HAECO

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HONG KONG AIRCRAFT ENGINEERING COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)
(Stock Code: 00044)

2017 FINAL RESULTS

FINANCIAL HIGHLIGHTS

		2017	2016	Change
Results				
Revenue	*HK$ Million*	**14,546**	13,760	+5.7%
Net operating (loss)/profit	*HK$ Million*	**(209)**	38	-650.0%
Share of after-tax results of joint venture companies				
- Hong Kong Aero Engine Services Limited and Singapore Aero Engine Services Pte. Limited (before disposal of investment)	*HK$ Million*	**244**	218	+11.9%
- Gain on disposal of Singapore Aero Engine Services Pte. Limited	*HK$ Million*	**-**	805	-100.0%
- Other joint venture companies	*HK$ Million*	**70**	49	+42.9%
(Loss)/profit attributable to the Company's shareholders	*HK$ Million*	**(541)**	975	-155.5%
(Loss)/earnings per share for (loss)/profit attributable to the Company's shareholders (basic and diluted)	*HK$*	**(3.25)**	5.86	-155.5%
First and second interim dividends per share	*HK$*	**1.03**	1.55	-33.5%
Special interim dividend per share	*HK$*	**-**	2.35	-100.0%
Total dividends per share	*HK$*	**1.03**	3.90	-73.6%
Financial Position				
Net borrowings	*HK$ Million*	**2,369**	2,368	+0.0%
Gearing ratio	*%*	**33.0**	31.5	+1.5%pt
Total equity	*HK$ Million*	**7,185**	7,519	-4.4%
Equity attributable to the Company's shareholders per share	*HK$*	**33.48**	37.12	-9.8%
Cash Flows				
Net cash generated from operating activities	*HK$ Million*	**841**	1,023	-17.8%
Net cash inflow before financing activities	*HK$ Million*	**326**	1,062	-69.3%

Note: The average number of shares in issue is 166,324,850 in 2017 (2016: 166,324,850).

CHAIRMAN'S LETTER

In 2017, most HAECO businesses did well but those businesses in America continued to incur losses. The HAECO Group overall reported an attributable loss of HK$541 million in 2017. This loss included an impairment charge of HK$625 million in respect of the goodwill attributable to HAECO USA Holdings, Inc. ("HAECO Americas") and a write off of HK$249 million in respect of HAECO Americas' net deferred tax assets. This compares with a profit of HK$975 million in 2016, which included a gain of HK$805 million on disposal of the interest of Hong Kong Aero Engine Services Limited ("HAESL") in Singapore Aero Engine Services Pte. Limited ("SAESL") and an impairment charge of HK$285 million in respect of the goodwill attributable to HAECO Americas. Disregarding the impairment charges in both years, the net deferred tax asset write off in 2017 and the gain on disposal in 2016, the HAECO Group made an attributable profit of HK$340 million in 2017, compared with an attributable profit of HK$516 million in 2016.

The Directors have declared a second interim dividend of HK$0.50 per share for the year ended 31st December 2017. Together with the first interim dividend of HK$0.53 per share paid on 19th September 2017, this results in total dividends for the year of HK$1.03 per share and represents a total distribution of HK$171 million. The second interim dividend, which totals HK$83 million (2016: HK$153 million), will be paid on 24th April 2018 to shareholders on the register at the close of business on 29th March 2018. Shares of the Company will be traded ex-dividend as from Tuesday, 27th March 2018.

More airframe and line services work was done by the Group in Hong Kong and in Xiamen in 2017. Line services results benefited from increased aircraft movements. The increase in airframe services work reflected higher demand and the deferral of some customers' work from 2016. In America less airframe services work was done, reflecting the completion of some significant aircraft and cabin modification programmes in 2016 and the loss of significant work from a major customer from August 2017. Line services work had been discontinued in America in 2016.

Revenue from cabin and seat work increased in 2017. More seats were sold, but there were fewer interior reconfigurations and fewer Panasonic communication equipment installation kits were delivered.

A larger number of engines were repaired and overhauled in 2017 than in 2016, and more work was done per engine. More components and avionics maintenance manhours were sold during the year. The Group's inventory technical management subsidiary (HAECO ITM Limited) benefited from the loan of more aircraft parts and more repair work.

The Group continued to invest in order to increase the scale of operations and technical capabilities and to improve and widen the range of services it can offer to customers. Total capital expenditure for 2017 was HK$843 million. Capital expenditure committed at the end of the year was HK$887 million.

CHAIRMAN'S LETTER (cont'd)

Prospects

The prospects for the Group's different businesses in 2018 are satisfactory. More engines are expected to be repaired and overhauled. The component and avionics overhaul business is expected to improve gradually, with the development of new capabilities. Demand for line services is expected to be firm. Demand for airframe services is expected to be roughly similar to that of 2017, with little change in Hong Kong and Xiamen, and an increase in America. The number and mix of seats sold are expected to be similar to those in 2017. Forward bookings for cabin integration work are low. Significantly less Panasonic communication equipment work is expected.

Airframe services results will depend on the outcome of efforts to improve efficiency and work flow in America. We expect to realise some of the benefits of this work in 2018.

The relocation proposed by the Xiamen municipal government of the Gaoqi airport to a new airport in the Xiang'an district remains subject to central government approval. Management maintains regular communications with the local authorities about the new airport and its opening, which will be material to the operations of the HAECO Group in Xiamen.

The commitment and hard work of employees of the Company and its subsidiary and joint venture companies are central to our continuing success. On behalf of the Directors, I would like to take this opportunity to thank them for their continued dedication and commitment to aviation safety.

By Order of the Board
Hong Kong Aircraft Engineering Company Limited
John Slosar
Chairman
Hong Kong, 13th March 2018

REVIEW OF OPERATIONS

The (loss)/profit attributable to the Company's shareholders comprises:

	2017 **HK$M**	2016 HK$M	Change
HAECO Hong Kong	**257**	172	+49.4%
HAECO Americas	**(1,483)**	(523)	-183.6%
HAECO Xiamen	**135**	94	+43.6%
TEXL	**209**	196	+6.6%
Share of:			
HAESL and SAESL	**244**	1,023	-76.1%
Other subsidiary and joint venture companies	**97**	13	+646.2%
	(541)	975	-155.5%

The following table shows the attributable (loss)/profit adjusted so as to exclude the net gain on disposal of SAESL in 2016, impairment charges in respect of goodwill and plant, machinery and tools in 2016 and 2017 and the write-off of net deferred tax assets in respect of HAECO Americas in 2017.

