新創建 NWS

新創建集團有限公司*

NWS HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

(stock code: 659)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 30 JUNE 2011

FINANCIAL HIGHLIGHTS

Revenue	**:**	**HK$9,560.6 million**
Profit attributable to shareholders	**:**	**HK$4,626.8 million**
Earnings per share – basic and diluted	**:**	**HK$1.40**
Proposed final dividend per share	**:**	**HK$0.33**

RESULTS

The board of directors (the "Board") of NWS Holdings Limited (the "Company") is pleased to announce the audited consolidated income statement, the consolidated statement of comprehensive income of the Company and its subsidiaries (collectively, the "Group") for the year ended 30 June 2011 ("FY2011") and the consolidated statement of financial position of the Group as at 30 June 2011, together with comparative figures for the year ended 30 June 2010 ("FY2010") as follows:

Consolidated Income Statement
For the year ended 30 June

	Note	**2011** **HK$'m**	2010 HK$'m
Revenue	*2*	**9,560.6**	12,089.0
Cost of sales		**(7,901.7)**	(10,111.7)
Gross profit		**1,658.9**	1,977.3
Other income/gains (net)	*3*	**1,715.3**	1,090.0
General and administrative expenses		**(717.2)**	(1,145.7)
Operating profit	*4*	**2,657.0**	1,921.6
Finance costs		**(104.3)**	(114.4)
Share of results of			
Associated companies		**620.4**	485.0
Jointly controlled entities		**1,922.9**	2,122.0
Profit before income tax		**5,096.0**	4,414.2
Income tax expenses	*5*	**(440.4)**	(332.2)
Profit for the year		**4,655.6**	4,082.0
Attributable to			
Shareholders of the Company		**4,626.8**	4,011.7
Non-controlling interests		**28.8**	70.3
		4,655.6	4,082.0
Dividends	*6*	**2,344.9**	2,029.2
Earnings per share attributable to the shareholders of the Company	*7*		
Basic and diluted		**HK$1.40**	HK$1.26

Consolidated Statement of Comprehensive Income
For the year ended 30 June

	2011	2010
	HK$'m	HK$'m
Profit for the year	**4,655.6**	4,082.0
Other comprehensive income/(loss)		
Fair value changes on available-for-sale financial assets	**51.2**	55.0
Release of investment revaluation deficit to the income statement upon impairment of an available-for-sale financial asset	**63.1**	-
Release of reserve upon disposal of available-for-sale financial assets	**(63.5)**	(248.4)
Release of reserves upon disposal of the Disposal Group and other assets held for sale	**(29.7)**	(7.2)
Release of exchange reserve upon disposal of a subsidiary	**(10.0)**	-
Share of other comprehensive (loss)/income of associated companies and jointly controlled entities	**(13.8)**	6.0
Cash flow hedges	**1.4**	(5.8)
Currency translation differences	**873.2**	(10.0)
	871.9	(210.4)
Total comprehensive income for the year	**5,527.5**	3,871.6
Total comprehensive income attributable to		
Shareholders of the Company	**5,484.3**	3,799.4
Non-controlling interests	**43.2**	72.2
	5,527.5	3,871.6

Consolidated Statement of Financial Position
As at 30 June

	Note	2011 HK$'m	2010 HK$'m
ASSETS			
Non-current assets			
Investment properties		**3,121.2**	2,060.0
Property, plant and equipment		**332.5**	321.2
Land use rights		**-**	16.6
Intangible concession rights		**894.6**	911.1
Intangible assets		**548.8**	580.2
Associated companies		**4,136.0**	4,505.4
Jointly controlled entities		**21,136.1**	15,962.1
Available-for-sale financial assets		**1,654.9**	1,508.8
Other non-current assets		**814.3**	1,069.2
		32,638.4	26,934.6
Current assets			
Inventories		**340.6**	213.0
Trade and other receivables	*8*	**3,410.9**	3,510.2
Financial assets at fair value through profit or loss		**1.6**	35.5
Cash and bank balances		**4,500.5**	5,157.6
		8,253.6	8,916.3
Assets held for sale	*9*	**3,245.8**	1,830.0
		11,499.4	10,746.3
Total assets		**44,137.8**	37,680.9

Consolidated Statement of Financial Position (continued)
As at 30 June

	Note	2011 HK$'m	2010 HK$'m
EQUITY			
Share capital		**3,387.6**	2,178.9
Reserves		**26,571.9**	23,289.1
Proposed final dividend		**1,118.0**	719.0
Shareholders' funds		**31,077.5**	26,187.0
Non-controlling interests		**1,268.6**	265.1
Total equity		**32,346.1**	26,452.1
LIABILITIES			
Non-current liabilities			
Borrowings		**2,763.7**	3,496.4
Other non-current liabilities		**463.7**	315.3
		3,227.4	3,811.7
Current liabilities			
Trade and other payables	*10*	**3,742.4**	4,473.9
Taxation		**322.6**	254.9
Borrowings		**3,898.3**	1,393.9
		7,963.3	6,122.7
Liabilities directly associated with assets held for sale	*9*	**601.0**	1,294.4
		8,564.3	7,417.1
Total liabilities		**11,791.7**	11,228.8
Total equity and liabilities		**44,137.8**	37,680.9
Net current assets		**2,935.1**	3,329.2
Total assets less current liabilities		**35,573.5**	30,263.8

Notes:

1. Basis of preparation

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, available-for-sale financial assets, financial assets at fair value through profit or loss and derivative financial instruments which are measured at fair value.

During FY2011, the Group adopted the following amendments to standards and interpretations which are mandatory for FY2011:

HKFRSs Amendments	Improvements to HKFRSs 2009
HKFRS 1 Amendment	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters
HKFRS 1 Amendment	Additional Exemptions for First-time Adopters
HKFRS 2 Amendment	Group Cash-settled Share-based Payment Transactions
HKAS 32 Amendment	Classification of Rights Issues
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments
HK – Int 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

Except as described below, the adoption of these amendments to standards and interpretations has no material effect on the results and financial position of the Group.

1. Basis of preparation (continued)

HKAS 17 Amendment Classification of Leases of Land and Buildings

The improvements to HKFRSs 2009 include an amendment to HKAS 17 "Leases", which deletes specific guidance regarding classification of leases of land, so as to eliminate inconsistency with the general guidance on lease classification. As a result, leases of land should be classified as either finance or operating lease using the general principles of HKAS 17, i.e. whether the lease transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee. Prior to the amendment, land interest which title is not expected to pass to the Group by the end of the lease term was classified as operating lease under "Leasehold land and land use rights", and amortized over the lease term.

The Group has reassessed the classification of unexpired leasehold land and land use rights as at 1 July 2010 on the basis of information existing at the inception of those leases, and recognized the leasehold land in Hong Kong and Macau as finance lease. As a result of the reassessment, the Group has reclassified certain leasehold land from operating lease to finance lease.

