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 2016

FINANCIAL HIGHLIGHTS

Revenue	**:**	**HK$29,497.8 million**
Profit attributable to shareholders	**:**	**HK$4,912.8 million**
Basic earnings per share	**:**	**HK$1.30**
Proposed final dividend per share	**:**	**HK$0.34**

RESULTS

The board of directors (the "Board") of NWS Holdings Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 30 June 2016 ("FY2016") together with comparative figures for the year ended 30 June 2015 ("FY2015") as follows:

Consolidated Income Statement
For the year ended 30 June

	Note	**2016** **HK$'m**	2015 HK$'m
Revenue	*2*	**29,497.8**	24,491.8
Cost of sales		**(26,145.3)**	(21,341.1)
Gross profit		**3,352.5**	3,150.7
Other income/gains	*3*	**1,701.0**	1,774.2
General and administrative expenses		**(1,103.7)**	(1,014.4)
Operating profit	*4*	**3,949.8**	3,910.5
Finance costs		**(621.4)**	(637.7)
Share of results of			
Associated companies	*2(b),5*	**724.3**	(946.4)
Joint ventures	*2(b),6*	**1,541.7**	2,662.7
Profit before income tax		**5,594.4**	4,989.1
Income tax expenses	*7*	**(632.9)**	(476.2)
Profit for the year		**4,961.5**	4,512.9
Attributable to			
Shareholders of the Company		**4,912.8**	4,477.6
Non-controlling interests		**48.7**	35.3
		4,961.5	4,512.9
Basic earnings per share attributable to the shareholders of the Company	*8*	**HK$1.30**	HK$1.19

Consolidated Statement of Comprehensive Income
For the year ended 30 June

	2016 HK$'m	2015 HK$'m
Profit for the year	**4,961.5**	4,512.9
Other comprehensive (loss)/income		
Items that will not be reclassified to profit or loss		
Remeasurement of post-employment benefit obligation	**(13.0)**	4.9
Reversal of reserves upon reclassification of an available-for-sale financial asset as an associated company	**-**	717.2
Items that have been reclassified/may be subsequently reclassified to profit or loss		
Fair value changes of available-for-sale financial assets	**(317.2)**	(187.3)
Release of investment revaluation deficit to the consolidated income statement upon impairment of an available-for-sale financial asset	**670.4**	-
Release of reserve upon disposal of available-for-sale financial assets	**(623.0)**	(96.0)
Release of reserves upon disposal of a subsidiary	**-**	(3.8)
Release of reserves upon partial disposal of interest in an associated company	**-**	(46.6)
Share of other comprehensive loss of associated companies and joint ventures	**(121.3)**	(116.3)
Cash flow hedges	**(12.1)**	(1.1)
Currency translation differences	**(2,438.1)**	(242.1)
Other comprehensive (loss)/income for the year, net of tax	**(2,854.3)**	28.9
Total comprehensive income for the year	**2,107.2**	4,541.8
Total comprehensive income attributable to		
Shareholders of the Company	**2,088.5**	4,506.5
Non-controlling interests	**18.7**	35.3
	2,107.2	4,541.8

Consolidated Statement of Financial Position
As at 30 June

	Note	2016 HK$'m	2015 HK$'m
ASSETS			
Non-current assets			
Investment properties		**1,612.6**	3,944.0
Property, plant and equipment		**1,034.7**	658.4
Intangible concession rights		**13,006.7**	14,904.0
Intangible assets		**386.9**	423.9
Associated companies		**14,947.7**	13,480.4
Joint ventures		**18,122.5**	18,277.5
Available-for-sale financial assets		**1,512.5**	2,602.5
Other non-current assets		**1,036.8**	1,015.1
		51,660.4	55,305.8
Current assets			
Inventories		**395.7**	436.9
Trade and other receivables	*10*	**10,909.2**	8,988.6
Available-for-sale financial asset		**30.0**	-
Cash and bank balances		**8,923.6**	10,422.3
		20,258.5	19,847.8
Assets held-for-sale	*11*	**3,766.1**	-
Total assets		**75,685.0**	75,153.6
EQUITY			
Share capital		**3,832.0**	3,775.4
Reserves		**41,786.9**	41,638.0
Shareholders' funds		**45,618.9**	45,413.4
Non-controlling interests		**239.5**	774.3
Total equity		**45,858.4**	46,187.7
LIABILITIES			
Non-current liabilities			
Borrowings		**9,251.7**	13,487.0
Deferred tax liabilities		**2,109.3**	2,378.3
Other non-current liabilities		**215.0**	351.7
		11,576.0	16,217.0
Current liabilities			
Borrowings		**5,813.1**	3,324.4
Trade and other payables	*12*	**12,035.9**	9,055.2
Taxation		**318.3**	369.3
		18,167.3	12,748.9
Liabilities directly associated with assets held-for-sale	*11*	**83.3**	-
Total liabilities		**29,826.6**	28,965.9
Total equity and liabilities		**75,685.0**	75,153.6