	2017 **HK$M**	2016 HK$M	Change
(Loss)/profit attributable to the Company's shareholders	**(541)**	975	-155.5%
Adjusting items			
Gain on disposal of SAESL, net of associated expenses	**-**	(783)	+100.0%
Impairment charge in respect of goodwill	**625**	285	+119.3%
Impairment charge in respect of plant, machinery and tools	**7**	39	-82.1%
Write-off of net deferred tax assets	**249**	-	N/A
Adjusted profit	**340**	516	-34.1%
The adjusted profit by company is analysed below:			
HAECO Hong Kong	**257**	194	+32.5%
HAECO Americas	**(602)**	(238)	-152.9%
HAECO Xiamen	**135**	94	+43.6%
TEXL	**209**	196	+6.6%
Share of:			
HAESL and SAESL	**244**	218	+11.9%
Other subsidiary and joint venture companies	**97**	52	+86.5%
	340	516	-34.1%

Industry Background

Orders for new aircraft are firm. Aircraft manufacturers have record order books and are increasing production. More aircraft means in principle more demand for their maintenance and repair. But new aircraft need less maintenance and repair than older aircraft, and original equipment manufacturers are doing more maintenance and repair work than they used to. On balance, maintenance and repair work demand is still expected to grow in the medium and longer term.

REVIEW OF OPERATIONS (cont'd)

HAECO Hong Kong (100% owned)

HAECO's business in Hong Kong ("HAECO Hong Kong") comprises airframe services, line services at the passenger and cargo terminals at Hong Kong International Airport ("HKIA"), component services and material management. Disregarding the profit on the disposal of an interest in SAESL in 2016, HAECO Hong Kong recorded a 32.5% increase in profit in 2017.

Airframe Services
HAECO Hong Kong performs scheduled maintenance checks, modifications and overhaul work on a wide variety of aircraft types. It competes on turnaround time and quality of workmanship with other maintenance, repair and overhaul facilities worldwide. Manhours sold increased from 2.67 million in 2016 to 2.70 million in 2017. The increase reflected the deferral of some customers' work from 2016. 78.3% of the work was for airlines based outside Hong Kong.

Line Services
HAECO Hong Kong undertakes technical and non-technical line services for airlines operating at HKIA. The average number of aircraft movements handled per day increased in 2017 by 4.2% to 320. Line services manhours sold increased, reflecting this increase in volume.

Component Services
HAECO Hong Kong overhauls components and avionics at Tseung Kwan O in Hong Kong and through HAECO Component Overhaul (Xiamen) Limited in Xiamen. Manhours sold, including both Hong Kong and Xiamen, were 0.215 million in 2017, an increase of 4.4% compared to 2016. The increase reflected additional component maintenance capabilities.

HAECO Hong Kong employed 6,057 staff at the end of 2017, 1.6% fewer than at the end of 2016. The decrease principally reflects improved efficiency and a slight reduction in the number of trainees.

In 2018, HAECO Hong Kong expects demand for its airframe services to be stable. Demand for line services in Hong Kong is expected to be firm. The component and avionics overhaul business is expected to improve gradually, with the development of new capabilities.

REVIEW OF OPERATIONS (cont'd)

HAECO Americas (100% owned)

HAECO Americas' business comprises airframe services, engine repair services, the manufacture of seats and cabin interior products and reconfiguration services. Line services work was discontinued in 2016. HAECO Americas recorded a loss of HK$1,483 million in 2017 (including an impairment charge of HK$625 million in respect of goodwill and the write off of net deferred tax assets of HK$249 million). Excluding impairment charges in both years and the write off of net deferred tax assets in 2017, HAECO Americas' 2017 loss was HK$602 million, compared to a loss of HK$238 million in 2016. The higher loss reflected less airframe services, reconfiguration services and Panasonic communication equipment work. The results were also adversely affected (by comparison with 2016) by the non-recognition of deferred tax assets in respect of 2017 tax losses.

Airframe Services
Demand for HAECO Americas' airframe services decreased. 2.80 million manhours were sold in 2017 compared with 3.24 million in 2016 reflecting the completion of some significant aircraft and cabin modification programmes in 2016 and the loss of significant work from a major customer from August 2017. Results were adversely affected by the additional costs of training and recruiting staff in preparation for the opening of a fifth hangar at Greensboro in 2018.

Cabins and Seats
Revenue from cabins and seats increased in 2017. More seats were sold (approximately 7,300 premium and economy seats compared with 3,400 in 2016), but there was less reconfiguration work and fewer Panasonic communication equipment installation kits delivered. Overall, cabin and seats work was loss making, with losses being made on some seat contracts.

As required by applicable accounting standards, a review of the carrying value of the business of HAECO Americas was undertaken. As a result of this review (which took into account the prospects for the airframe maintenance business of HAECO Americas), an impairment charge of HK$625 million was made in 2017 in respect of the goodwill recorded.

The write off of net deferred tax assets in 2017 resulted from a review of the ability to set past tax losses in the US off against future profits in the US in light of timing certainty required by applicable accounting standards.

HAECO Americas employed 2,331 staff at the end of 2017, 13.9% less than at the end of 2016.

Demand for HAECO Americas airframe services is expected to increase in 2018. More work is expected from a major customer. However, airframe services results will depend on the outcome of efforts to improve efficiency and work flow. We expect to realise some of the benefits of this work in 2018. The number and mix of seats sold in 2018 are expected to be similar to 2017. Forward bookings for cabin integration work are low. Significantly less Panasonic communication equipment work is expected.

REVIEW OF OPERATIONS (cont'd)

HAECO Xiamen (58.55% owned)

The business of Taikoo (Xiamen) Aircraft Engineering Company Limited ("HAECO Xiamen") comprises airframe services, line services, private jet work, parts manufacturing and technical training. It recorded a 43.6% increase in attributable profit in 2017 compared to 2016.

