Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

HONG KONG AIRCRAFT ENGINEERING COMPANY LIMITED

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

2014 FINAL RESULTS

FINANCIAL HIGHLIGHTS

		2014	2013	Change
Results				
Revenue	*HK$ Million*	**11,927**	7,387	+61.5%
Net operating profit	*HK$ Million*	**439**	228	+92.5%
Share of after-tax results of joint venture companies				
- Hong Kong Aero Engine Services Limited and Singapore Aero Engine Services Pte. Limited	*HK$ Million*	**267**	465	-42.6%
- Other joint venture companies	*HK$ Million*	**47**	36	+30.6%
Profit attributable to the Company's shareholders	*HK$ Million*	**573**	625	-8.3%
Earnings per share for profit attributable to the Company's shareholders (basic and diluted)	*HK$*	**3.45**	3.76	-8.3%
Total dividends per share	*HK$*	**2.10**	2.10	-
Financial Position				
Net borrowings	*HK$ Million*	**2,610**	193	+1,252.3%
Gearing ratio	*%*	**35.3**	2.6	+32.7%pt
Total equity	*HK$ Million*	**7,387**	7,326	+0.8%
Equity attributable to the Company's shareholders per share	*HK$*	**36.49**	36.66	-0.5%
Cash Flows				
Net cash generated from operating activities	*HK$ Million*	**1,115**	505	+120.8%
Net cash (outflow)/inflow before financing activities	*HK$ Million*	**(2,211)**	522	-523.6%

Note: The average number of shares in issue is 166,324,850 in 2014 (2013: 166,324,850).

CHAIRMAN'S LETTER

The HAECO Group reported an attributable profit of HK$573 million in 2014. This compares with a profit of HK$625 million in 2013. Earnings per share decreased by 8.3% to HK$3.45. Revenue increased by HK$4,540 million to HK$11,927 million. The acquisition of TIMCO Aviation Services, Inc. in February 2014 accounted for HK$2,885 million of the increase in revenue.

The Directors have declared a second interim dividend of HK$1.45 per share for the year ended 31st December 2014. Together with the first interim dividend of HK$0.65 per share paid on 16th September 2014, this results in total dividends for the year of HK$2.10 per share and represents a total distribution of HK$349 million, the same as that made in respect of 2013. The second interim dividend, which totals HK$241 million (2013: HK$216 million), will be paid on 28th April 2015 to shareholders on the register at the close of business on 2nd April 2015. Shares of the Company will be traded ex-dividend as from Tuesday, 31st March 2015.

Demand for line services of HAECO in Hong Kong ("HAECO Hong Kong") was stable. Airframe maintenance results in Hong Kong continued to be adversely affected by capacity constraints caused by labour shortages though these eased in the second half of the year. More staff were employed but it takes time to train them. Demand for component and avionics overhaul services in Hong Kong fell substantially as a result of the retirement of Boeing 747-400 aircraft. However, cost savings achieved through stringent cost control helped improve the overall performance of HAECO Hong Kong. The performance of Hong Kong Aero Engine Services Limited ("HAESL") was badly affected by the retirement of Airbus A340 and Boeing 747-400 aircraft and by a reduction in the frequency of scheduled maintenance for Trent 700 engines.

HAECO USA Holdings, Inc. ("HAECO Americas") completed the acquisition of TIMCO Aviation Services, Inc. in February 2014. HAECO Americas recorded a loss for the period following the acquisition. This principally reflected the costs of reducing the size of a seat manufacturing facility in California and the finance charges associated with the acquisition. HAECO Americas' airframe maintenance services produced good results. Its cabin and seat business was adversely affected by the deferral of some work.

The profit of Taikoo (Xiamen) Aircraft Engineering Company Limited ("HAECO Xiamen") decreased slightly. It did less airframe maintenance work and more private jet conversion work. Revenue and profit of Taikoo Engine Services (Xiamen) Company Limited ("TEXL") increased substantially as more engines and components were overhauled. The profit of HAECO ITM Limited ("HAECO ITM") increased in 2014, due to a higher utilisation of rotable parts as its operations increased. Taikoo (Xiamen) Landing Gear Services Company Limited resumed landing gear overhaul work for customers in April 2014. It reported a higher loss in 2014 than in 2013 because the 2013 results included income from a business interruption insurance policy. HAECO Component Overhaul (Xiamen) Limited started operations in May 2014 and incurred a loss. This reflected staff training and start-up costs. The overall contribution from the Group's other joint ventures in Mainland China improved.

CHAIRMAN'S LETTER (cont'd)

The Group continued to invest in order to increase the scale of its operations and technical capabilities and to improve and widen the range of services it can offer to customers. Total capital expenditure for 2014 was HK$3,613 million (including expenditure on the acquisition of TIMCO Aviation Services, Inc. of HK$2,942 million). Capital expenditure committed at the end of the year was HK$1,292 million.

Prospects

As training of new recruits progresses, airframe maintenance capacity in Hong Kong will increase in 2015. Demand for line services in Hong Kong is expected to fall as a result of the loss of a portion of the work from a significant customer in 2014. Demand for HAECO Americas' airframe maintenance services is expected to weaken. The performance of its cabin and seat business is expected to improve. Demand for HAECO Xiamen's airframe maintenance services is expected to improve, but less private jet conversion work is expected. HAESL's performance will continue to be adversely affected by the retirement of Airbus A340 and Boeing 747-400 aircraft and by the reduction in the frequency of scheduled maintenance for Trent 700 engines. TEXL is expected to continue to perform well.