The land interest of the Group that is held for own use is accounted for as "Property, plant and equipment" and is depreciated from the land interest available for its intended use over the shorter of the useful life of the asset and the lease term.

The amendment requires a retrospective application in accordance with the effective date and transitional provisions of the amendment. However, the adoption of this amendment has no material effect on the results and financial position of the Group and therefore no comparative figures have been restated.

1. Basis of preparation (continued)

HK – Int 5 **Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause**

HK – Int 5 is a clarification of an existing standard, HKAS 1 "Presentation of Financial Statements". This interpretation requires that loans subject to loan agreements containing a clause which gives the lenders the unconditional right to demand repayment at any time should be classified as current liabilities, irrespective of the probability that the lenders will invoke the clause.

The Group has reassessed the classification of borrowings and the effect of the changes in the accounting policy following the adoption of HK – Int 5 on the consolidated statement of financial position is as follows:

	At 30 June 2011 HK$'m	At 30 June 2010 HK$'m
Increase/(decrease) in:		
Current liabilities – borrowings	**742.4**	298.9
Non-current liabilities – borrowings	**(742.4)**	(298.9)
	-	-

The interpretation requires a retrospective application, however, such changes have no material effect on the financial position of the Group and the comparative figures have not been restated.

In addition, the Group has early adopted the following amendment to standard which is effective for accounting periods beginning on or after 1 January 2012:

HKAS 12 Amendment **Deferred Tax: Recovery of Underlying Assets**

In December 2010, the HKICPA amended HKAS 12 "Income Taxes", to introduce an exception to the principle for the measurement of deferred tax assets or liabilities arising on an investment property measured at fair value. HKAS 12 requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. The amendment introduces a rebuttable presumption that an investment property measured at fair value is recovered entirely through sale.

The adoption of this amendment has resulted in a change in accounting policy on the provision of deferred tax on revaluation of investment properties. Previously, provision for deferred tax was made at the income tax rates on the revaluation of, and the tax bases of, investment properties held under operating leases on the basis that their values would be recovered through use rather than through sale. In accordance with the amendment, deferred tax is provided at the income tax rates on allowances claimed on these properties and at the capital gains tax rates on the valuation in excess of cost. As the Group's investment properties are located in Hong Kong where sales proceeds in excess of cost are not taxable, deferred tax liabilities relating to investment properties have been reduced. This change in accounting policy should be accounted for retrospectively. However, such change has no material effect on the results and financial position of the Group and the comparative figures have not been restated.

1. Basis of preparation (continued)

The following new or revised standards, amendments and interpretations are mandatory for accounting periods beginning on or after 1 July 2011 or later periods but which the Group has not early adopted:

Effective for the year ending 30 June 2012

HKFRSs Amendments	Improvements to HKFRSs 2010
HKFRS 1 Amendment	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
HKFRS 7 Amendment	Disclosure – Transfers of Financial Assets
HKAS 24 (Revised)	Related Party Disclosures
HK(IFRIC) – Int 14 Amendment	Prepayments of a Minimum Funding Requirement

Effective for the year ending 30 June 2013 or after

HKFRS 9	Financial Instruments
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKAS 1 Amendment	Presentation of Items of Other Comprehensive Income
HKAS 19 (2011)	Employee Benefits
HKAS 27 (2011)	Separate Financial Statements
HKAS 28 (2011)	Investments in Associates and Joint Ventures

The Group has already commenced an assessment of the impact of these new or revised standards, amendments and interpretations, certain of which may be relevant to the Group's operations and may give rise to changes in accounting policies, changes in disclosures and remeasurement of certain items in the financial statements. The Group is not yet in a position to ascertain their impact on its results of operations and financial position.

2. Revenue and segment information

Management has determined the operating segments based on the reports reviewed by the Executive Committee of the Company that are used to make strategic decision. The Executive Committee reviews the Group's internal reporting in order to assess performance and allocate resources. The Executive Committee considers the business from product and service perspectives, which comprises (i) Ports & Logistics; (ii) Roads; (iii) Energy & Water; (iv) Facilities Management; (v) Construction & Transport; and (vi) Strategic Investments.

The Executive Committee assesses the performance of the operating segments based on a measure of attributable operating profit. This measurement basis excludes the effects of head office and non-recurring items. Corporate interest income, finance costs and expenses are not allocated to segments.

2. Revenue and segment information (continued)

(a) The information of the reportable segments provided to the Executive Committee for FY2011 is as follows:

HK$'m	Ports & Logistics	Roads	Energy & Water	Facilities Management	Construction & Transport		Strategic Investments (iii)		Total	
2011										
Total revenue	**-**	**254.3**	**0.6**	**5,808.7**	**3,897.1**		**7.6**		**9,968.3**	
Inter-segment	**-**	**-**	**-**	**(15.9)**	**(391.8)**		**-**		**(407.7)**	
Revenue – external	**-**	**254.3**	**0.6**	**5,792.8**	**3,505.3**		**7.6**		**9,560.6**	
Attributable operating profit										
Company and subsidiaries	**0.7**	**72.7**	**-**	**875.9**	**164.1**		**319.9**		**1,433.3**	
Associated companies	**25.7**	**2.7**	**-**	**-**	**85.0**		**510.2**	**(ii)**	**623.6**	**(b)**
Jointly controlled entities	**255.5**	**1,059.5**	**650.1**	**1.0**	**30.0**	**(i)**	**3.2**		**1,999.3**	**(b)**
	281.9	**1,134.9**	**650.1**	**876.9**	**279.1**		**833.3**		**4,056.2**	
Reconciliation										
Gain on fair value of investment properties									**479.9**	
Gain on disposal of projects, net of tax									**343.9**	**(iv)**
Excess of fair value of net assets acquired over the cost of acquisition of interests of a jointly controlled entity									**26.8**	
Share of profit from Harbour Place									**1.2**	
Corporate exchange gain, net									**109.3**	
Corporate interest income									**40.1**	
Corporate finance costs									**(102.8)**	
Share-based payment									**(0.5)**	
Corporate expenses and others									**(327.3)**	
Profit attributable to shareholders									**4,626.8**	

(i) The amount included the Group's share of attributable operating profit of HK$115.0 million from its Transport business.

(ii) The amount included the Group's share of profits of HK$430.1 million from three associated companies engaged in investment activities.

(iii) Previously known as "Financial Services", this segment has been renamed as "Strategic Investments" to include net gains from securities investments held by the Group for strategic investment purposes of HK$759.5 million and profit contributions from other financial service businesses of HK$73.8 million.

(iv) The amount represented the net gain on the disposal of certain non-core businesses under a management buyout arrangement, of which the details are included in note 9(b).