Airframe Services
HAECO Xiamen provides airframe services in Xiamen. Manhours sold in 2017 were 3.76 million, representing 17.1% growth in volume reflecting higher demand, which generated a 22.1% increase in revenue.

Line Services
HAECO Xiamen provides line services in Xiamen, Beijing, Tianjin, Yinchuan, Chongqing, Zhengzhou, and Chengdu. It handled an average of 54 aircraft movements per day in 2017, 8.0% more than in 2016. Revenue increased by 14.9%.

Private Jet Work
Revenue from private jet work recorded an increase of 159.8% in 2017. A Boeing 747-400 VVIP cabin modification project, which commenced in the second half of 2017, is scheduled to complete in March 2018.

Parts Manufacturing and Technical Training
HAECO Xiamen manufactures aviation parts and provides technical training for internal and external parties in Xiamen. Parts manufacturing revenue increased by 25.7% in 2017. Revenue from technical training increased by 14.9% in 2017.

HAECO Xiamen employed 4,450 staff at the end of 2017, 0.6% fewer than at the end of 2016.

Demand for HAECO Xiamen's airframe services in 2018 is expected to be similar to 2017. Demand for line services and parts manufacturing is expected to be stable.

New Airport in Xiamen
The relocation proposed by the Xiamen municipal government of the Gaoqi airport to a new airport in the Xiang'an district remains subject to central government approval. Management maintains regular communications with the local authorities about the new airport and its opening, which will be material to the operations of the HAECO Group in Xiamen.

REVIEW OF OPERATIONS (cont'd)

TEXL (72.86% owned)

Taikoo Engine Services (Xiamen) Company Limited ("TEXL") repairs and overhauls General Electric engines and engine components in Xiamen in Mainland China. It has a service agreement with General Electric under which it provides maintenance, repair and overhaul services for GE90-110B and GE90-115B engines. In 2017, TEXL completed 52 engine performance restorations and 33 quick turn repairs on GE90 aircraft engines (compared with 48 engine performance restorations and 42 quick turn repairs in 2016). With more engine performance restorations, compressor module repair work and component repair work, TEXL recorded a higher profit in 2017 than that in 2016.

Demand for TEXL's overhaul services is expected to be stable in 2018.

HAESL (45% owned until 30th June 2016 and 50% owned thereafter)

HAESL repairs and overhauls Rolls-Royce engines and engine components at Tseung Kwan O in Hong Kong. It recorded an 11.7% increase in profit (on a 100% basis) in 2017 compared to 2016 (disregarding in 2016 the profit on disposal of its interest in SAESL). The increase in profit principally reflected an increase in volume. 140 engines were overhauled in 2017, compared with 114 in 2016. HAESL invested heavily during 2017 in new facilities and tooling and recruited more people, in order to accommodate new engines types and expected volume growth.

HAESL is expected to overhaul more engines in 2018 and, in particular, to overhaul more Trent XWB engines, two of which were overhauled in 2017.

HAECO Landing Gear Services (69.66% owned until October 2017 and 86.53% owned thereafter)

Taikoo (Xiamen) Landing Gear Services Company Limited ("HAECO Landing Gear Services") overhauls landing gears in Xiamen in Mainland China. It did more work in 2017 than in 2016. Its losses were reduced accordingly. Its 2016 losses included an impairment charge in respect of plant, machinery and tools.

FINANCIAL REVIEW

Consolidated Statement of Profit or Loss

	2017 HK$M	2016 HK$M	Change HK$M	Reference
Revenue				
- HAECO Hong Kong The increase reflects more line services work.	**4,041**	3,879	162	
-HAECO Americas The decrease reflects less airframe services work, reconfiguration services and Panasonic communication equipment installation kit work, partly offset by the sale of more seats.	**2,625**	2,836	(211)	
-HAECO Xiamen The increase mainly reflects more airframe services work.	**2,041**	1,640	401	
-TEXL The increase reflects more engine performance restorations and component repair work, partly offset by fewer quick turn repairs.	**5,162**	4,808	354	
-Others The increase mainly reflects more work at HAECO Landing Gear Services.	**677**	597	80	
-Total	**14,546**	13,760	786	Note 2
Staff remuneration and benefits The increase mainly reflects salary increases, partly offset by a reduction in headcount at HAECO Americas.	**(5,110)**	(5,059)	(51)	
Cost of direct material and job expenses The increase reflects more performance restoration work at TEXL, more airframe services work at HAECO Xiamen and the sale of more seats at HAECO Americas.	**(7,335)**	(6,679)	(656)	
Depreciation, amortisation and impairment The increase principally reflects a higher impairment charge in respect of goodwill attributable to HAECO Americas.	**(1,270)**	(966)	(304)	
Other operating expenses The decrease mainly reflects reduced expenses at HAECO Hong Kong and HAECO Americas.	**(918)**	(959)	41	
Other net (losses)/gains The net losses in 2017, compared with net gains in 2016, reflected net foreign exchange losses in 2017, partly offset by higher government subsidies received in Mainland China.	**(2)**	30	(32)	Note 3

FINANCIAL REVIEW (cont'd)

Consolidated Statement of Profit or Loss (continued)

	2017 HK$M	2016 HK$M	Change HK$M	Reference
Operating (loss)/profit An operating loss was incurred in 2017, compared with a profit in 2016. This reflected a higher impairment charge in respect of goodwill attributable to HAECO Americas. Disregarding the impairment charges, improved results at HAECO Hong Kong, HAECO Xiamen, TEXL and HAECO Landing Gear Services were partly offset by an increased loss at HAECO Americas.	**(89)**	127	(216)	
Net finance charges The increase principally reflects a higher fair value loss on a put option over a non-controlling interest in a subsidiary company.	**(120)**	(89)	(31)	Note 4
Share of after-tax results of joint venture companies The reduction principally reflects the absence of the gain on disposal of an interest in SAESL recorded in 2016. Disregarding this gain, an increase was recorded, reflecting more work at HAESL.	**314**	1,072	(758)	
Taxation The increase principally reflects non-recognition of deferred tax assets and the write-off of net deferred tax assets at HAECO Americas. The higher profits at HAECO Hong Kong and HAECO Xiamen also contributed to the increase.	**(451)**	(17)	(434)	Note 5
Non-controlling interests The increase reflects a higher profit at HAECO Xiamen and a reduced loss at HAECO Landing Gear Services.	**(195)**	(118)	(77)	
(Loss)/profit attributable to the Company's shareholders	**(541)**	975	(1,516)	