The municipal government of Xiamen's proposal to develop a new airport at Xiang'an is being evaluated by the National Development and Reform Commission in Beijing. The timing of the development of the new airport and its impact on the operations of HAECO Xiamen and other HAECO Group companies at the existing airport are not clear. Management maintains regular communication with the local authorities in order to understand the likely path of development.

The commitment and hard work of employees of the Company and its subsidiary and joint venture companies are central to our continuing success. I take this opportunity to thank them for jobs well done.

By Order of the Board
Hong Kong Aircraft Engineering Company Limited
John Slosar
Chairman
Hong Kong, 17th March 2015

REVIEW OF OPERATIONS

The profit attributable to the Company's shareholders comprises:

	2014 HK$M	2013 HK$M	Change
HAECO Hong Kong	**103**	60	+71.7%
HAECO Americas	**(45)**	(35)	-28.6%
TEXL	**166**	39	+325.6%
HAECO Xiamen	**89**	90	-1.1%
Share of:			
HAESL and SAESL	**267**	465	-42.6%
Other subsidiary and joint venture companies	**(7)**	6	-216.7%
	573	625	-8.3%

HAECO Hong Kong

HAECO Hong Kong's business comprises airframe services, line services at the passenger and cargo terminals at Hong Kong International Airport ("HKIA"), component services, material management and fleet technical management.

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 decreased from 2.56 million in 2013 to 2.46 million in 2014. More workers were recruited and fewer left. But it takes time to train new workers, so capacity was still constrained. Approximately 71.6% of the work was for airlines based outside Hong Kong. Airframe services capacity is expected to increase in 2015.

Line Services

HAECO Hong Kong undertakes technical and non-technical line services for airlines operating at HKIA. Line services manhours increased by 2.4% despite the average number of aircraft movements handled by HAECO Hong Kong decreasing by 0.3% from 2013 to 328 per day. Demand for line services in 2015 is expected to decrease as a result of the loss of a portion of the work from a significant customer in 2014.

REVIEW OF OPERATIONS (cont'd)

Component Services

HAECO Hong Kong overhauls components and avionics at Tseung Kwan O in Hong Kong. Manhours sold were 0.225 million compared with 0.265 million in 2013. The decrease reflected a significant reduction of work on components of Boeing 747-400 aircraft as these aircraft were retired.

Cost savings achieved through stringent cost control helped improve the overall performance of HAECO Hong Kong.

HAECO Hong Kong employed 5,734 staff at the end of 2014, 4.4% more than at the end of 2013. The increase principally reflects recruitment of trainees.

HAECO Americas

In February 2014, the acquisition of 100% of the shares in TIMCO Aviation Services, Inc. was completed for a consideration of US$370.4 million (HK$2,876 million) and repayment of its bank and external loans of US$26.8 million (HK$208 million), offset by cash and cash equivalents of US$18.3 million (HK$142 million). The principal activity of HAECO Americas is the provision of aircraft technical services in the United States - airframe services, line services, engine services, cabin integration and the manufacture of aircraft interior products (including seats). HAECO Americas recorded revenue of HK$2,885 million and a loss of HK$45 million in 2014. The loss principally reflected the costs of reducing the size of a seat manufacturing facility in California and finance charges associated with the acquisition.

Airframe, Line and Engine Services

Demand for HAECO Americas' airframe services was strong in 2014, with 3.66 million manhours sold in the period following the acquisition, 0.11 million more than those in the corresponding period of 2013. HAECO Americas opened four line services stations in 2014. It has line services stations at 19 airports in the United States. Demand for Pratt & Whitney JT8D engine overhaul work was steady. 50 engines were overhauled and four were sold.

Cabins and Seats

In 2014, HAECO Americas worked on 44 cabin integration programmes and shipped approximately 8,600 premium economy and economy class seats. The results were adversely affected by the deferral of some work and the costs of reducing the size of a seat manufacturing facility in California.

HAECO Americas employed 2,894 staff at the end of 2014.

REVIEW OF OPERATIONS (cont'd)

TEXL

TEXL (owned 67.58% by HAECO and 9.01% by HAECO Xiamen after the acquisition of a 9.9% equity interest in TEXL by GE Aviation) has an engine overhaul facility in Xiamen. 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 2014, TEXL completed 34 quick turn repairs on GE90 aircraft engines (26 of them being heavy or medium repairs) and 37 performance restorations on such engines, compared with 40 quick turn repairs and 19 performance restorations in 2013. TEXL also did high pressure turbine shroud and vane replacements, low pressure turbine disc and blade replacements and turbine centre frame modifications. More engines overhauled and more work done per engine increased revenue and profits significantly in 2014.

Aircraft powered by GE90-110 and GE90-115 engines are getting older. This means more overhaul work on the engines. Demand for TEXL's overhaul services is expected to remain firm in 2015.

HAECO Xiamen

HAECO Xiamen's businesses comprise airframe services, line services, private jet work, parts manufacturing and technical training. It has 11 bays for airframe services and one bay for private jet work. In 2014, it performed less airframe work and more private jet work.

Airframe Services

Demand for airframe services was stable in the first half of 2014 but weakened in the second half. Demand for passenger to freighter conversions of narrow-body aircraft was stable. Four such aircraft were converted in 2014. No wide-body aircraft were converted. The outlook for conversions of narrow-body aircraft is stable. The outlook for conversions of wide-body aircraft is poor.

Manhours sold in 2014 were 3.55 million, 3.5% less than in 2013.

Line Services

HAECO Xiamen provides line maintenance services in Xiamen, Beijing, Tianjin, Chongqing and Zhengzhou. It handled an average of 41 aircraft movements per day in 2014.