2. Revenue and segment information (continued)

(a) The information of the reportable segments provided to the Executive Committee for FY2011 is as follows (continued):

HK$'m	Ports & Logistics	Roads	Energy & Water	Facilities Management	Construction & Transport	Strategic Investments	Segment total	Corporate	Eliminations	Consolidated
2011										
Depreciation	**-**	**3.6**	**-**	**47.5**	**24.8**	**1.3**	**77.2**	**6.1**	**-**	**83.3**
Amortization of land use rights	**-**	**-**	**-**	**-**	**0.1**	**-**	**0.1**	**-**	**-**	**0.1**
Amortization of intangible concession rights	**-**	**69.6**	**-**	**-**	**-**	**-**	**69.6**	**-**	**-**	**69.6**
Amortization of intangible assets	**-**	**-**	**-**	**31.2**	**-**	**-**	**31.2**	**-**	**-**	**31.2**
Additions to non-current assets other than financial instruments, deferred tax assets and post-employment benefit assets	**589.2**	**8.7**	**-**	**52.2**	**27.6**	**2,886.9**	**3,564.6**	**2.8**	**-**	**3,567.4**
Interest income	**0.8**	**44.3**	**1.0**	**0.3**	**8.1**	**8.3**	**62.8**	**40.1**	**(7.3)**	**95.6**
Finance costs	**0.8**	**0.1**	**-**	**1.1**	**6.6**	**0.2**	**8.8**	**102.8**	**(7.3)**	**104.3**
Income tax expenses	**4.9**	**67.4**	**12.7**	**178.7**	**58.4**	**119.0**	**441.1**	**(0.7)**	**-**	**440.4**
At 30 June 2011										
Company and subsidiaries	**1,939.6**	**2,086.9**	**3.6**	**3,714.2**	**3,367.8**	**5,415.7**	**16,527.8**	**2,337.9**	**-**	**18,865.7**
Associated companies	**363.7**	**420.5**	**-**	**-**	**1,154.5**	**2,127.8**	**4,066.5**	**69.5**	**-**	**4,136.0**
Jointly controlled entities	**3,861.2**	**7,680.3**	**6,449.0**	**18.8**	**1,654.7** (i)	**1,373.7**	**21,037.7**	**98.4**	**-**	**21,136.1**
Total assets	**6,164.5**	**10,187.7**	**6,452.6**	**3,733.0**	**6,177.0**	**8,917.2**	**41,632.0**	**2,505.8**	**-**	**44,137.8**
Total liabilities	**176.3**	**425.8**	**23.4**	**1,111.0**	**2,234.0**	**886.3**	**4,856.8**	**6,934.9**	**-**	**11,791.7**

(i) The balance included the Group's investment in its Transport business of HK$1,672.1 million.

2. Revenue and segment information (continued)

(a) The information of the reportable segments provided to the Executive Committee for FY2011 is as follows (continued):

HK$'m	Ports & Logistics	Roads	Energy & Water	Facilities Management	Construction & Transport		Strategic Investments (iii)		Total	
2010										
Total revenue	-	225.4	2.9	6,266.4	5,654.6		516.4		12,665.7	
Inter-segment	-	-	-	(102.5)	(458.6)		(15.6)		(576.7)	
Revenue – external	-	225.4	2.9	6,163.9	5,196.0		500.8		12,089.0	
Attributable operating profit										
Company and subsidiaries	2.0	52.6	-	822.8	67.0		368.2		1,312.6	
Associated companies	30.7	3.0	-	1.5	125.7		328.8	(ii)	489.7	(b)
Jointly controlled entities	245.3	465.0	653.3	0.8	217.4	(i)	-		1,581.8	(b)
	278.0	520.6	653.3	825.1	410.1		697.0		3,384.1	
Reconciliation										
Gain on fair value of investment properties									5.5	
Gain on disposal of projects, net of tax									944.9	(iv)
Share of profit from Harbour Place									337.9	
Goodwill impairment loss									(226.4)	
Assets impairment loss									(30.5)	
Corporate exchange loss, net									(4.2)	
Corporate interest income									22.7	
Corporate finance costs									(110.9)	
Share-based payment									(15.3)	
Corporate expenses and others									(296.1)	
Profit attributable to shareholders									4,011.7	

(i) The amount included the Group's share of attributable operating profit of HK$151.5 million from its Transport business.

(ii) The amount included the Group's share of profits of HK$263.6 million from three associated companies engaged in investment activities.

(iii) Previously known as "Financial Services", this segment has been renamed as "Strategic Investments" to include net gains from securities investments held by the Group for strategic investment purposes of HK$541.1 million and profit contributions from other financial service businesses of HK$155.9 million.

(iv) The amounts mainly represented gain on disposal of controlling interests in subsidiaries and other projects.

2. Revenue and segment information (continued)

(a) The information of the reportable segments provided to the Executive Committee for FY2011 is as follows (continued):

HK$'m	Ports & Logistics	Roads	Energy & Water	Facilities Management	Construction & Transport	Strategic Investments	Segment total	Corporate	Eliminations	Consolidated
2010										
Depreciation	-	2.1	-	61.9	26.7	17.2	107.9	7.6	-	115.5
Amortization of land use rights	-	-	-	0.2	1.3	-	1.5	0.4	-	1.9
Amortization of intangible concession rights	-	66.2	-	-	-	-	66.2	-	-	66.2
Amortization of intangible assets	-	-	-	31.2	-	3.9	35.1	-	-	35.1
Additions to non-current assets other than financial instruments, deferred tax assets and post-employment benefit assets	144.7	2.2	-	117.1	60.4	17.1	341.5	2.0	-	343.5
Interest income	1.2	26.3	-	0.2	17.2	16.3	61.2	13.3	(6.0)	68.5
Finance costs	-	0.2	-	0.7	8.6	-	9.5	110.9	(6.0)	114.4
Income tax expenses	4.7	45.0	11.5	165.0	34.0	41.5	301.7	30.5	-	332.2
At 30 June 2010										
Company and subsidiaries	980.1	1,580.4	2.3	3,324.3	4,336.1	1,779.3	12,002.5	5,210.9	-	17,213.4
Associated companies	337.4	399.4	-	-	1,096.2	2,606.2	4,439.2	66.2	-	4,505.4
Jointly controlled entities	3,141.4	5,220.8	5,766.7	17.3	1,717.1 (i)	-	15,863.3	98.8	-	15,962.1
Total assets	4,458.9	7,200.6	5,769.0	3,341.6	7,149.4	4,385.5	32,305.0	5,375.9	-	37,680.9
Total liabilities	11.0	405.6	16.1	1,025.7	3,100.7	301.8	4,860.9	6,367.9	-	11,228.8

(i) The balance included the Group's investment in its Transport business of HK$1,554.9 million.

