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HONG KONG AIRCRAFT ENGINEERING COMPANY LIMITED

香港飛機工程有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 00044)

Announcement Update as to Prospects

2016 Interim Report

This is what was said about prospects in the 2016 Interim Report of Hong Kong Aircraft Engineering Company Limited (“**HAECO**” or the “**Company**”) dated 16th August 2016:

“Demand for HAECO Hong Kong’s airframe and component maintenance services is expected to be roughly stable in the second half of 2016. Demand for its line services is expected to be firm. Demand for HAECO Americas’ airframe services is expected to increase compared with the second half of 2015 but seasonal factors mean that less work will be done than in the first half of 2016. The seat business will continue to be adversely affected by reduction in demand for our older model seats. Forward bookings for cabin integration work are weak but there will be more Panasonic Global Communication Suite work. Demand for HAECO Xiamen’s airframe services is expected to be weak in the second half of 2016. HAESL’s results in the second half of the year are expected to be adversely affected by reduced demand for its engine overhaul services although results for the whole of 2016 are likely to be better than those of 2015. TEXL’s engine output is expected to remain stable. The results of HAECO Landing Gear Services will continue to be adversely affected by strong competition.”

Update as to Prospects

The trading outlook for most of the Company’s individual businesses remains broadly the same. However, significantly higher losses are now expected at HAECO Americas in the second half of 2016 than in the first half. This reflects losses on some seat contracts and the costs of closing down the line services business. In addition, a review has been undertaken of the carrying value of the cabin and seats businesses in the United States. As a result of this review, impairment charges currently estimated at HK\$280 million are expected to be made against the profit for 2016. The effect of



all this is that the consolidated profit attributable to the shareholders of the Company for 2016 is expected to be disappointing.

General

It is considered that the information in this announcement may constitute inside information. This announcement is accordingly being made pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Shareholders and potential investors are advised to exercise caution in dealing in shares of HAECO.

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

Executive Directors: J.R. Slosar (Chairman), W.E.J. Barrington, G.T.F. Hughes, F.N.Y. Lung, A.K.W. Tang;

Non-Executive Directors: C.P. Gibbs, M.B. Swire; and

Independent Non-Executive Directors: R.E. Adams, B.Y.C. Cha, Y.K. Leung, J.L. Lewis and P.P.W. Tse.

By Order of the Board

Hong Kong Aircraft Engineering Company Limited

香港飛機工程有限公司

David Fu

Company Secretary

Hong Kong, 8th November 2016