Notes:

1. Basis of preparation and accounting policies

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKAS") and interpretations (collectively the "HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, available-for-sale financial assets, certain financial assets and financial liabilities (including derivative financial instruments) which have been measured at fair value.

(a) Adoption of new standards and amendments to standards

There has been no new standards or amendments to standards which are relevant to the Group's operations and are mandatory for FY2016. The following new standards and amendments to standards are mandatory for accounting period beginning on or after 1 July 2016 or later periods but which the Group has not early adopted:

Effective for the year ending 30 June 2017 ("FY2017") or after

HKFRS 2 (Amendments)	Classification and Measurement of Share-based Payment Transactions
HKFRS 9	Financial Instruments
HKFRS 14	Regulatory Deferral Accounts
HKFRS 15	Revenue from Contracts with Customers
HKFRS 16	Leases
HKAS 1 (Amendments)	Disclosure Initiative
HKAS 7 (Amendments)	Disclosure Initiative
HKAS 12 (Amendments)	Recognition of Deferred Tax Assets for Unrealized Losses
HKAS 16 and HKAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortization
HKAS 27 (Amendments)	Equity Method in Separate Financial Statements
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
HKFRS 10, HKFRS 12 and HKAS 28 (Amendments)	Investment Entities: Applying the Consolidation Exception
HKFRS 11 (Amendments)	Accounting for Acquisitions of Interests in Joint Operations
HKFRSs Amendments	Annual Improvements to HKFRSs 2012-2014 Cycle

The Group has already commenced an assessment of the impact of these new standards and amendments to standards, 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.

(b) Amendments to the Listing Rules

In addition, the Company has adopted the amendments to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") related to the disclosure of financial information with reference to the Hong Kong Companies Ordinance (Cap. 622 of the Laws of Hong Kong) during the current financial year, as a result, there are changes to presentation and disclosures of certain information in the consolidated financial statements.

2. Revenue and segment information

The Group's revenue is analyzed as follows:

	2016	2015
	HK$'m	HK$'m
Roads	**2,399.8**	2,416.2
Logistics	**100.1**	100.1
Facilities Management	**6,917.9**	6,768.6
Construction & Transport	**20,080.0**	15,206.9
	29,497.8	24,491.8

Management has determined the operating segments based on the reports reviewed by the Executive Committee of the Company that are used to make strategic decisions. The Executive Committee reviews the Group's internal reporting in order to assess performance and allocate resources. In FY2016, the Group reclassified its reporting segments under the Infrastructure division to better reflect the nature of the income streams and growth strategies. This resulted in the establishment of the Environment, Logistics and Aviation segments while the Roads segment remained. The former Energy & Water segment has been renamed Environment segment in view of the long-term investment opportunities in the fast growing environmental markets through both Sino-French Holdings (Hong Kong) Limited ("SFH") and Chongqing Derun Environment Co., Ltd. ("Derun Environment"). The Logistics segment, which replaces the Ports & Logistics segment, has been set up to capture ports, warehousing and rail container terminal businesses. A new standalone Aviation segment has been established to embrace airport and commercial aircraft leasing investments given their strong earnings and growth potential. Prior year comparative segment information has been restated to conform with the current year presentation accordingly.