Private Jet Work

Revenue and profit from private jet work increased significantly in 2014. Work was completed on a second Airbus A319 aircraft in August. A substantial part of the work on a third such aircraft was done in 2014. The aircraft was redelivered to the customer in January 2015.

REVIEW OF OPERATIONS (cont'd)

Parts Manufacturing and Technical Training

Parts manufacturing revenue increased by 31.1% in 2014. Revenue from training was comparable with 2013. HAECO Xiamen's training centre conducted 450 external training classes for approximately 6,500 students from Mainland China, Hong Kong, Taiwan and Southeast Asia. HAECO Xiamen conducted over 2,500 examinations for CCAR-66 and EASA Part-66 certifications for external candidates.

HAECO Xiamen employed 4,902 staff at the end of 2014, 3.7% fewer than at the end of 2013.

New Airport in Xiamen

The municipal government of Xiamen's proposal to develop a new airport at Xiang'an is being evaluated by the National Development and Reform Commission in Beijing. The timing of the development of the new airport and its impact on the operations of HAECO Xiamen and other HAECO Group companies at the existing airport are not clear. Management maintains regular communication with the local authorities in order to understand the likely path of development.

HAESL

HAESL (45% owned by HAECO) repairs and overhauls Rolls-Royce engines and engine components at Tseung Kwan O in Hong Kong. The company recorded a 47.0% decrease in profit in 2014 compared to 2013. Fewer engines were overhauled and less work was done per engine. This reflected the retirement of aircraft operating RB211-524 and Trent 500 engines and a reduction in the frequency of scheduled maintenance of Trent 700 engines. Engine output was 147 in 2014 compared with 193 in 2013. Until Trent XWB engines start to generate revenue in 2016, HAESL's financial performance is expected to continue to be adversely affected by reduced demand for its services.

The Group's share of the after-tax profit of HAESL, including that derived from HAESL's interest in Singapore Aero Engine Services Pte. Limited ("SAESL"), decreased by 42.6% in 2014 to HK$267 million.

FINANCIAL REVIEW

Revenue

Revenue increased by 61.5% (22.4% excluding HAECO Americas) to HK$11,927 million. HAECO Hong Kong, TEXL and HAECO Xiamen recorded increases in revenue, as shown in the table below.

	2014 HK$M	2013 HK$M	Change
HAECO Hong Kong	**3,178**	3,169	+0.3%
HAECO Americas	**2,885**	N/A	N/A
TEXL	**3,538**	2,095	+68.9%
HAECO Xiamen	**1,924**	1,860	+3.4%
Others	**402**	263	+52.9%
	11,927	7,387	+61.5%

Operating Expenses

Operating expenses increased by 58.5% to HK$11,424 million, principally reflecting the addition of costs incurred by HAECO Americas. The increase in staff remuneration and benefits also reflected salary increases in Mainland China and Hong Kong. The increase in the cost of direct material and job expenses also reflected the increase in business volume at TEXL.

	2014 HK$M	2013 HK$M	Change
Staff remuneration and benefits	**4,573**	3,053	+49.8%
Cost of direct material and job expenses	**5,322**	3,039	+75.1%
Depreciation, amortisation and impairment	**639**	488	+30.9%
Other operating expenses	**890**	628	+41.7%
	11,424	7,208	+58.5%

FINANCIAL REVIEW (cont'd)

Profit

The change in profit attributable to the Company's shareholders can be analysed as follows:

	HK$M	
2013 profit	625	
Revenue		
HAECO Hong Kong	9	The increase principally reflects an increase in line services revenue largely offset by a 3.9% reduction in airframe services manhours sold and a reduction in component services work. The reduction in airframe services manhours sold reflects capacity constraints.
HAECO Americas	2,885	The revenue mainly came from airframe services and cabin and seats work.
TEXL	1,443	The growth resulted from a significant increase in engine repair work.
HAECO Xiamen	64	The increase principally reflects higher revenue from private jet work.
Others	139	The increase principally reflects growth in business volume at HAECO ITM.
Staff remuneration and benefits	(1,520)	The increase principally reflects the inclusion of HAECO Americas staff costs and salary increases in Mainland China and Hong Kong.
Cost of direct material and job expenses	(2,283)	The increase principally reflects growth in business volume at TEXL and the inclusion of HAECO Americas costs.
Depreciation, amortisation and impairment	(151)	The increase mainly reflects depreciation of property, plant and equipment belonging to HAECO Americas and amortisation of intangible assets arising from the acquisition of TIMCO Aviation Services, Inc.
Other operating expenses	(262)	The increase principally reflects the inclusion of HAECO Americas other operating expenses and higher rental expenses at HAECO Hong Kong.
Net finance charges	(32)	The increase was principally the costs of financing the acquisition of TIMCO Aviation Services, Inc.
Share of after-tax results of joint venture companies	(187)	The decrease principally reflects a lower profit from HAESL.
Taxation	(61)	The increase reflects a higher tax charge at HAECO Xiamen (the 2013 charge having been reduced by deferred tax movements).
Other items	(81)	These items include foreign exchange losses at HAECO Xiamen, compared to a corresponding mark-to-market foreign exchange gains in 2013.
Non-controlling interests	(15)	The increase reflects higher profits at TEXL.
2014 profit	573	

FINANCIAL REVIEW (cont'd)

Assets

Total assets at 31st December 2014 were HK$15,044 million. During the year, additions to fixed assets were HK$1,883 million. Included in this amount was HK$1,205 million arising from the consolidation of HAECO Americas, HK$237 million spent on plant, machinery and tools and HK$331 million spent on rotable and repairable spares for inventory technical management.

