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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 Profit Warning

Interim Report 2017

This is what was said about prospects in the Interim Report 2017 of Hong Kong Aircraft Engineering Company Limited (“**HAECO**” or the “**Company**”) dated 15th August 2017:

“The workload for HAECO Hong Kong’s airframe maintenance services is expected to be less in the second half than in the first half of 2017 for normal seasonal reasons and because of the deferral of work by some customers. Demand for its line services is expected to be stable. Demand for HAECO Americas’ airframe services is expected to decrease in the second half of 2017 compared with the first half due to the loss (with effect from August) of significant US work from a major customer and also for normal seasonal reasons. Airframe services results will also be adversely affected by the additional costs of training and recruiting staff in preparation for the opening of a fifth hangar at Greensboro in 2018. The growth in demand for seats in the second half of 2017 is expected to continue but margins are expected to be lower. Forward bookings for cabin integration work are weak. More Panasonic communication equipment installation kit work is expected in the second half of 2017 than in the first half. Demand for HAECO Xiamen’s airframe services is expected to be less in the second than in the first half of 2017, for normal seasonal reasons. Demand for line services is expected to be stable. Demand for TEXL’s engine overhaul services is expected to be stable in the second half of 2017. HAESL’s results in the second half of 2017 are expected to be adversely affected by higher depreciation and training costs associated with developing the capability to overhaul Trent XWB engines.

Overall, the HAECO Group’s adjusted profit for 2017 is expected to be below that of 2016.”

Profit Warning

The 2017 trading outlook for most of the Company's individual businesses remains broadly the same. However, somewhat worse results are now expected at HAECO Americas in the second half of 2017 than were expected when the Interim Report 2017 of HAECO was published. In addition, as required by applicable accounting standards, a review of the carrying value of the business of HAECO Americas has been undertaken. As a result of this review (which took into account the prospects for the airframe maintenance business of HAECO Americas), impairment charges currently estimated at approximately HK\$625 million are expected to be made in 2017. The effect of this is that there is now expected to be a consolidated loss attributable to the shareholders of the Company for 2017.

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, C.P. Gibbs, R.J. Sharpe, A.K.W. Tang;

Non-Executive Directors: G.T.F. Hughes, M.B. Swire; and

Independent Non-Executive Directors: 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, 7th November 2017