2. Revenue and segment information (continued)

(b) Reconciliation of attributable operating profit from associated companies and jointly controlled entities to consolidated income statement:

HK$'m	Associated companies		Jointly controlled entities	
	2011	2010	**2011**	2010
Attributable operating profit	**623.6**	489.7	**1,999.3**	1,581.8
Corporate associated companies and jointly controlled entities				
Harbour Place	-	-	**1.2**	337.9
Disposal gains of projects	-	-	-	253.6
Others	**(3.2)**	(4.7)	**(77.6)**	(51.3)
Share of results of associated companies and jointly controlled entities	**620.4**	485.0	**1,922.9**	2,122.0

(c) Information by geographical areas:

HK$'m	Revenue		Non-current assets other than financial instruments, deferred tax assets and post-employment benefit assets	
	2011	2010	**2011**	2010
Hong Kong	**8,716.1**	9,671.8	**3,935.6**	2,906.0
Mainland China	**609.1**	1,421.9	**943.0**	958.2
Macau	**234.8**	992.1	**18.5**	24.9
Others	**0.6**	3.2	**-**	-
	9,560.6	12,089.0	**4,897.1**	3,889.1

3. Other income/gains (net)

	Note	**2011 HK$'m**	2010 HK$'m
Profit on disposal of a subsidiary		**21.4**	2.5
Profit on disposal of partial interest in a subsidiary		-	622.9
Gain on remeasuring non-controlling interest retained at fair value after disposal of partial interest in a subsidiary		-	105.8
Profit on disposal of available-for-sale financial assets		**336.7**	133.0
Profit on disposal of the Disposal Group and other assets held for sale	*9(b)*	**499.6**	257.8
Net profit on disposal of financial assets at fair value through profit or loss		**2.7**	16.8
Gain on fair value of financial assets at fair value through profit or loss		**0.1**	4.1
Gain on fair value of investment properties		**479.9**	6.6
Interest income		**95.6**	68.5
Management fee income		**71.2**	54.3
Machinery hire income		**42.8**	39.8
Net exchange gains		**214.6**	-
Dividends and other income		**13.8**	34.8
Available-for-sale financial assets impairment loss		**(63.1)**	-
Goodwill impairment loss		-	(226.4)
Assets impairment loss		-	(30.5)
		1,715.3	1,090.0

4. Operating profit

Operating profit of the Group is arrived at after crediting and charging the following:

	2011 HK$'m	2010 HK$'m
Crediting		
Gross rental income from investment properties	**47.6**	43.3
Less: outgoings	**(12.2)**	(11.5)
	35.4	31.8
Charging		
Auditor's remuneration	**16.0**	20.8
Cost of inventories sold	**1,936.1**	1,837.1
Cost of services rendered	**5,965.6**	8,274.6
Depreciation	**83.3**	115.5
Amortization of land use rights	**0.1**	1.9
Amortization of intangible concession rights	**69.6**	66.2
Amortization of intangible assets	**31.2**	35.1
Operating lease rental expenses		
Properties	**40.5**	95.3
Other equipment	**2.8**	3.8
Staff costs (including directors' emoluments)	**1,115.5**	2,233.5

5. Income tax expenses

Hong Kong profits tax is provided at the rate of 16.5% (2010: 16.5%) on the estimated assessable profits for the year. Taxation on Mainland China and overseas profits has been calculated on the estimated taxable profits for the year at the rates of tax prevailing in the countries in which the Group operates. These rates range from 9% to 25% (2010: 9% to 25%).

The amount of income tax charged to the consolidated income statement represents:

	2011 HK$'m	2010 HK$'m
Current income tax		
Hong Kong profits tax	**259.1**	198.0
Mainland China and overseas taxation	**86.8**	113.3
Deferred income tax charge	**94.5**	20.9
	440.4	332.2

Share of taxation of associated companies and jointly controlled entities of HK$24.5 million (2010: HK$38.7 million) and HK$310.2 million (2010: HK$347.1 million) respectively are included in the consolidated income statement as share of results of associated companies and jointly controlled entities respectively.

6. Dividends

	2011	2010
	HK$'m	HK$'m
Interim dividend paid of HK$0.37 (2010: HK$0.62) per share	**1,226.9**	1,309.0
Final dividend proposed of HK$0.33 (2010: paid of HK$0.33) per share	**1,118.0**	720.2
	2,344.9	2,029.2

At the meeting held on 28 September 2011, the Board recommended a final dividend of HK$0.33 per share in scrip form with a cash option. This proposed dividend is not reflected as a dividend payable in the financial statements but will be reflected as an appropriation of the retained profits for the year ending 30 June 2012 ("FY2012").

7. Earnings per share

The calculation of basic and diluted earnings per share for the year is based on earnings of HK$4,626.8 million (2010: HK$4,011.7 million) and the weighted average of 3,301,983,204 and 3,303,701,813 (2010: 3,184,370,370 shares after adjusting for the issuance of bonus shares in December 2010) ordinary shares outstanding during the year respectively, calculated as follows:

	2011	2010
	HK$'m	HK$'m
Profit attributable to shareholders of the Company and for calculation of basic and diluted earnings per share	**4,626.8**	4,011.7

	Number of shares	
	2011	2010
Weighted average number of shares for calculating basic earnings per share	**3,301,983,204**	3,184,370,370
Effect of dilutive potential ordinary shares		
Share options	**1,718,609**	-
Weighted average number of shares for calculating diluted earnings per share	**3,303,701,813**	3,184,370,370

8. Trade and other receivables

Included in trade and other receivables are trade receivables which are further analyzed as follows:

	2011	2010
	HK$'m	HK$'m
Under 3 months	**528.4**	418.7
4 to 6 months	**9.8**	157.9
Over 6 months	**119.3**	34.7
	657.5	611.3

The Group has various credit policies for different business operations depending on the requirements of the markets and businesses in which the subsidiaries operate.

9. Assets held for sale/liabilities directly associated with assets held for sale

Assets held for sale

		2011	2010
		HK$'m	HK$'m
Listed securities			
Equity securities listed in Hong Kong		**13.3**	13.3
Equity securities listed in Mainland China		**57.0**	115.9
Assets of Newton Resources reclassified as held for sale	*(a)*	**3,175.5**	-
Assets of the Disposal Group reclassified as held for sale	*(b)*	**-**	1,700.8
		3,245.8	1,830.0

Liabilities directly associated with assets held for sale

		2011	2010
		HK$'m	HK$'m
Liabilities of Newton Resources reclassified as held for sale	*(a)*	**(601.0)**	-
Liabilities of the Disposal Group reclassified as held for sale	*(b)*	**-**	(1,294.4)
		(601.0)	(1,294.4)

9. Assets held for sale/liabilities directly associated with assets held for sale (continued)

(a) In August 2010, the Group acquired an effective interest of approximately 43.34% in Newton Resources Ltd ("Newton Resources") which owns and operates a major privately-owned iron ore mine in Hebei Province in the People's Republic of China ("PRC") and was classified as an associated company of the Group. On 28 January 2011, the Group acquired an additional effective interest of approximately 11.68% in Newton Resources, increasing its interest to approximately 55.02% and accordingly, Newton Resources became a subsidiary of the Group. On 18 February 2011, the Group further acquired an effective interest of approximately 4.98% of Newton Resources and the Group's effective interest in Newton Resources increased to approximately 60%. The further acquisitions during the year are regarded as acquisition of assets, which mainly represent the mining right, instead of a business.