FINANCING

Sources of Financing

At 31st December 2014, net borrowings consisted of short-term loans of HK$453 million, long-term loans of HK$4,471 million and finance lease obligations of HK$17 million, net of bank balances and short-term deposits of HK$2,331 million. Committed loan facilities were HK$5,726 million at 31st December 2014, of which HK$1,198 million were undrawn. In addition, there were uncommitted facilities of HK$2,016 million at the same date, of which HK$1,570 million were undrawn.

	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	5,726	4,528	273	925
Uncommitted facilities				
- Loans and overdraft	2,016	446	1,570	-
Total	**7,742**	**4,974**	**1,843**	**925**

Currency Hedging

HAECO Xiamen mitigates its exposure to changes in the exchange rate of the US dollar against the Renminbi by retaining surplus funds in Renminbi and by selling US dollars forward. At 31st December 2014, HAECO Xiamen had sold forward a total of US$44.5 million to fund part of its Renminbi requirements for 2015 and 2016. The weighted average exchange rate applicable to these forward sales was RMB6.31 to US$1. Because of the weakening of the Renminbi against the US dollar, total losses of HK$8 million on forward foreign exchange contracts arose in 2014.

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 codes of conduct regarding securities transactions by Directors and by relevant employees (as defined in the CG Code) on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) contained in Appendix 10 to the Listing Rules.

On specific enquiries made, all Directors have confirmed that, in respect of the accounting period covered by the annual report, they have complied with the required standard set out in the Model Code and the Company’s code of conduct regarding Directors’ securities transactions.

Details of the Company’s corporate governance principles and processes will be available in the 2014 annual report.

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the year ended 31st December 2014

	Note	2014 HK$M	2013 HK$M
Revenue	2	**11,927**	7,387
Operating expenses:			
Staff remuneration and benefits		**(4,573)**	(3,053)
Cost of direct material and job expenses		**(5,322)**	(3,039)
Depreciation, amortisation and impairment		**(639)**	(488)
Insurance and utilities		**(191)**	(87)
Operating lease rentals - land and buildings		**(275)**	(180)
Repairs and maintenance		**(188)**	(149)
Other		**(236)**	(212)
		(11,424)	(7,208)
Other net gains	3	**6**	87
Operating profit		**509**	266
Finance income	4	**30**	21
Finance charges	4	**(100)**	(59)
Net operating profit		**439**	228
Share of after-tax results of joint venture companies		**314**	501
Profit before taxation		**753**	729
Taxation	5	**(94)**	(33)
Profit for the year		**659**	696
Profit attributable to:			
The Company's shareholders		**573**	625
Non-controlling interests		**86**	71
		659	696
Dividends			
First interim - paid		**108**	133
Second interim - declared/paid		**241**	216
	6	**349**	349
Earnings per share for profit attributable to the Company's shareholders (basic and diluted)	7	**HK$3.45**	HK$3.76

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

for the year ended 31st December 2014

	2014 HK$M	2013 HK$M
Profit for the year	**659**	696
Other comprehensive income:		
Items that will not be reclassified to profit or loss		
Defined benefit retirement schemes		
- remeasurement (losses)/gains recognised	**(253)**	246
- deferred tax	**42**	(40)
Items that may be reclassified subsequently to profit or loss		
Cash flow hedges		
- losses recognised	**(18)**	-
- transferred to revenue	**8**	-
- transferred to finance charges	**2**	-
- deferred tax	**2**	-
Share of other comprehensive income of joint venture companies	**(27)**	18
Net translation differences on foreign operations	**(71)**	83
Other comprehensive income for the year, net of tax	**(315)**	307
Total comprehensive income for the year	**344**	1,003
Total comprehensive income attributable to:		
The Company's shareholders	**288**	902
Non-controlling interests	**56**	101
	344	1,003

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
at 31st December 2014

	Note	2014 HK$M	2013 HK$M
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**5,319**	4,909
Leasehold land and land use rights		**360**	359
Intangible assets		**2,608**	503
Joint venture companies		**1,240**	1,213
Derivative financial instruments		**-**	11
Deferred tax assets		**96**	83
Retirement benefit assets		**53**	333
Long-term prepayment		**17**	13
		9,693	7,424
Current assets			
Stocks		**654**	327
Work in progress		**588**	130
Trade and other receivables	8	**1,767**	2,045
Taxation recoverable		**1**	-
Derivative financial instruments		**10**	16
Cash and cash equivalents		**2,310**	2,341
Short-term deposits		**21**	23
		5,351	4,882
Current liabilities			
Trade and other payables	9	**2,044**	1,875
Taxation payable		**38**	35
Derivative financial instruments		**9**	-
Short-term loans		**453**	533
Long-term loans due within one year		**1,167**	369
Finance lease obligations due within one year		**3**	-
		3,714	2,812
Net current assets		**1,637**	2,070
Total assets less current liabilities		**11,330**	9,494
Non-current liabilities			
Long-term loans		**3,304**	1,655
Finance lease obligations		**14**	-
Receipt in advance		**27**	37
Deferred income		**23**	11
Advance from a related party		**218**	90
Put option over a non-controlling interest in a subsidiary company		**72**	72
Deferred tax liabilities		**273**	303
Derivative financial instruments		**2**	-
Other payables		**10**	-
		3,943	2,168
NET ASSETS		**7,387**	7,326
EQUITY			
Share capital	10	**185**	166
Reserves	11	**5,884**	5,931
Equity attributable to the Company's shareholders		**6,069**	6,097
Non-controlling interests		**1,318**	1,229
TOTAL EQUITY		**7,387**	7,326