FINANCIAL REVIEW (cont'd)

Consolidated Statement of Financial Position

	2017	2016	Change	Reference
	HK$M	HK$M	HK$M	
Property, plant and equipment The increase mainly reflects the construction of a new hangar at HAECO Americas.	**5,719**	5,264	455	
Intangible assets The decrease principally reflects the impairment of goodwill attributable to HAECO Americas. The amortisation of intangible assets at HAECO Americas also contributed to the decrease.	**1,466**	2,166	(700)	
Joint venture companies The increase reflects HAECO's share of profits from HAESL and the joint venture companies in Mainland China, and translation differences arising from foreign exchange rates, partly offset by dividends distributed.	**1,727**	1,607	120	
Trade and other receivables The increase principally reflects more receivables at TEXL and HAECO Americas.	**1,689**	1,595	94	Note 8
Trade and other payables (current portion) The increase principally reflects more accrued capital expenditure at HAECO Americas and more deferred income at TEXL.	**2,576**	2,194	382	Note 9
Loans and finance lease obligations (current and non-current portion) The decrease principally reflects the repayment of bank loans at HAECO Hong Kong and TEXL.	**3,360**	3,689	(329)	

FINANCIAL REVIEW (cont'd)

Consolidated Statement of Cash Flows

	2017 HK$M	2016 HK$M	Change HK$M
Cash generated from operations The decrease principally reflects a higher loss at HAECO Americas, partly offset by better results at HAECO Hong Kong and HAECO Xiamen.	**1,096**	1,199	(103)
Net interest paid The increase reflects higher interest rates.	**(77)**	(73)	(4)
Dividends received from joint venture companies The decrease principally reflects a lower dividend from HAESL, due to the absence of a dividend attributable to the disposal of its interest in SAESL in 2016.	**243**	1,169	(926)
Purchase of shares in a joint venture company The amount in 2016 represents the payment for the acquisition of an additional 5% shareholding in HAESL.	**-**	(452)	452
Purchase of property, plant and equipment The increase mainly reflects the construction of a new hangar at HAECO Americas.	**(837)**	(717)	(120)
Net loans repaid Bank loans at HAECO Hong Kong and TEXL were repaid in 2017.	**(362)**	(449)	87

FINANCING

Sources of Financing

At 31st December 2017, net borrowings consisted of long-term loans of HK$3,247 million, short-term loans of HK$106 million and finance lease obligations of HK$7 million, net of bank balances and short-term deposits of HK$991 million. Committed facilities were HK$4,805 million at 31st December 2017, of which HK$1,517 million were undrawn. In addition, there were uncommitted facilities of HK$2,442 million at the same date, of which HK$2,336 million were undrawn. Sources of funds at 31st December 2017 comprised:

	Available HK$M	Drawn HK$M	Undrawn expiring within one year HK$M	Undrawn expiring beyond one year HK$M
Committed facilities				
- Loans and finance leases	4,805	3,288	400	1,117
Uncommitted facilities				
- Loans and overdraft	2,442	106	2,336	-
Total	**7,247**	**3,394**	**2,736**	**1,117**

Currency Hedging

HAECO Xiamen tries to mitigate its exposure to increases in the value of the Renminbi by retaining surplus funds in Renminbi and by selling US dollars forward. At 31st December 2017, HAECO Xiamen had sold forward a total of US$18.8 million to fund part of its Renminbi requirements for 2018 and 2019. The weighted average exchange rate applicable to these forward sales was RMB6.85 to US$1. A breakeven position resulted from forward foreign exchange contracts in 2017.

CORPORATE GOVERNANCE

The Company complied with all the code provisions set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the year covered by the annual report with the following exceptions which it believes do not benefit shareholders:

- Sections A.5.1 to A.5.4 of the CG Code in respect of the establishment, terms of reference and resources of a nomination committee. The Board has considered the merits of establishing a nomination committee but has concluded that it is in the best interests of the Company and potential new appointees that the Board collectively reviews and approves the appointment of any new Director as this allows a more informed and balanced decision to be made by the Board as to suitability for the role.

The Company has adopted a code of conduct (the "Securities Code") regarding securities transactions by Directors and officers on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules.

On specific enquiries made, all the Directors of the Company have confirmed that they have complied with the required standard set out in the Securities Code.

Details of the Company's corporate governance principles and processes will be available in the 2017 annual report.

The annual results have been reviewed by the Audit Committee of the Company.

HAECO

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the year ended 31st December 2017

	Note	**2017** HK$M	2016 HK$M
Revenue	2	**14,546**	13,760
Operating expenses:			
Staff remuneration and benefits		**(5,110)**	(5,059)
Cost of direct material and job expenses		**(7,335)**	(6,679)
Depreciation, amortisation and impairment		**(1,270)**	(966)
Insurance and utilities		**(177)**	(188)
Operating lease rentals - land and buildings		**(283)**	(279)
Repairs and maintenance		**(202)**	(189)
Other		**(256)**	(303)
		(14,633)	(13,663)
Other net (losses)/gains	3	**(2)**	30
Operating (loss)/profit		**(89)**	127
Finance income	4	**11**	9
Finance charges	4	**(131)**	(98)
Net operating (loss)/profit		**(209)**	38
Share of after-tax results of:			
Joint venture companies before gain on disposal of investments		**314**	267
Joint venture company's gain on disposal of investments		**-**	805
		314	1,072
Profit before taxation		**105**	1,110
Taxation	5	**(451)**	(17)
(Loss)/profit for the year		**(346)**	1,093
(Loss)/profit attributable to:			
The Company's shareholders		**(541)**	975
Non-controlling interests		**195**	118
		(346)	1,093
Dividends			
First interim - paid		**88**	105
Second interim - declared/paid		**83**	153
Special interim - paid		**-**	391
	6	**171**	649
(Loss)/earnings per share for (loss)/profit attributable to the Company's shareholders (basic and diluted)	7	**(HK$3.25)**	HK$5.86