On 26 May 2011, The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") approved the separate listing of Newton Resources on the Main Board and the shares of Newton Resources were subsequently listed on 4 July 2011, resulting in a dilution of the Group's interest in Newton Resources from approximately 60% to approximately 48%. As a result, the Group classified the assets and liabilities of Newton Resources as held for sale as at 30 June 2011 (note 11(b)).

(b) On 11 June 2010, New World Development Company Limited ("NWD", the holding company of the Company) and the Company jointly announced that agreements were entered into in respect of the disposal of certain of the Group's non-core businesses under a management buyout arrangement, including (a) laundry and landscaping; (b) security and guarding; (c) trading of building materials; (d) senior residents' homes; (e) insurance and brokerage; (f) property management in Hong Kong; (g) cleaning; and (h) electrical and mechanical engineering (collectively, the "Disposal Group") subject to certain conditions precedent. Total consideration for the disposal was HK$888.5 million. The disposal was completed during FY2011, resulting in a net gain of approximately HK$343.9 million (included under profit on disposal of the Disposal Group and other assets held for sale in note 3). Assets and liabilities of the Disposal Group as at 30 June 2010 were reclassified as held for sale.

10. Trade and other payables

Included in trade and other payables are trade payables which are further analyzed as follows:

	2011 **HK$'m**	2010 HK$'m
Under 3 months	**297.6**	390.0
4 to 6 months	**7.3**	1.4
Over 6 months	**18.2**	21.6
	323.1	413.0

11. Subsequent events

(a) On 13 June 2011, Moscan Developments Limited ("Moscan", an indirectly wholly-owned subsidiary of the Company) entered into a sale and purchase agreement with Widefaith Group Limited ("Widefaith") to acquire for approximately 22.68% equity interest in Chinese Future Corporation ("CFC") at a consideration of US$226.9 million (equivalent to approximately HK$1,769.5 million). CFC indirectly owns 95% interest in a PRC company (the "Project Company") which operates Hangzhou Ring Road in Zhejiang Province in the PRC. As at 30 June 2011, the Group paid a deposit of approximately HK$1,588.9 million pursuant to this sale and purchase agreement. This acquisition was completed on 5 July 2011 and the Group held approximately 21.55% effective interest in the Project Company.

On 27 July 2011, Moscan entered into a sale and purchase agreement with, among others, Kaiming Holdings Limited ("Kaiming", which then held 100% equity interest in Widefaith) to acquire for 25% equity interest in Widefaith at a consideration of US$145.2 million (equivalent to approximately HK$1,132.6 million). Upon completion of this acquisition on 29 July 2011, the Group's effective interest in the Project Company increased from approximately 21.55% to approximately 33.66%. Moscan has also granted a put option to Kaiming to sell and Kaiming has granted a call option to Moscan to further acquire for 65% equity interest in Widefaith, representing an effective interest of approximately 31.5% in the Project Company, for a maximum consideration of US$389.0 million (equivalent to approximately HK$3,034.2 million). The put/call option is exercisable within a period of three months after The Children's Investment Master Fund ("TCI", a shareholder which then held approximately 26.32% equity interest in CFC) ceases to be a shareholder of CFC.

On 9 September 2011, Moscan entered into another sale and purchase agreement with, among others, TCI to acquire for approximately 26.32% equity interest in CFC at the purchase price of US$280.0 million (equivalent to approximately HK$2,184.0 million) together with interest at a rate of 8% per annum on the purchase price for the period from 1 July 2011 to 31 August 2011. Upon the completion of the acquisition on 16 September 2011, Moscan directly owns 25% interest in Widefaith and 49% in CFC, which together represent approximately 58.66% effective interest in the Project Company, and CFC became a subsidiary of the Group.

(b) As at 30 June 2011, the Company had an effective interest of approximately 60% in Newton Resources. On 4 July 2011, the spin-off of Newton Resources had completed and dealings of Newton Resources' shares on the Main Board of the Hong Kong Stock Exchange commenced on the same day. As a result, the Company's effective interest in Newton Resources decreased to approximately 48% and Newton Resources ceased to be a subsidiary of the Company immediately upon listing. This has resulted in a dilution gain of approximately HK$1.7 billion which will be recognized in FY2012.

11. Subsequent events (continued)

(c) On 24 August 2011, Grace Crystal Limited, an indirect wholly-owned subsidiary of the Company, entered into a capital increase agreement with the joint venture partner of Tianjin Xinzhan Expressway Company Limited, a company in which the Group holds 60% equity interest and is mainly engaged in the construction and management of Tangjin Expressway (Tianjin North Section). Pursuant to the said agreement, the Company is committed to contributing RMB731.5 million (equivalent to approximately HK$881.3 million) in cash to finance part of the construction costs for the expansion of the aforementioned expressway from four to six driving lanes.

12. Comparative figures

Certain comparative figures have been reclassified to conform with FY2011's presentation as a result of changes in segment reporting.

FINAL DIVIDEND

The Board has resolved to recommend a final dividend for FY2011 in scrip form equivalent to HK$0.33 per share (2010: HK$0.33 per share) with a cash option to the shareholders whose names appear on the register of members of the Company on 25 November 2011. Together with the interim dividend of HK$0.37 per share (2010: HK$0.62 per share) paid in May 2011, total distribution of dividend by the Company for FY2011 will thus be HK$0.70 per share (2010: HK$0.95 per share).

Subject to the passing of the relevant resolution at the 2011 annual general meeting of the Company ("AGM") and the Listing Committee of the Hong Kong Stock Exchange granting the listing of and permission to deal in the new shares, each shareholder will be allotted fully paid shares having an aggregate market value equal to the total amount which such shareholders could elect to receive in cash and they will be given the option of electing to receive payment in cash of HK$0.33 per share instead of the allotment of shares. Full details of the final scrip dividend will be set out in a circular to be sent to shareholders together with a form of election for cash dividend on or about 28 November 2011.

BOOK CLOSE DATES

<u>For ascertaining shareholders' right to attend and vote at the AGM:</u>

Book close dates (both days inclusive)	17 to 21 November 2011
Latest time to lodge transfers	4:30 pm on 16 November 2011
Record date	21 November 2011
AGM	21 November 2011

<u>For ascertaining shareholders' entitlement to the proposed final dividend:</u>

Book close date	25 November 2011
Latest time to lodge transfers	4:30 pm on 24 November 2011
Record date	25 November 2011
Final dividend payment date	on or about 29 December 2011

FINANCIAL REVIEW

Group overview

The Group has enjoyed unprecedented success this year and achieved a profit attributable to shareholders of HK$4.627 billion for FY2011, representing an increase of HK$615.1 million or 15%, as compared to HK$4.012 billion for FY2010. Attributable Operating Profit ("AOP") rose by 20% to HK$4.056 billion in FY2011. Infrastructure division generated an AOP of HK$2.067 billion, marking a significant increase of 42% as compared to HK$1.452 billion in FY2010. The AOP of Services division recorded an increase of 3% to HK$1.989 billion.