HAECO

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31st December 2014

	2014	2013
	HK$M	HK$M
Operating activities		
Cash generated from operations	**1,274**	644
Interest paid	**(81)**	(49)
Interest received	**34**	17
Tax paid	**(112)**	(107)
Net cash generated from operating activities	**1,115**	505
Investing activities		
Purchase of property, plant and equipment	**(664)**	(558)
Purchase of intangible assets	**(7)**	(2)
Proceeds from disposals of property, plant and equipment	**35**	2
Repayment of loans by joint venture companies	**-**	91
Dividends received from joint venture companies	**251**	471
Net cash (outflow)/inflow on purchase of shares in a subsidiary company	**(2,942)**	11
Decrease in deposits maturing after more than three months	**1**	2
Net cash (used in)/generated from investing activities	**(3,326)**	17
Net cash (outflow)/inflow before financing activities	**(2,211)**	522
Financing activities		
Proceeds from loans	**5,738**	1,131
Repayment of loans and finance leases	**(3,378)**	(257)
Capital contribution from non-controlling interests	**-**	5
Net cash inflow on disposal of shares in a subsidiary company	**79**	-
Advance from a related party	**128**	-
Dividends paid to the Company's shareholders	**(324)**	(466)
Dividends paid to non-controlling interests	**(38)**	(31)
Net cash generated from financing activities	**2,205**	382
(Decrease)/increase in cash and cash equivalents	**(6)**	904
Cash and cash equivalents at 1st January	**2,341**	1,418
Currency adjustment	**(25)**	19
Cash and cash equivalents at 31st December	**2,310**	2,341

HAECO

1. Basis of principal accounting policies

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") and have been prepared under the historical cost convention as modified by the revaluation of financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

In accordance with the transitional and saving arrangements for Part 9 of the Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit" as set out in sections 76 to 87 of Schedule 11 to the Hong Kong Companies Ordinance (Cap. 622), the consolidated financial statements are prepared in accordance with the applicable requirements of the predecessor Companies Ordinance (Cap. 32) for this financial year and the comparative period.

(a) The following relevant new and revised standards and interpretations were required to be adopted by the Group effective from 1st January 2014:

HKAS 32 (Amendment)	Presentation – Offsetting Financial Assets and Financial Liabilities
HKAS 36 (Amendment)	Recoverable Amount Disclosures for Non-financial Assets
HKAS 39 (Amendment)	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC) 21	Levies

The following amendment was early adopted by the Group from 1st January 2013:

HKAS 36 (Amendment)	Recoverable Amount Disclosures for Non-Financial Assets

The amendment to HKAS 32 clarifies some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realisation and settlement". The amendment has had no significant impact on the Group's financial statements.

The amendment to HKAS 39 provides relief from discontinuing hedge accounting when novation of a hedging instrument to a central counterparty meets specified criteria. The amendment has had no significant impact on the Group's financial statements.

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

HK(IFRIC) 21 sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation addresses what the obligating event is that gives rise to a levy and when a liability should be recognised. The interpretation has had no significant impact on the Group's financial statements.

(b) The following amendment is effective but not relevant to the Group's operations:

HKFRS 10, HKFRS 12 and HKAS 27 (Amendment)	Investment Entities

(c) The Group has not early adopted the following relevant new and revised standards and amendments that have been issued but are not yet effective.

		Effective for accounting periods beginning on or after
HKFRSs (Amendment)	Annual Improvements to HKFRSs 2010-2012 Cycle	1st January 2015
	Annual Improvements to HKFRSs 2011-2013 Cycle	1st January 2015
	Annual Improvements to HKFRSs 2012-2014 Cycle	1st January 2017
HKAS 16 and HKAS 38 (Amendment)	Clarification of Acceptable Methods of Depreciation and Amortisation	1st January 2016
HKAS 19 (Amendment)	Defined Benefit Plans – Employee Contributions	1st January 2015
HKFRS 10 and HKAS 28 (Amendment)	Sales or Contribution of Assets between and Investor and its Associate or Joint Venture	1st January 2016
HKFRS 11 (Amendment)	Accounting for Acquisitions of Interests in Joint Operations	1st January 2016
HKFRS 15	Revenue from Contracts with Customers	1st January 2017
HKFRS 9	Financial Instruments	1st January 2018

The improvements to HKFRSs cycles consist of amendments to existing standards. It is not expected that these amendments will have a significant impact on the Group's financial statements.

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

The amendments to HKAS 16 and HKAS 38 clarify that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. It has clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. The presumption may only be rebutted where the intangible asset is expressed as a measure of revenue; or where it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated. The Group has yet to assess the full impact of the amendments.

The amendment to HKAS 19 applies to contributions from employees or third parties to defined benefit plans and clarifies the treatment of such contributions. The amendment permits (but does not require) contributions from employees or third parties that are independent of the number of years of service to be recognised as a reduction in the service cost in the period in which the service is rendered, rather being attributed to periods of service as a negative benefit. It is not expected that this amendment will have a significant impact on the Group's financial statements.

The amendments to HKFRS 10 and HKAS 28 address an inconsistency between HKFRS 10 and HKAS 28 in the sale or contribution of assets between an investor and its associate or joint venture. A full gain or loss is recognised when a transaction involves a business. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if those assets are in a subsidiary. The Group has yet to assess the full impact of the amendments.

The amendment to HKFRS 11 provides new guidance on how to account for the acquisition of an interest in a joint venture operation that constitutes a business. The amendments require an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a 'business'. The Group has yet to assess the full impact of the amendment.

HKFRS 15 replaces HKAS 11, HKAS 18 and related interpretations. The core principle of HKFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The principles of the standard will be applied using a five-step model. HKFRS 15 also includes a cohesive set of disclosure requirements that will result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. The Group has yet to assess the full impact of the new standard.