HAECO

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

for the year ended 31st December 2017

	2017	2016
	HK$M	HK$M
(Loss)/profit for the year	**(346)**	1,093
Other comprehensive income:		
Items that will not be reclassified to profit or loss		
Defined benefit retirement schemes		
- remeasurement gains recognised	**113**	104
- deferred tax	**(18)**	(17)
Share of other comprehensive income of joint venture companies	**8**	11
Items that can be reclassified subsequently to profit or loss		
Cash flow hedges		
- gains/(losses) recognised	**11**	(6)
- transferred to revenue	**2**	5
- transferred to finance charges	**2**	2
- deferred tax	**(3)**	-
Share of other comprehensive income of joint venture companies	**-**	6
Net translation differences on foreign operations	**234**	(181)
Other comprehensive income for the year, net of tax	**349**	(76)
Total comprehensive income for the year	**3**	1,017
Total comprehensive (loss)/income attributable to:		
The Company's shareholders	**(279)**	972
Non-controlling interests	**282**	45
	3	1,017

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
at 31st December 2017

	Note	2017 HK$M	2016 HK$M
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**5,719**	5,264
Land and land use rights		**328**	322
Intangible assets		**1,466**	2,166
Joint venture companies		**1,727**	1,607
Derivative financial instruments		**6**	3
Deferred tax assets		**71**	311
Retirement benefit assets		**48**	39
Long-term prepayment		**17**	17
		9,382	9,729
Current assets			
Stocks		**801**	820
Work in progress		**1,165**	883
Trade and other receivables	8	**1,689**	1,595
Taxation recoverable		**-**	1
Derivative financial instruments		**7**	1
Cash and cash equivalents		**971**	1,299
Short-term deposits		**20**	22
		4,653	4,621
Current liabilities			
Trade and other payables	9	**2,576**	2,194
Advance from a related party		**292**	-
Taxation payable		**61**	54
Put option over a non-controlling interest in a subsidiary company		**106**	77
Derivative financial instruments		**-**	6
Short-term loans		**106**	64
Long-term loans due within one year		**39**	136
Finance lease obligations due within one year		**3**	3
		3,183	2,534
Net current assets		**1,470**	2,087
Total assets less current liabilities		**10,852**	11,816
Non-current liabilities			
Long-term loans		**3,208**	3,478
Finance lease obligations		**4**	8
Receipt in advance		**-**	5
Deferred income		**18**	17
Advance from a related party		**-**	289
Deferred tax liabilities		**329**	282
Retirement benefit liabilities		**108**	218
		3,667	4,297
NET ASSETS		**7,185**	7,519
EQUITY			
Share capital	10	**185**	185
Reserves	11	**5,383**	5,989
Equity attributable to the Company's shareholders		**5,568**	6,174
Non-controlling interests		**1,617**	1,345
TOTAL EQUITY		**7,185**	7,519

HAECO

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31st December 2017

	2017	2016
	HK$M	HK$M
Operating activities		
Cash generated from operations	**1,096**	1,199
Interest paid	**(89)**	(83)
Interest received	**12**	10
Tax paid	**(178)**	(103)
Net cash generated from operating activities	**841**	1,023
Investing activities		
Purchase of property, plant and equipment	**(837)**	(717)
Purchase of intangible assets	**(6)**	(10)
Proceeds from disposals of property, plant and equipment	**82**	57
Dividends received from joint venture companies	**243**	1,169
Purchase of shares in a joint venture company	**-**	(452)
Decrease/(increase) in deposits maturing after more than three months	**3**	(8)
Net cash (used in)/generated from investing activities	**(515)**	39
Net cash inflow before financing activities	**326**	1,062
Financing activities		
Proceeds from loans	**3,018**	1,576
Repayment of loans and finance leases	**(3,380)**	(2,025)
Repayment to a related party	**-**	(6)
Dividends paid to the Company's shareholders	**(241)**	(679)
Dividends paid to non-controlling interests	**(101)**	(5)
Net cash used in financing activities	**(704)**	(1,139)
Decrease in cash and cash equivalents	**(378)**	(77)
Cash and cash equivalents at 1st January	**1,299**	1,413
Currency adjustment	**50**	(37)
Cash and cash equivalents at 31st December	**971**	1,299

1. Basis of principal accounting policies

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standard ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants and have been prepared under the historical cost convention as modified in relation to the revaluation of financial assets and financial liabilities (including derivative instruments), each of which are carried at fair value through profit or loss.

The financial information relating to the years ended 31st December 2016 and 2017 that is included in this document does not constitute the Company's statutory annual consolidated financial statements for those years but is derived from those financial statements.

The non-statutory accounts (within the meaning of section 436 of the Companies Ordinance (Cap. 622) (the "Ordinance")) in this document are not specified financial statements (within such meaning). The specified financial statements for the year ended 31st December 2016 have been delivered to the Registrar of Companies in Hong Kong in accordance with section 664 of the Ordinance. The specified financial statements for the year ended 31st December 2017 have not been but will be delivered to the Registrar of Companies in Hong Kong in accordance with section 664 of the Ordinance. Auditor's reports have been prepared on the specified financial statements for the years ended 31st December 2016 and 2017. Those reports were not qualified or otherwise modified, did not refer to any matters to which the auditor drew attention by way of emphasis without qualifying the reports and did not contain statements under section 406(2) or 407(2) or (3) of the Ordinance.

(a) The following amendments to standards were required to be adopted by the Group effective from 1st January 2017:

HKAS 7 (Amendment)	Disclosure Initiative
HKAS 12 (Amendment)	Recognition of Deferred Tax Assets for Unrealised Losses

The adoption of these amendments has had no significant impact on the Group's financial statements.