A gain on fair value of HK$479.9 million from revaluation of investment properties was recognized during the FY2011 as a result of a robust property market.

Moreover, the disposal of the Disposal Group recognized a net gain of HK$343.9 million during FY2011. This is in line with the Group's continuing corporate strategy to consolidate its non-core businesses in order to enhance shareholders' value.

Contribution by Division **For the year ended 30 June**	**2011** **HK$'m**	2010 HK$'m
Infrastructure	**2,066.9**	1,451.9
Services	**1,989.3**	1,932.2
Attributable operating profit	**4,056.2**	3,384.1
Head office and non-operating items		
Gain on fair value of investment properties	**479.9**	5.5
Gain on disposal of projects, net of tax	**343.9**	944.9
Excess of fair value of net assets acquired over the cost of acquisition of interests of a jointly controlled entity	**26.8**	-
Share of profit from Harbour Place	**1.2**	337.9
Goodwill impairment loss	**-**	(226.4)
Assets impairment loss	**-**	(30.5)
Corporate exchange gain/(loss), net	**109.3**	(4.2)
Corporate interest income	**40.1**	22.7
Corporate finance costs	**(102.8)**	(110.9)
Share-based payment	**(0.5)**	(15.3)
Corporate expenses and others	**(327.3)**	(296.1)
	570.6	627.6
Profit attributable to shareholders	**4,626.8**	4,011.7

Contributions from operations in Hong Kong accounted for 54% of AOP in FY2011 as compared to 57% in FY2010. Mainland China and Macau and others contributed 38% and 8% respectively, as compared to 36% and 7% respectively in FY2010.

Final dividend for FY2011 of HK$0.33 per share (2010: HK$0.33) was proposed by the Board. The total dividend for FY2011 represents payout ratio of approximately 50.7% which is in line with the dividend policy of the Company.

Earnings per Share

The basic earnings per share in FY2010 has been adjusted to HK$1.26 due to the issuance of bonus shares in FY2011. The basic earnings per share in FY2011 increased to HK$1.40, representing an increase of 11%.

OPERATIONAL REVIEW – INFRASTRUCTURE

AOP Contribution by Segment

For the year ended 30 June

	2011	2010	Change %
	HK$'m	HK$'m	Fav./(Unfav.)
Roads	**1,134.9**	520.6	118
Energy	**352.4**	420.0	(16)
Water	**297.7**	233.3	28
Ports & Logistics	**281.9**	278.0	1
Total	**2,066.9**	1,451.9	42

Roads

The increase in AOP was substantially due to an additional gain of approximately HK$387.5 million mainly on extra profit distribution from Tangjin Expressway (Tianjin North Section) recognized in FY2011. Its average daily traffic flow rose by 35%, partly due to the economic development of the Bohai Rim Region and partly due to traffic diversion to this expressway as other roads in the region were mostly undergoing maintenance during FY2011.

After the partial closure for major repair and maintenance works carried out in FY2010, operation of Guangzhou City Northern Ring Road has returned to normal and reported a traffic growth of 28% in FY2011. Performance of other expressways within the Pearl River Delta Region continued to perform satisfactorily in FY2011. Average daily traffic flow of Beijing-Zhuhai Expressway (Guangzhou-Zhuhai Section) and Shenzhen-Huizhou Expressway grew by 9% and 31% respectively. Guangzhou-Zhaoqing Expressway also reported a strong traffic growth of 29% during FY2011 and the opening of phase two in September 2010 had greatly enhanced the project's competitiveness in the region. Guangzhou Dongxin Expressway also commenced operation in December 2010.

Benefitting from the implementation of toll-by-weight policy in March 2010, the AOP contribution from Guangxi Roadways Network increased in FY2011. Its combined toll revenue grew by 20% when compared to FY2010.

The average daily traffic flow of Tate's Cairn Tunnel in Hong Kong rose by 3% in FY2011. The toll increase, which became effective in December 2010, also contributed to its increase in AOP.

Energy

The decrease in AOP was mainly due to surging fuel costs during FY2011. Electricity sales of Zhujiang Power Plants dropped slightly by 2% in FY2011, as a result of lower electricity demand during the Asian Games period. Chengdu Jintang Power Plant, on the other hand, registered an increment of 8% in electricity sales.

AOP from the Group's coal distributor company, Guangzhou Fuel Company, rose significantly on the strength of the booming coal market during FY2011. Its operation has mitigated the impact of fuel costs on the Group's power plants.

Electricity sales of Macau Power reported a stable growth of 3% during FY2011. In November 2010, the concession rights of Macau Power were renewed successfully for 15 years with permitted return reduced from 12% to 9.5% per annum.

Water

Contribution from water projects in Mainland China continued to serve as the growth engine for the segment. Sales volume of Zhongshan Dafeng and Quanlu Water Plants, Changshu Water Plant and Chongqing Water Plant increased by 8%, 6% and 14% respectively. Water sales revenue also benefitted from the tariff hikes of several water plants since FY2010. Sales volume of Macau Water Plant remained at a similar level when compared to FY2010.

Benefitting from the development of Chongqing and tax exemption on waste water treatment revenue, the AOP from Chongqing Water Group grew satisfactorily during FY2011.

Ports & Logistics

The throughput of Xiamen New World Xiangyu Terminals Co., Ltd. rose by 3% to 774,000 TEUs as trade activities rebounded during FY2011.

ATL Logistics Centre continued to make stable AOP contribution to the Group. Average occupancy rate was maintained at a consistently high level of 96% in FY2011.

In addition to the four existing terminals in Kunming, Chongqing, Chengdu and Zhengzhou, China United International Rail Containers Co., Ltd. ("CUIRC") rolled out another four new terminals in Dalian, Qingdao, Wuhan and Xian during FY2011. These eight terminals of the phase one development formed a network covering both coastal ports and inland regions in Central China. As a result, the total throughput handled by CUIRC increased substantially from 366,000 TEUs in FY2010 to 1,255,000 TEUs in FY2011. Tianjin and Harbin terminals, which form part of the phase two development, are under construction preparation.

OPERATIONAL REVIEW – SERVICES

AOP Contribution by Segment

For the year ended 30 June

	2011 HK$'m	2010 HK$'m	Change % Fav./(Unfav.)
Facilities Management	**876.9**	825.1	6
Construction & Transport	**279.1**	410.1	(32)
Strategic Investments	**833.3**	697.0	20
Total	**1,989.3**	1,932.2	3

Facilities Management

Following the disposal of certain non-core service businesses, the Facilities Management segment now comprises mainly the Hong Kong Convention and Exhibition Centre ("HKCEC") and Free Duty. The loss of profit contributions from the disposed facility services businesses was fully compensated by the outstanding performance of duty free business.

The Group continued to benefit from the growth of exhibition industry in FY2011. During the year, 1,235 events were held at HKCEC with total patronage of approximately 6.0 million. Most recurrent international trade exhibitions experienced growth in both gross exhibition space and overall attendance from previous year. Food and beverage revenue continued to improve following the opening of three new restaurants and modifications to provide additional banqueting space. HKCEC will endeavour to enhance its services, facilities and equipment in order to maintain its leading position in the market.

