



INDUSTRY: Aviation

**MARTIN AIRCRAFT
COMPANY LIMITED**

A company registered in
New Zealand with company
number 901393
(ARBN 601 582 638)

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COMPANY CONTACT

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ASX Code: MJP

BOARD OF DIRECTORS

Jon Mayson
Non-Executive Chairman

Peter Coker
CEO & Managing Director

Jenny Morel
Non-Executive Director

John Diddams
Non-Executive Director

Steve Bayliss
Non-Executive Director

Dr Liu Ruopeng
Non-Executive Director

Dr Zhang YangYang
Non-Executive Director

Dr Luan Lin
Non-Executive Director

Dennis Chapman
Non-Executive Director

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ASX ANNOUNCEMENT



Confirmation of Further Funding from KuangChi Science Limited and Update to Capital Structure

Martin Aircraft Company Limited (Martin Aircraft) (ASX:MJP) is delighted to announce that in accordance with the arrangements agreed at the time of Martin Aircraft Company's (the Company's) IPO it has received further funding from KuangChi Science Limited (KCS). KCS has exercised its option to sell its interest in the Company's existing Hong Kong joint venture.

Convertible Bond Funding

As previously disclosed to shareholders, in addition to KCS making a cornerstone investment in the Company's IPO, under the terms of the Investment Agreement entered into with KCS at the time of the IPO (Investment Agreement), the Company agreed a further funding arrangement with KCS in the form of a convertible bond in the amount of AU\$23.02 million (less the \$1 million loan provided by KCS to the Company at the time of the IPO).

The Company is pleased to announce that KCS has now subscribed for the convertible bond providing the Company with net proceeds of NZ\$23.7 million, which will be used by the Company to continue the commercialisation of the Jetpack. On the provision of the subscription proceeds, KCS has also provided the Company with notice that in accordance with the terms of the Investment Agreement it wishes to immediately convert the convertible bond into fully paid ordinary shares in the Company. Accordingly, under the terms of

the Investment Agreement, the shareholder approvals obtained at the Special Meeting of the Company held on 12 February 2015 and the ASX waiver obtained at the time of the Company's IPO, the Company has issued 57,550,000 fully paid ordinary shares to KCS. In addition, in accordance with the terms of the Investment Agreement, the shareholder approvals obtained at the Special Meeting of the Company held on 12 February 2015 and ASX Listing Rule 7.1, in conjunction with the conversion of the convertible bond, the Company has issued a further 3,658,728 fully paid ordinary shares to KCS to reflect the dilutionary impact of share issues and the exercise of options since the execution of the Investment Agreement.

Hong Kong Joint Venture

In addition, as previously disclosed to shareholders, under the terms of the Investment Agreement, KCS has the option to sell its 51% interest in the established Hong Kong Joint Venture Company (HKCo) to the Company at any time following the occurrence of an accelerating event (being where the volume weighted average price of the Company's shares was above \$1.20 for any period of 30 days after listing on ASX) up to the maturity date of the Investment Agreement, being 22 August 2017 (Maturity Date). As previously disclosed the accelerating event was satisfied on 8 April 2015.

Following discussions between KCS and the Company, KCS has decided to exercise its option to sell 90% of its interest in HKCo to the Company. The remaining 10% interest will be sold to the Company on or prior to the Maturity Date. As a result of the sale of 90% of KCS interest, the Company now owns a 95% interest in HKCo. As previously noted, the Company's intentions regarding HKCo is to use this vehicle to establish an enterprise in China that will undertake research and development and sales and distribution activities for the Jetpack in China and Hong Kong. It is anticipated that the China enterprise will leverage KCS experience and position in China and Hong Kong regarding commercialising disruptive technology.

In consideration for the transfer of KCS 90% interest in HKCo, and in accordance with the terms of the Investment Agreement, the shareholder approvals obtained at the Special Meeting of the Company held on 12 February 2015 and the ASX waiver obtained at the time of the Company's IPO, the Company has issued 80,325,000 fully paid ordinary shares to KCS. In addition, in accordance with the terms of the Investment Agreement, the shareholder approvals obtained at the Special Meeting of the Company held on 12 February 2015 and ASX Listing Rule 7.1, in conjunction with the sale of the HKCo interest, the Company has issued a further 9,120,000 fully paid ordinary shares to reflect the dilutionary impact of share issues and the exercise of options since the execution of the Investment Agreement up to the Maturity Date.

On the sale of its remaining 10% interest in HKCo, KCS will be issued the remaining 8,925,000 shares due to it in accordance with the terms of the Investment Agreement, the shareholder approvals obtained at the Special Meeting of the Company held on 12

February 2015 and the ASX waiver obtained at the time of the Company's IPO. However, at the time of completion of the transfer, the Company will not issue any shares to KCS that may result in KCS breaching the existing Company shareholder approval under the New Zealand Takeovers Code that allows KCS to hold up to a maximum of 52.17% of the Company's issued share capital, being the maximum threshold previously disclosed to shareholders.

Voting Power of KuangChi Science Limited

As a result of the current transactions, KCS will increase its holding in the Company to 52.0%. As noted above, on completion of the final issue of shares under the HKCo transaction, it is expected that KCS will hold a maximum of 52.17% of the Company's issued share capital, in accordance with the previous disclosures to shareholders and in accordance with existing shareholder approval for the purposes of the New Zealand Takeovers Code.

The Future

The Company is delighted to have concluded the next phase of KCS investment in the Company. Since the Company's IPO KCS has been an extremely supportive shareholder and the Company is pleased to see KCS show its belief in the Company and the Jetpack by extending its investment in the Company as was originally contemplated. The Company welcomes KCS as its majority shareholder.

The Company hopes that by concluding these transactions with KCS at this time it is providing greater clarity to shareholders with respect to the Company's share capital structure and is avoiding any uncertainty with respect to KCS future investment and support for the Company. With KCS additional funding now secured the Company is looking forward to focussing on finalising the commercialisation of the Jetpack with an aim of first sales to market taking place in the latter part of 2016.

29 February 2016

END

ABOUT THE MARTIN AIRCRAFT COMPANY LIMITED

Martin Aircraft Company Limited (**Martin Aircraft**) is currently developing the Martin Jetpack, the world's first practical jetpack, with potential search and rescue, military, recreational and commercial applications, both manned and unmanned. The Martin Jetpack was initially conceived and developed by Glenn Martin in Dunedin in 1981. This led to the founding of Martin Aircraft Company in 1998 and the development of a Jetpack that, based on current testing, is expected to have over 30 minutes' flight capability at a speed of up to 74 km/h and an altitude up to 1,000 m (3000ft).

The Martin Jetpack is a disruptive technology, much like the helicopter was when first developed, with significant capabilities and is able to be flown either by a pilot or via remote control. The Jetpack can take off and land vertically



(VTOL) and because of its small dimensions, it can operate in confined spaces (such as close to or in between buildings), near trees or in confined areas that other VTOL aircraft such as helicopters cannot access.

More detailed information about Martin Aircraft and the Martin Jetpack is available at www.martinjetpack.com