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

The complete version of HKFRS 9 replaces most of the guidance in HKAS 39. HKFRS 9 retains but simplifies 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 loss impairment model used in HKAS 39 has been replaced by an expected credit loss model, which means that a loss event will no longer need to occur before impairment allowance is recognised. For financial liabilities there are no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value, through profit or loss. HKFRS 9 relaxes the requirements for hedge effectiveness by replacing the rigid bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. The Group has yet to assess the full impact of the new standard.

(d) The following new and revised standards have been issued which are not yet effective and are not relevant to the Group's operations:

HKAS 16 and HKAS 41 (Amendments)	Agriculture: Bearer Plants
HKAS 27 (Amendments)	Equity Method in Separate Financial Statements
HKFRS 14	Regulatory Deferral Accounts

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 principal change in the presentation of reportable segments is the addition of a new segment, HAECO Americas, which principally comprises the results and segment assets arising from the Group's acquisition of TIMCO Aviation Services, Inc. The reportable segments are now presented under new names following the Group's introduction of a new corporate identity in 2014.

2. Revenue and segment information (cont'd)

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

Year ended 31st December 2014	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	**3,178**	**2,885**	**1,924**	**3,538**	**8,363**	**(8,363)**	**402**	**-**	**11,927**
Inter-segment revenue	**66**	**-**	**14**	**-**	**10**	**(10)**	**53**	**(133)**	**-**
Total revenue	**3,244**	**2,885**	**1,938**	**3,538**	**8,373**	**(8,373)**	**455**	**(133)**	**11,927**
Operating profit/(loss)	**135**	**(8)**	**215**	**217**	**525**	**(525)**	**(50)**	**-**	**509**
Finance income	**10**	**-**	**18**	**3**	**-**	**-**	**1**	**(2)**	**30**
Finance charges	**(26)**	**(38)**	**(5)**	**(15)**	**(8)**	**8**	**(18)**	**2**	**(100)**
Share of after-tax results of joint venture companies	**-**	**-**	**-**	**-**	**162**	**105**	**-**	**47**	**314**
Profit/(loss) before taxation	**119**	**(46)**	**228**	**205**	**679**	**(412)**	**(67)**	**47**	**753**
Taxation (charge)/credit	**(16)**	**1**	**(69)**	**4**	**(86)**	**86**	**(9)**	**(5)**	**(94)**
Profit/(loss) for the year	**103**	**(45)**	**159**	**209**	**593**	**(326)**	**(76)**	**42**	**659**
Depreciation	**163**	**72**	**150**	**37**	**99**	**(99)**	**81**	**-**	**503**
Amortisation	**1**	**69**	**12**	**30**	**4**	**(4)**	**-**	**-**	**112**
Provision for impairment of stock and property, plant and equipment	**9**	**11**	**9**	**-**	**-**	**-**	**24**	**-**	**53**
Auditors' remuneration - statutory audit fees	**2**	**2**	**1**	**-**	**-**	**-**	**1**	**-**	**6**

Year ended 31st December 2013	HAECO Hong Kong	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
External revenue	3,169	1,860	2,095	10,953	(10,953)	263	-	7,387
Inter-segment revenue	48	10	1	2	(2)	64	(123)	-
Total revenue	3,217	1,870	2,096	10,955	(10,955)	327	(123)	7,387
Operating profit/(loss)	96	180	62	978	(978)	(72)	-	266
Finance income	7	12	1	-	-	1	-	21
Finance charges	(25)	(6)	(16)	(5)	5	(12)	-	(59)
Share of after-tax results of joint venture companies	-	-	-	222	243	-	36	501
Profit/(loss) before taxation	78	186	47	1,195	(730)	(83)	36	729
Taxation (charge)/credit	(18)	(25)	1	(161)	161	12	(3)	(33)
Profit/(loss) for the year	60	161	48	1,034	(569)	(71)	33	696
Depreciation	165	141	35	91	(91)	62	-	403
Amortisation	1	12	30	4	(4)	-	-	43
Provision for impairment of stock and property, plant and equipment	6	3	-	-	-	56	-	65
Reversal of impairment of property, plant and equipment	-	-	-	-	-	(14)	-	(14)
Auditors' remuneration - statutory audit fees	2	1	-	-	-	-	-	3

2. Revenue and segment information (cont'd)

At 31st December 2014	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	**4,050**	**3,357**	**3,147**	**2,135**	**2,377**	**(2,377)**	**1,821**	**(706)**	**13,804**
Total segment assets include: Additions to non-current assets (other than financial instruments, retirement benefit assets and deferred tax assets)	**78**	**21**	**75**	**35**	**182**	**(182)**	**472**	**(3)**	**678**
Total segment liabilities	**1,597**	**3,065**	**691**	**1,262**	**652**	**(652)**	**1,747**	**(705)**	**7,657**

At 31st December 2013	HAECO Hong Kong	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
Total segment assets	4,865	3,218	1,757	3,874	(3,874)	1,683	(430)	11,093
Total segment assets include: Additions to non-current assets (other than financial instruments, retirement benefit assets and deferred tax assets)	60	55	44	60	(60)	366	(1)	524
Total segment liabilities	1,907	777	1,092	2,140	(2,140)	1,645	(441)	4,980

The goodwill which was arisen from the acquisitions of TEXL and TIMCO Aviation Services, Inc. has been accounted for under TEXL and HAECO Americas respectively.

	2014	2013
	HK$M	HK$M
Reportable segments' assets are reconciled to total assets as follows:		
Total segment assets	**13,804**	11,093
Unallocated: investment in joint venture companies	**1,240**	1,213
Total assets	**15,044**	12,306

The Group's principal joint venture companies, except for SAESL, are held by HAECO and HAECO Xiamen.