Benefitting from strong patronage of affluent travellers especially Mainland Chinese visitors, Free Duty's tobacco and liquor retail business at various cross-boundary transportation terminals in Hong Kong continued to achieve outstanding results during FY2011. The increased throughput, coupled with the growth in individual travellers' spending on duty free goods, contributed to the significant growth in this business.

Construction & Transport

As a result of the disposal of the mechanical and engineering business, this segment has been renamed as "Construction & Transport". The segment achieved an AOP of HK$279.1 million during FY2011, representing a decrease of 32% over FY2010.

The Construction business recognized an AOP of HK$164.1 million in FY2011, representing a 37% decrease over FY2010. The reduction in AOP was caused by provision of job costs approximating HK$231.9 million for projects in Hong Kong and overseas. As at 30 June 2011, the gross value of contracts on hand for the Construction business was approximately HK$20.1 billion. After the discontinuation of business in Mainland China and certain overseas markets, the management will continue to focus on cost reduction and right-sizing of its workforce while making every effort to minimize exposure to losses incurred by high-risk contracts.

The Group's Transport business reported an AOP of HK$115.0 million during FY2011, representing a 24% decrease over FY2010. This was attributed to an increase in fuel cost during the year.

Strategic Investments

Previously known as "Financial Services", this segment has been renamed as "Strategic Investments" to include contributions from Tricor Holdings Limited ("Tricor"), Haitong International Securities Group Limited ("Haitong", formerly known as Taifook Securities Group Limited) and net gains from the securities investments held by the Group for strategic investment purposes. These strategic investments have a clear investment mandate from the Board and have become an established feature in the Group's investment portfolio as well as a significant contributor to segment results. Comparative figures have been reclassified to conform to FY2011's presentation.

Tricor recorded a steady growth in its corporate services and investor services businesses during FY2011. It captured about 40.7% of the total share of new listings in Hong Kong during the year. Its business operations in Hong Kong, Singapore and Mainland China together contributed approximately 84% of the total profit during FY2011.

After the disposal of the Group's controlling interest in Haitong in December 2009, its profit contribution dropped significantly in FY2011.

As at 30 June 2011, the Group had an effective interest of approximately 60% in Newton Resources, which owns and operates a major privately-owned iron ore mine in Hebei Province in Mainland China. On 4 July 2011, NWD and the Company jointly announced that the spin-off of Newton Resources had been completed and dealings of Newton Resources' shares on the Main Board of the Hong Kong Stock Exchange commenced on that date. As a result, the Group's effective interest in Newton Resources decreased to approximately 48% and Newton Resources ceased to be a subsidiary of the Group immediately upon listing. The investment in Newton Resources was classified as assets held for sale and liabilities directly associated with assets held for sale as at 30 June 2011.

During the year, the Group also acquired an approximately 38% effective interest of Hyva Holding B.V., a company headquartered in the Netherlands and engaged in the manufacturing and supply of hydraulic components for commercial vehicle.

BUSINESS OUTLOOK

In the 12th Five-Year Plan, the reinforcement of expressway network remains an important target for Mainland China. Toll road operators will not only benefit from greater investment opportunities but also a more developed and comprehensive road network. Increasing public concerns on toll rate may attract more government interventions. In June 2011, Five Ministries of the Central Government jointly issued a notification requiring the investigation of all toll roads in relation to excessive toll collection activities to be carried out and completed by May 2012. The Group is currently conducting an internal review of toll roads and based on the preliminary findings to date, the Group does not expect the notification to have a material adverse impact on existing toll revenue.

To capture the high economic growth trend in Tianjin Binhai New Area, Tangjin Expressway (Tianjin North Section) will be expanded from four to six driving lanes and the related construction works will commence in FY2012. The recent acquisitions of an aggregate of approximately 58.66% effective interest in Hangzhou Ring Road in the first quarter of FY2012 also extended the Group's footprint to the Yangtze River Delta Region. This operating expressway, which measures 103.4 km in length and has an average daily traffic volume of over 100,000 vehicles, is expected to bring significant AOP and cashflow in the years to come.

National power consumption has been recovering since the third quarter of 2009 and achieved a satisfactory growth of 12.2% in the first half of 2011 on a period-to-period basis. Coal price has gone up noticeably since the fourth quarter of 2009 while on-grid tariff has been frozen for over a year until April 2011. These will put pressure on the profitability of power producers. In order to secure the coal supply, the Group has acquired 10.5% stake in a coal mine project in Shanxi which will commence operation by the end of 2011.

In Macau, the electricity demand is expected to grow stably in 2011. In November 2010, the concession contract of Macau Power has been renewed for further 15 years. The permitted return mechanism will bring stable AOP to the Group.

Environmental issues will remain as a top priority on the Mainland Government's agenda. The Central Government's increased support for environmental initiatives, such as wastewater and sludge treatment, has created investment opportunities for this segment. Water demand is expected to grow healthily in line with the continuous development in Mainland China.

Although a strong recovery was noted in major Chinese container ports in 2010, the growth rate is expected to slow down in 2011 due to decline in export growth. The Central Government has adopted many measures to stimulate domestic consumption to compensate for the decline in foreign trade volume and the total throughout is expected to reach a double-digit throughput growth in Mainland China. The new Xiamen Haicang Xinhaida Container Terminals, which became operational in September 2011, are strategically located to take advantage of the booming trade across the Taiwan Strait and further enhance the Group's presence in Xiamen.

CUIRC has continued to develop its scale of operation. Individual terminals in the existing network are registering remarkable throughput growth, in particular Kunming, Chongqing and Chengdu. Driven by the increasing volume of logistics and transportation business in Mainland China, as well as the need for more environmental friendly transportation mode, the demand for rail freight transportation is expected to accelerate at a fast pace in the coming years. The CUIRC terminals are therefore well-positioned to capture future growth in rail freight volume.

In view of the increasing demand for logistics and distribution facilities in Hong Kong, the Group capitalized on the opportunity in developing a new logistics warehouse in Kwai Chung with a total leasable area of approximately 920,000 sq.ft. and the facility is scheduled to be operational in late 2011. This warehouse project is expected to generate a steady operating profit as the Group has already entered into an agreement with one of the world's leading global logistics companies to lease the entire warehouse.

HKCEC will continue to benefit from the growth of exhibition and convention industries globally. In particular, the rapid growth in high-end luxury consumer products market such as art, jewellery, watches and collectibles in Asia has led to keen booking enquiries for related exhibitions. The Group is confident that both the rental and food and beverages businesses will continue to sustain healthy growth as the utilization rate and service level continue to improve by making full use of the Atrium expansion and providing multi-purpose venues through upgrading works.