1. Basis of principal accounting policies (cont'd)

(b) The Group has not early adopted the following relevant new and revised standards and new interpretations that have been issued but are effective for annual periods beginning on or after 1 January 2018 and they have therefore not been applied in preparing these consolidated financial statements:

		Effective for annual periods beginning on or after
HKFRSs (Amendment)	Annual Improvements to HKFRSs 2014-2016 Cycle	1st January 2018
HKFRS 2 (Amendment)	Classification and Measurement of Share-Based Payment Transactions	1st January 2018
HKFRS 9	Financial Instruments	1st January 2018
HKFRS 15	Revenue from Contracts with Customers	1st January 2018
HKFRS 16	Leases	1st January 2019
HKFRS 10 and HKAS 28 (Amendments)	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture	Postponed indefinitely
HK(IFRIC) 22	Foreign Currency Transactions and Advance Consideration	1st January 2018
HK(IFRIC) 23	Uncertainty over Income Tax Treatments	1st January 2019

The complete version of HKFRS 9 replaces the guidance in HKAS 39. HKFRS 9 retains the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The incurred loss impairment model used in HKAS 39 has been replaced by an expected credit loss model, with the result that a loss event will no longer need to occur before an impairment allowance is recognised. There are no changes to classification and measurement of financial liabilities except for the recognition of changes relating to an entity's own credit risk, which are recognised in other comprehensive income for liabilities designated at fair value through profit or loss. Hedge accounting under HKFRS 9 requires an economic relationship between the hedged item and hedging instrument and for the hedged ratio to be the same as the one used by an entity's management for risk management purposes. This replaces the hedge effectiveness test under the current standard. This new standard is not expected to have a significant effect on the Group's financial statements.

1. Basis of principal accounting policies (cont'd)

HKFRS 15 deals with revenue recognition and establishes principles for reporting information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The new standard replaces HKAS 18 and HKAS 11 and related interpretations and provides a comprehensive revenue recognition model that can be applied to a wide range of transactions and industries. The model uses a five-step analysis of transactions to determine whether, how much and when revenue is recognised. The adoption of the new standard will have an effect on the timing of the Group's revenue recognition, particularly in relation to engine maintenance service contracts which are expected to change from being recognised at a point in time under the current standards to being recognised over time under HKFRS 15. A percentage of completion method will be used to calculate the revenue to be recognised on these contracts and as a result, some revenue on engine maintenance contracts which are in progress at period ends will be recognised earlier under HKFRS 15. In adopting HKFRS 15 at 1st January 2018, the expected net opening adjustment under the modified retrospective approach is to increase retained earnings by approximately HK$70 million. The adoption of HKFRS 15 will impact the revenue, cost of direct material and job expenses, share of after-tax results of joint venture companies and taxation line items in the consolidated statement of profit or loss and the work in progress, trade and other receivables, trade and other payables and taxation payable line items in the consolidated statement of financial position.

HKFRS 16 replaces HKAS 17 and related interpretations and introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. The distinction between operating and finance leases is removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised on the balance sheet for all leases by lessees. The standard does not significantly change the accounting of lessors. Application of HKFRS 16 will result in the Group's recognition of right-of-use assets and corresponding liabilities in respect of the Group's operating lease arrangements. These assets and liabilities are currently not required to be recognised but certain relevant information is disclosed as commitments in the financial statements. In the Group's statement of profit or loss, operating lease rentals will be replaced with depreciation and interest expenses. The Group has yet to finalise the assessment of the full impact of the new standard.

None of the remaining new and revised standards is expected to have a significant effect on the Group's financial statements.

2. Revenue and segment information

Revenue represents the aggregate amounts invoiced to customers and changes in work in progress.

The Group is engaged in commercial aircraft overhaul, modification and maintenance mainly in Hong Kong, Mainland China and the United States. Management has determined the operating segments based on the reports used by the Executive Directors of the Board to assess performance and allocate resources. The Executive Directors of the Board consider the business primarily from an entity perspective.

The segment information provided to the Executive Directors of the Board for the reportable segments is as follows:

Year ended 31st December 2017	HAECO Hong Kong	HAECO Americas	HAECO Xiamen	TEXL	HAESL At 100%	HAESL Adjustments to reflect the Group's equity share	Other segments - subsidiary companies	Inter-segment elimination/ unallocated adjustments	Total
	HK$M	HK$M	HK$M	HK$M	HK$M	HK$M	HK$M	HK$M	HK$M
External revenue	**4,041**	**2,625**	**2,041**	**5,162**	**9,570**	**(9,570)**	**677**	**-**	**14,546**
Inter-segment revenue	**90**	**-**	**23**	**1**	**24**	**(24)**	**15**	**(129)**	**-**
Total revenue	**4,131**	**2,625**	**2,064**	**5,163**	**9,594**	**(9,594)**	**692**	**(129)**	**14,546**
Operating profit/(loss)	**327**	**(1,181)**	**275**	**356**	**595**	**(595)**	**134**	**-**	**(89)**
Finance income	**19**	**-**	**21**	**3**	**4**	**(4)**	**-**	**(32)**	**11**
Finance charges	**(33)**	**(53)**	**-**	**(4)**	**(17)**	**17**	**(45)**	**4**	**(131)**
Share of after-tax results of joint venture companies	**-**	**-**	**-**	**-**	**-**	**244**	**-**	**70**	**314**
Profit/(loss) before taxation	**313**	**(1,234)**	**296**	**355**	**582**	**(338)**	**89**	**42**	**105**
Taxation charge	**(56)**	**(249)**	**(53)**	**(53)**	**(95)**	**95**	**(19)**	**(21)**	**(451)**
Profit/(loss) for the year	**257**	**(1,483)**	**243**	**302**	**487**	**(243)**	**70**	**21**	**(346)**
Depreciation	**181**	**68**	**117**	**44**	**106**	**(106)**	**123**	**-**	**533**
Amortisation	**2**	**56**	**14**	**32**	**5**	**(5)**	**1**	**-**	**105**
Provision for impairment of stock and property, plant and equipment	**13**	**49**	**25**	**2**	**3**	**(3)**	**-**	**-**	**89**
Provision for impairment of goodwill	**-**	**625**	**-**	**-**	**-**	**-**	**-**	**-**	**625**
Auditors' remuneration - statutory audit fees	**3**	**2**	**1**	**-**	**-**	**-**	**1**	**-**	**7**