3. Other net gains

	Group	
	2014	2013
	HK$M	HK$M
Net foreign exchange (losses)/gains	**(10)**	50
Loss on disposal of property, plant and equipment	**(26)**	(5)
Amortisation of deferred income	**1**	1
Receipt of government subsidies	**41**	41
	6	87

4. Finance income and finance charges

	Group	
	2014	2013
	HK$M	HK$M
Finance income:		
Short-term deposits and bank balances	**30**	18
Loans due from joint venture companies	**-**	3
Finance charges:		
Bank loans	**(96)**	(59)
Advance from a related party	**(1)**	-
Finance lease obligations	**(1)**	-
Fair value losses on derivative instruments:		
Interest rate swaps: cash flow hedges, transferred from other comprehensive income	**(2)**	-
	(70)	(38)

5. Taxation

	Group	
	2014	2013
	HK$M	HK$M
Current taxation:		
Hong Kong profits tax	**13**	32
Overseas taxation	**97**	50
Under-provisions in prior years	**2**	1
	112	83
Deferred taxation:		
Increase in deferred tax assets	**(18)**	(134)
Increase in deferred tax liabilities	**-**	84
	94	33

5. Taxation (cont'd)

Hong Kong profits tax is calculated at 16.5% (2013: 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$47 million (2013: HK$84 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	
	2014	2013
	HK$M	HK$M
First interim dividend paid on 16th September 2014 of HK$0.65 per share (2013: HK$0.80 per share)	**108**	133
Second interim dividend declared on 17th March 2015 of HK$1.45 per share (2013: HK$1.30 per share)	**241**	216
	349	349

The Directors have declared a second interim dividend of HK$1.45 per share for the year ended 31st December 2014. Together with the first interim dividend of HK$0.65 per share paid on 16th September 2014, this results in total dividends for the year of HK$2.10 per share and represents a total distribution of HK$349 million, the same as that made in respect of 2013. The second interim dividend will be paid on 28th April 2015 to shareholders registered at the close of business on the record date, being Thursday, 2nd April 2015. Shares of the Company will be traded ex-dividend as from Tuesday, 31st March 2015.

The register of members will be closed on Thursday, 2nd April 2015 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, 1st April 2015.

To facilitate the processing of proxy voting for the annual general meeting to be held on 15th May 2015, the register of members will be closed from Tuesday, 12th May 2015 to Friday, 15th May 2015, 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, 11th May 2015.

6. Dividends (cont'd)

The second interim dividend is not accounted for in 2014 because it had not been declared and approved at the reporting date. The actual amount payable in respect of 2014 will be accounted for as an appropriation of the revenue reserve in the year ending 31st December 2015.

7. Earnings per share (basic and diluted)

Earnings per share is calculated by dividing the profit attributable to the Company's shareholders of HK$573 million (2013: HK$625 million) by the weighted average number of 166,324,850 ordinary shares in issue during the year (2013: 166,324,850).

8. Trade and other receivables

		Group	
		2014	2013
		HK$M	HK$M
Trade receivables -	in HK dollars	**21**	28
	in US dollars	**957**	733
	in Renminbi	**45**	71
	in other currencies	**1**	2
		1,024	834
Less: Provision for impairment of receivables		**(89)**	(59)
		935	775
Amounts due from joint venture companies		**9**	15
Amounts due from related parties		**433**	607
Other receivables and prepayments		**390**	648
		1,767	2,045

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

	Group	
	2014	2013
	HK$M	HK$M
Under three months	**898**	690
Between three and six months	**27**	33
Over six months	**99**	111
	1,024	834

8. Trade and other receivables (cont'd)

At 31st December 2014, the Group had trade debtors of HK$428 million (2013: HK$233 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:

	Group	
	2014	2013
	HK$M	HK$M
Under three months	**383**	159
Between three and six months	**23**	43
Over six months	**22**	31
	428	233

At 31st December 2014, trade receivables of the Group of HK$89 million (2013: HK$59 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:

	Group	
	2014	2013
	HK$M	HK$M
Current	**2**	-
Up to three months overdue	**16**	-
Over six months overdue	**71**	59
	89	59

9. Trade and other payables

	Group 2014 HK$M	Group 2013 HK$M
Trade payables	**492**	289
Amounts due to joint venture companies	**1**	2
Amounts due to related parties	**38**	52
Accrued capital expenditure	**45**	38
Accruals	**990**	1,193
Other payables	**478**	301
	2,044	1,875

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

	Group 2014 HK$M	Group 2013 HK$M
Under three months	**485**	282
Between three and six months	**5**	4
Over six months	**2**	3
	492	289

10. Share capital

During the year, the Company did not purchase, sell or redeem any of its shares.

On 3rd March 2014, the Companies Ordinance (Cap. 662) (the "New CO") came into effect. This had the following results.

a. The Company's authorised share capital ceased to exist (by virtue of section 98(4) of the New CO).
b. The Company's shares ceased to have nominal or par value (by virtue of section 135 of the New CO).
c. The amounts standing to the credit of the Company's capital redemption reserve became part of the Company's share capital (by virtue of paragraph 37 of Schedule 11 to the New CO).

The entitlements of the Company's shareholders are unaffected by the Company's shares ceasing to have nominal or par value as referred to in (b) above.