The Free Duty business is expected to thrive with the increase in the number of high-spending visitors from Mainland China. Passenger traffic volume through the MTR Stations at Lo Wu, Lok Ma Chau and Hung Hum reached 126 million during the year. The drop in tobacco sales resulting from government policies has been more than compensated by the growth in liquor sales. As part of the business development plan in conjunction with upcoming contract renewals, the Group will actively consider different duty free concessions in Hong Kong and abroad.

The construction industry in Hong Kong is expected to pick up in light of the forthcoming public sector construction works including government infrastructure projects. The Group's Construction business will focus its effort on mega-sized building projects on which the Group has an edge. The Group will also concentrate on serving the needs of group companies and continue to focus on sizeable employers that demand high quality services. Increasing labour and materials costs together with competition from existing market players and new entrants from Mainland China and overseas will continue to make planning and budgeting more complex. More resources will have to be deployed on tendering, contract execution and staff training in order to cope with these challenges.

The profit of the Transport business is highly dependent on the fuel prices which have been affected by the financial derivatives in addition to the supply and demand in the energy markets. Fuel hedging is part of the Group's strategy to temper fuel price volatility. In addition, the bus companies will continue to seek consolidation and rationalization of the existing bus routes in order to save fuel and enhance efficiency. In line with the Group's ongoing corporate strategy, the Group announced the divestment of its Macau ferry operations in August 2011.

As evidenced by the robust operational performance during FY2011, the Group firmly believes that its defensive and balanced portfolio of high quality assets will remain resilient against unfavourable market conditions including inflationary pressure and financial credit crunch. Furthermore, the infrastructure projects, which are predominantly Renminbi denominated assets, will provide a solid platform both in terms of capital resources and expansion capacity for the Group to target and capture new growth opportunities in Mainland China and continue to enjoy the potential return gain from Renminbi appreciation at the same time.

FINANCIAL RESOURCES

Treasury management and cash funding

The Group's funding and treasury policy is designed to maintain a comprehensively diversified and balanced debt profile to minimize the Group's financial risks. Management of the Group's financing and treasury activities is centralized at the corporate level. The Group's treasury function regularly reviews the funding requirements in order to enhance the cost-efficiency of funding initiatives. With adequate cash deposits and available banking facilities, the Group maintains a strong liquidity position to provide sufficient financial resources to finance its operations and potential investments.

Liquidity

As at 30 June 2011, the Group's total cash and bank balances amounted to HK$4.501 billion, as compared to HK$5.158 billion as at 30 June 2010. The Group's Net Debt as at 30 June 2011 was HK$2.162 billion, as compared to the Net Cash position of HK$267.3 million as at 30 June 2010. The capital structure of the Group was 17% debt and 83% equity as at 30 June 2011, as compared to 16% debt and 84% equity as at 30 June 2010.

Debt profile and maturity

As at 30 June 2011, the Group's Total Debt increased to HK$6.662 billion from HK$4.890 billion as at 30 June 2010. Long-term bank loans and borrowings decreased to HK$2.764 billion as at 30 June 2011 from HK$3.496 billion as at 30 June 2010, with HK$1.355 billion maturing in the second year and the remainder in the third to fifth year. Bank loans were all unsecured, mainly denominated in Hong Kong dollars and were mainly floating rate interest-bearing. The Group did not have any material exposure to exchange risk other than Renminbi during FY2011. No property, plant and equipment, investment properties or land use rights were pledged as at 30 June 2011.

Commitments

The Group's commitments for capital expenditure were HK$1.390 billion as at 30 June 2011 as compared to HK$2.710 billion as at 30 June 2010. This represented commitment for capital contributions to/acquisition of certain associated companies, jointly controlled entities and listed investments of HK$1.373 billion as at 30 June 2011 as compared to HK$2.097 billion as at 30 June 2010, and commitments for properties and equipment of HK$16.9 million as at 30 June 2011 as compared to HK$613.0 million as at 30 June 2010. The above has excluded the capital commitments of Newton Resources as at 30 June 2011 which amounted to HK$1.157 billion. The share of commitments for capital expenditure committed by jointly controlled entities was HK$1.083 billion as at 30 June 2011 as compared to HK$982.8 million as at 30 June 2010. Sources of funding for capital expenditure include internally generated resources and banking facilities.

CONTINGENT LIABILITIES

Contingent liabilities of the Group were HK$753.5 million as at 30 June 2011 as compared to HK$239.0 million as at 30 June 2010. These were composed of guarantees for credit facilities granted to an associated company, jointly controlled entities and related companies of HK$11.9 million, HK$593.1 million and HK$148.5 million respectively as at 30 June 2011 as compared to HK$11.9 million, HK$115.4 million and HK$111.7 million respectively as at 30 June 2010. The share of contingent liabilities of a jointly controlled entity was HK$2.6 million as at both 30 June 2011 and 30 June 2010.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2011, approximately 27,000 staff were employed by entities under the Group's management of which approximately 9,300 were employed in Hong Kong. Total staff related costs including provident funds and staff bonus but excluding directors' remunerations were HK$1.204 billion (2010: HK$2.468 billion). Remuneration packages including salaries, bonuses and share options are granted to employees according to individual performance and are reviewed according to general market conditions every year. Structured training programmes were provided to employees on an ongoing basis.

REVIEW OF ANNUAL RESULTS

The Audit Committee of the Company has reviewed the accounting principles and practices adopted by the Group and the audited financial statements of the Company for FY2011.

The figures in respect of the preliminary announcement of the Group's results for FY2011 have been agreed by the Group's auditor, PricewaterhouseCoopers ("PwC HK"), to the amounts set out in the Group's consolidated financial statements for the year. The work performed by PwC HK in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by PwC HK on the preliminary announcement.

CORPORATE GOVERNANCE PRACTICES

The Board is committed to maintaining high standards of corporate governance within the Group and devotes considerable effort to identify and formalize best practices. We believe that sound and effective corporate practices are fundamental to the smooth, effective and transparent operation of a company and its ability to attract investment, protect the rights of shareholders and stakeholders, and enhance shareholders' value.

Throughout FY2011, the Company has complied with all the applicable code provisions in the Code on Corporate Governance Practices as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during FY2011.

THE BOARD

As at the date of this announcement, (a) the executive directors of the Company are Dr Cheng Kar Shun, Henry, Mr Tsang Yam Pui, Mr Lam Wai Hon, Patrick, Mr Cheung Chin Cheung, Mr William Junior Guilherme Doo and Mr Cheng Chi Ming, Brian; (b) the non-executive directors of the Company are Mr Doo Wai Hoi, William, Mr Wilfried Ernst Kaffenberger (alternate director to Mr Wilfried Ernst Kaffenberger: Mr Yeung Kun Wah, David), Mr To Hin Tsun, Gerald and Mr Dominic Lai; and (c) the independent non-executive directors of the Company are Mr Kwong Che Keung, Gordon, Dr Cheng Wai Chee, Christopher and The Honourable Shek Lai Him, Abraham.

Dr Cheng Kar Shun, Henry
Chairman

Hong Kong, 28 September 2011

* *For identification purposes only*