company has agreed to sell the Boeing Aircraft.
"Stock Exchange"	The Stock Exchange of Hong Kong Limited.
"Swire"	Swire Pacific Limited, a company incorporated in Hong Kong and listed on the Stock Exchange.
"Transaction"	The acquisition by CPAS of the Boeing Aircraft pursuant to the Purchase Agreement.

By Order of the Board
Cathay Pacific Airways Limited
David Fu
Company Secretary
Hong Kong, 22nd June 2006

SWIRE

CATHAY PACIFIC