11. Reserves

	Revenue reserve		Capital redemption reserve		Exchange translation reserve		Cash flow hedge reserve		Total	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
	HK$M	HK$M	**HK$M**	HK$M	**HK$M**	HK$M	**HK$M**	HK$M	**HK$M**	HK$M
Group										
At 1st January	**5,703**	5,328	**19**	19	**210**	157	**(1)**	1	**5,931**	5,505
Profit for the year	**573**	625	**-**	-	**-**	-	**-**	-	**573**	625
Other comprehensive income										
Defined benefit retirement schemes										
- remeasurement (losses)/gains recognised	**(253)**	246	**-**	-	**-**	-	**-**	-	**(253)**	246
- deferred tax	**42**	(40)	**-**	-	**-**	-	**-**	-	**42**	(40)
Cash flow hedges										
- recognised during the year	**-**	-	**-**	-	**-**	-	**(12)**	-	**(12)**	-
- transferred to revenue	**-**	-	**-**	-	**-**	-	**5**	-	**5**	-
- transferred to finance charges	**-**	-	**-**	-	**-**	-	**2**	-	**2**	-
- deferred tax	**-**	-	**-**	-	**-**	-	**1**	-	**1**	-
Share of other comprehensive income of joint venture companies	**(24)**	20	**-**	-	**-**	-	**(3)**	(2)	**(27)**	18
Net translation differences on foreign operations	**-**	-	**-**	-	**(43)**	53	**-**	-	**(43)**	53
Total comprehensive income for the year	**338**	851	**-**	-	**(43)**	53	**(7)**	(2)	**288**	902
Previous year's second interim dividend paid	**(216)**	(333)	**-**	-	**-**	-	**-**	-	**(216)**	(333)
Current year's first interim dividend paid	**(108)**	(133)	**-**	-	**-**	-	**-**	-	**(108)**	(133)
Change in composition of the Group	**8**	(10)	**-**	-	**-**	-	**-**	-	**8**	(10)
Transition to no-par value regime on 3rd March 2014	**-**	-	**(19)**	-	**-**	-	**-**	-	**(19)**	-
At 31st December	**5,725**	5,703	**-**	19	**167**	210	**(8)**	(1)	**5,884**	5,931

12. Capital commitments

	Group	
	2014	2013
	HK$M	HK$M
Contracted but not provided for in the financial statements	**166**	3,194
Authorised by Directors but not contracted for	**1,126**	1,082
	1,292	4,276

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

13. Business combination

On 6th February 2014, the Group acquired the entire issued share capital of TIMCO Aviation Services, Inc., a group of companies based in the United States, engaged in the provision of a broad spectrum of aircraft technical services including airframe, line and engine maintenance, cabin modification services, and interior products manufacturing.

This acquisition will expand the Group's operations, broaden its sources of revenue and provide it with an opportunity to develop its business in one of the largest aviation markets in the world.

Details of the purchase consideration, net assets acquired and goodwill are as follows:

	HK$M
Purchase consideration:	
Cash paid	**2,876**

The assets and liabilities arising from the acquisition are as follows:

	Fair value HK$M
Property, plant and equipment	**375**
Leasehold land and land use rights	**18**
Intangible assets	**812**
Stocks	**337**
Work in progress	**111**
Cash and cash equivalents	**142**
Trade and other receivables	**395**
Trade and other payables	**(456)**
Taxation payable	**(2)**
Loans	**(208)**
Finance lease obligations	**(20)**
Deferred tax liabilities	**(18)**
Identifiable net assets acquired	**1,486**
Goodwill	**1,390**
	2,876

	HK$M
Purchase consideration settled in cash	**2,876**
Repayment of loans of TIMCO Aviation Services, Inc.	**208**
Cash and cash equivalents acquired	**(142)**
Net cash outflow on acquisition	**2,942**

13. Business combination (cont'd)

The goodwill is attributable to TIMCO Aviation Services, Inc.'s highly skilled workforce, management expertise, and the synergies expected to be derived from enhanced services to a wider range of customers. The goodwill is not expected to be deductible for tax purposes.

The fair value of the acquired trade and other receivables was HK$395 million and included trade receivables with a fair value of HK$365 million. The contractual amount of the trade receivables due was HK$377 million, in respect of which a bad debt provision of HK$12 million has been made at the acquisition date.

Acquisition-related costs of HK$60 million and HK$4 million have been recognised in the consolidated statements of profit or loss for the year ended 31st December 2013 and 31st December 2014 respectively.

The contingent consideration requires the Group to pay, in cash, to the former owners of TIMCO Aviation Services, Inc. an amount equal to 70% of the tax benefit arising on change in control payments made to certain members of senior management of TIMCO Aviation Services, Inc. The fair value of this contingent consideration arrangement is estimated at HK$ nil. This is a level 3 fair value measurement.

The acquired business contributed revenue of HK$2,885 million and a net loss of HK$45 million to the Group for the period from 6th February 2014 to 31st December 2014. If the acquisition had occurred on 1st January 2014, the consolidated revenue and consolidated net profit for the year ended 31st December 2014 would have been, on a pro-forma basis, HK$12,285 million and HK$671 million respectively.

ANNUAL REPORT

The 2014 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 13th April 2015. Printed copies will be sent to shareholders who have elected to receive printed copies on 14th April 2015.

LIST OF DIRECTORS

As at the date of this announcement, the Directors of the Company are:
Executive Directors: J.R. Slosar (Chairman), M. Hayman, F.N.Y. Lung, A.K.W. Tang;
Non-Executive Directors: C.P. Gibbs, P.A. Johansen, M.B. Swire; and
Independent Non-Executive Directors: R.E. Adams, L.K.K. Leong, D.C.L. Tong and P.P.W. Tse.

For media enquiries, please contact:

Sharon Lun (852) 2767 6544 / (852) 6719 6544 sharon.lun@haeco.com