Year ended 31st December 2016	HAECO Hong Kong	HAECO Americas	HAECO Xiamen	TEXL	HAESL At 100% Excluding disposal of interests in SAESL	HAESL At 100% Disposal of interests in SAESL	HAESL Adjustments to reflect the Group's equity share	Other segments - subsidiary companies	Inter-segment elimination/ unallocated adjustments	Total
	HK$M	HK$M	HK$M	HK$M	HK$M	HK$M	HK$M	HK$M	HK$M	HK$M
External revenue	3,879	2,836	1,640	4,808	8,423	-	(8,423)	597	-	13,760
Inter-segment revenue	108	1	24	1	23	-	(23)	26	(160)	-
Total revenue	3,987	2,837	1,664	4,809	8,446	-	(8,446)	623	(160)	13,760
Operating profit/(loss)	223	(608)	178	336	522	1,789	(2,311)	(2)	-	127
Finance income	16	-	21	1	3	-	(3)	1	(30)	9
Finance charges	(31)	(48)	-	(6)	(6)	-	6	(41)	28	(98)
Share of after-tax results of joint venture companies	-	-	-	-	27	-	996	-	49	1,072
Profit/(loss) before taxation	208	(656)	199	331	546	1,789	(1,312)	(42)	47	1,110
Taxation (charge)/credit	(36)	133	(30)	(49)	(83)	-	83	(18)	(17)	(17)
Profit/(loss) for the year	172	(523)	169	282	463	1,789	(1,229)	(60)	30	1,093
Depreciation	172	62	124	38	96	-	(96)	124	-	520
Amortisation	1	57	14	31	5	-	(5)	1	-	104
Provision for impairment of stock and property, plant and equipment	4	14	15	2	7	-	(7)	57	-	92
Provision for impairment of goodwill	-	285	-	-	-	-	-	-	-	285
Auditors' remuneration - statutory audit fees	3	2	1	-	-	-	-	1	-	7

2. Revenue and segment information (cont'd)

At 31st December 2017	HAECO Hong Kong	HAECO Americas	HAECO Xiamen	TEXL	HAESL At 100%	HAESL Adjustments to reflect the Group's equity share	Other segments - subsidiary companies	Inter-segment elimination/ unallocated adjustments	Total
	HK$M	HK$M	HK$M	HK$M	HK$M	HK$M	HK$M	HK$M	HK$M
Total segment assets	**3,698**	**3,158**	**3,137**	**2,340**	**3,404**	**(3,404)**	**1,967**	**(1,992)**	**12,308**
Total segment assets include:									
Additions to non-current assets (other than financial instruments, retirement benefit assets and deferred tax assets)	**135**	**485**	**118**	**37**	**283**	**(283)**	**208**	**-**	**983**
Total segment liabilities	**2,769**	**3,225**	**445**	**804**	**1,538**	**(1,538)**	**1,556**	**(1,949)**	**6,850**

At 31st December 2016	HAECO Hong Kong	HAECO Americas	HAECO Xiamen	TEXL	HAESL At 100%	HAESL Adjustments to reflect the Group's equity share	Other segments - subsidiary companies	Inter-segment elimination/ unallocated adjustments	Total
	HK$M	HK$M	HK$M	HK$M	HK$M	HK$M	HK$M	HK$M	HK$M
Total segment assets	3,816	3,337	2,797	2,141	2,932	(2,932)	1,914	(1,262)	12,743
Total segment assets include:									
Additions to non-current assets (other than financial instruments, retirement benefit assets and deferred tax assets)	158	169	57	40	188	(188)	286	-	710
Total segment liabilities	2,250	2,730	414	783	1,143	(1,143)	1,891	(1,237)	6,831

The goodwill which arose on the acquisitions of TEXL and TIMCO Aviation Services, Inc. in previous accounting periods has been accounted for under TEXL and HAECO Americas respectively.

	2017	2016
	HK$M	HK$M
Reportable segments' assets are reconciled to total assets as follows:		
Total segment assets	**12,308**	12,743
Unallocated: investment in joint venture companies	**1,727**	1,607
Total assets	**14,035**	14,350

The Group's principal joint venture companies, except for SAESL which was disposed of on 30th June 2016, are held by HAECO and HAECO Xiamen.

Reportable segments' liabilities are equal to total liabilities.

HAECO

3. Other net (losses)/gains

	2017	2016
	HK$M	HK$M
Net foreign exchange (losses)/gains	**(31)**	17
Loss on disposal of property, plant and equipment	**(14)**	(6)
Receipt of government subsidies	**39**	16
Others	**4**	3
	(2)	30

4. Finance income and finance charges

	2017	2016
	HK$M	HK$M
Finance income:		
Short-term deposits and bank balances	**11**	9
Finance charges:		
Bank loans	**(97)**	(89)
Advance from a related party	**(8)**	(6)
Finance lease obligations	**(1)**	(1)
Fair value losses on derivative instruments:		
Interest rate swaps: cash flow hedges, transferred from other comprehensive income	**(2)**	(2)
Fair value loss on a put option over a non-controlling interest in a subsidiary company	**(28)**	(2)
Capitalised on property, plant and equipment	**5**	2
Total finance charges	**(131)**	(98)
Net finance charges	**(120)**	(89)

5. Taxation

	2017	2016
	HK$M	HK$M
Current taxation:		
Hong Kong profits tax	**57**	37
Overseas taxation	**123**	91
Under/(over)-provisions in prior years	**3**	(7)
	183	121
Deferred taxation:		
Decrease/(increase) in deferred tax assets	**368**	(119)
(Decrease)/increase in deferred tax liabilities	**(100)**	15
	451	17

5. Taxation (cont'd)

Hong Kong profits tax is calculated at 16.5% (2016: 16.5%) on the estimated assessable profits for the year. Overseas tax is calculated at tax rates applicable in jurisdictions in which the Group is assessable for tax.

The Group's share of joint venture companies' tax charge of HK$61 million (2016: HK$56 million) is included in the share of after-tax results of joint venture companies shown in the consolidated statement of profit or loss.

6. Dividends

	Company	
	2017	2016
	HK$M	HK$M
First interim dividend paid on 19th September 2017 of HK$0.53 per share (2016: HK$0.63 per share)	**88**	105
Second interim dividend declared on 13th March 2018 of HK$0.50 per share (2016: HK$0.92 per share)	**83**	153
Special interim dividend paid on 20th September 2016 of HK$2.35 per share	**-**	391
	171	649

The Directors have declared a second interim dividend of HK$0.50 per share for the year ended 31st December 2017. Together with the first interim dividend of HK$0.53 per share paid on 19th September 2017, this results in total dividends for the year of HK$1.03 per share and represents a total distribution of HK$171 million. The second interim dividend will be paid on 24th April 2018 to shareholders registered at the close of business on the record date, being Thursday, 29th March 2018. Shares of the Company will be traded ex-dividend as from Tuesday, 27th March 2018.

The register of members will be closed on Thursday, 29th March 2018 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, 28th March 2018.

To facilitate the processing of proxy voting for the annual general meeting to be held on Friday, 4th May 2018, the register of members will be closed from Wednesday, 2nd May 2018 to Friday, 4th May 2018, 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 Monday, 30th April 2018.

6. Dividends (cont'd)

The second interim dividend is not accounted for in 2017 because it had not been declared and approved at the year end date. The actual amount payable in respect of 2017 will be accounted for as an appropriation of the revenue reserve in the year ending 31st December 2018.

7. (Loss)/earnings per share (basic and diluted)

(Loss)/earnings per share is calculated by dividing the loss attributable to the Company's shareholders of HK$541 million (2016: a profit of HK$975 million) by the weighted average number of 166,324,850 ordinary shares in issue during the year (2016: 166,324,850).

8. Trade and other receivables

		2017	2016
		HK$M	HK$M
Trade receivables -	in HK dollars	**56**	32
	in US dollars	**906**	726
	in Renminbi	**74**	45
	in other currencies	**2**	2
		1,038	805
Less: Provision for impairment of receivables		**(46)**	(35)
		992	770
Amounts due from joint venture companies		**8**	14
Amounts due from related parties		**349**	423
Other receivables and prepayments		**340**	388
		1,689	1,595

The analysis of the age of trade receivables at year-end (based on the invoice date) is as follows:

	2017	2016
	HK$M	HK$M
Under three months	**921**	700
Between three and six months	**70**	47
Over six months	**47**	58
	1,038	805

8. Trade and other receivables (cont'd)

At 31st December 2017, the Group had trade debtors of HK$357 million (2016: HK$338 million) which were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The period of time since the due date of these trade debtors is as follows:

	2017	2016
	HK$M	HK$M
Under three months	**324**	299
Between three and six months	**28**	19
Over six months	**5**	20
	357	338

At 31st December 2017, trade receivables of the Group of HK$46 million (2016: HK$35 million) were impaired and provided for. The impaired trade receivables relate to customers which are in unexpectedly difficult financial situations. The ageing of these receivables is as follows:

	2017	2016
	HK$M	HK$M
Up to three months overdue	**5**	-
Three to six months overdue	**2**	3
Over six months overdue	**39**	32
	46	35

9. Trade and other payables

	2017	2016
	HK$M	HK$M
Trade payables	**623**	542
Amounts due to joint venture companies	**7**	6
Amounts due to related parties	**23**	26
Accrued capital expenditure	**178**	41
Accruals	**1,038**	1,008
Deferred income	**487**	397
Other payables	**220**	174
	2,576	2,194

The analysis of the age of trade payables at year-end is as follows:

	2017	2016
	HK$M	HK$M
Under three months	**612**	535
Between three and six months	**3**	3
Over six months	**8**	4
	623	542

10. Share capital

There was no purchase, sale or redemption by the Company, or any of its subsidiaries, of the Company's shares during the year.

11. Reserves

	Revenue reserve		Exchange translation reserve		Cash flow hedge reserve		Total	
	2017	2016	**2017**	2016	**2017**	2016	**2017**	2016
	HK$M	HK$M	**HK$M**	HK$M	**HK$M**	HK$M	**HK$M**	HK$M
At 1st January	**6,013**	5,619	**(24)**	84	**-**	(7)	**5,989**	5,696
(Loss)/profit for the year	**(541)**	975	**-**	-	**-**	-	**(541)**	975
Other comprehensive income								
Defined benefit retirement schemes								
- remeasurement gains recognised	**113**	104	**-**	-	**-**	-	**113**	104
- deferred tax	**(18)**	(17)	**-**	-	**-**	-	**(18)**	(17)
Cash flow hedges								
- recognised during the year	**-**	-	**-**	-	**7**	(3)	**7**	(3)
- transferred to revenue	**-**	-	**-**	-	**1**	2	**1**	2
- transferred to finance charges	**-**	-	**-**	-	**2**	2	**2**	2
- deferred tax	**-**	-	**-**	-	**(2)**	-	**(2)**	-
Share of other comprehensive income of joint venture companies	**8**	11	**-**	-	**-**	6	**8**	17
Net translation differences on foreign operations	**-**	-	**151**	(108)	**-**	-	**151**	(108)
Total comprehensive (loss)/income for the year	**(438)**	1,073	**151**	(108)	**8**	7	**(279)**	972
Previous year's second interim dividend paid (note 6)	**(153)**	(183)	**-**	-	**-**	-	**(153)**	(183)
Current year's first interim dividend paid (note 6)	**(88)**	(105)	**-**	-	**-**	-	**(88)**	(105)
Current year's special interim dividend paid (note 6)	**-**	(391)	**-**	-	**-**	-	**-**	(391)
Change in composition of the Group	**(86)**	-	**-**	-			**(86)**	-
At 31st December	**5,248**	6,013	**127**	(24)	**8**	-	**5,383**	5,989

12. Capital commitments

	2017	2016
	HK$M	HK$M
Contracted but not provided for in the financial statements	**176**	649
Authorised by Directors but not contracted for	**711**	747
	887	1,396

Capital commitments mainly relate to the acquisition of rotable spares and other machinery and tools.

ANNUAL REPORT

The 2017 Annual Report containing all the information required by the Listing Rules will be published on the Stock Exchange website and the Company website **www.haeco.com** on or before 2nd April 2018. Printed copies will be sent to shareholders who have elected to receive printed copies on 3rd April 2018.

LIST OF DIRECTORS

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.