Therefore, based on product and service perspectives, the Executive Committee considers that the businesses of the Group comprised (i) Roads; (ii) Environment; (iii) Logistics; (iv) Aviation; (v) Facilities Management; (vi) Construction & Transport; and (vii) 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 corporate office and non-operating 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 FY2016 is as follows:

HK$'m	Roads	Environment	Logistics	Aviation	Facilities Management	Construction & Transport	Strategic Investments	Total	
2016									
Total revenue	**2,399.8**	**-**	**100.1**	**-**	**6,933.0**	**20,198.9**	**-**	**29,631.8**	
Inter-segment	**-**	**-**	**-**	**-**	**(15.1)**	**(118.9)**	**-**	**(134.0)**	
Revenue – external	**2,399.8**	**-**	**100.1**	**-**	**6,917.9**	**20,080.0**	**-**	**29,497.8**	
Attributable operating profit									
Company and subsidiaries	**728.3**	**14.2**	**68.2**	**4.1**	**658.0**	**556.6**	**207.0**	**2,236.4**	
Associated companies	**73.6**	**8.7**	**109.0**	**419.9**	**(16.5)**	**158.9**	**172.4 (ii)**	**926.0**	**(b)**
Joint ventures	**457.9**	**446.9**	**525.4**	**-**	**3.5**	**196.1 (i)**	**(52.6)**	**1,577.2**	**(b)**
	1,259.8	**469.8**	**702.6**	**424.0**	**645.0**	**911.6**	**326.8**	**4,739.6**	
Reconciliation – corporate office and non-operating items									
Gain on fair value of investment properties								**1,420.0**	
Gain on disposal of an available-for-sale financial asset								**534.1**	
Gain on disposal of projects, net of tax								**199.4**	
Net gain on deemed disposal of a project under a joint venture								**179.3**	**(b)**
Share of profit from Harbour Place, a residential development project								**2.0**	
Impairment loss of an available-for-sale financial asset								**(670.4)**	**(iii)**
Impairment loss related to an associated company								**(200.0)**	**(b)**
Impairment loss related to a joint venture								**(177.6)**	**(b)**
Net exchange loss								**(368.8)**	
Interest income								**198.1**	
Finance costs								**(546.3)**	
Expenses and others								**(396.6)**	
Profit attributable to shareholders								**4,912.8**	

(i) The amount includes the Group's share of attributable operating profit of HK$196.1 million from its Transport business.

(ii) The amount includes the Group's share of attributable operating profit of HK$143.2 million from certain associated companies engaged in investment activities.

(iii) The amount represents the impairment loss arising from the drop in the share price of Haitong International Securities Group Limited ("Haitong International"). The Group's investment in Haitong International is classified as an available-for-sale financial asset (note 3).

2. Revenue and segment information (continued)

(a) The information of the reportable segments provided to the Executive Committee for FY2016 is as follows (continued):

HK$'m	Roads	Environment	Logistics	Aviation	Facilities Management	Construction & Transport	Strategic Investments	Segment Total	Corporate	Eliminations	Consolidated
2016											
Depreciation	**16.5**	**-**	**-**	**-**	**79.4**	**66.0**	**-**	**161.9**	**5.2**	**-**	**167.1**
Amortization of intangible concession rights	**825.6**	**-**	**-**	**-**	**-**	**-**	**-**	**825.6**	**-**	**-**	**825.6**
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	**164.8**	**-**	**-**	**-**	**129.3**	**372.2**	**-**	**666.3**	**4.7**	**-**	**671.0**
Interest income	**42.9**	**19.3**	**2.0**	**7.6**	**24.7**	**6.6**	**30.7**	**133.8**	**198.6**	**(12.9)**	**319.5**
Finance costs	**39.3**	**-**	**6.9**	**-**	**0.8**	**40.5**	**0.5**	**88.0**	**546.3**	**(12.9)**	**621.4**
Income tax expenses	**367.4**	**21.1**	**21.4**	**8.2**	**130.3**	**84.0**	**-**	**632.4**	**0.5**	**-**	**632.9**
As at 30 June 2016											
Company and subsidiaries	**14,743.9**	**342.7**	**3,797.6**	**1,393.5**	**4,356.9**	**10,166.8**	**1,986.3**	**36,787.7**	**5,827.1**	**-**	**42,614.8**
Associated companies	**442.8**	**564.9**	**1,997.2**	**4,266.7**	**1,586.8**	**1,611.0**	**4,430.3**	**14,899.7**	**48.0**	**-**	**14,947.7**
Joint ventures	**5,607.2**	**6,333.0**	**2,865.4**	**-**	**3.9**	**2,073.5 (i)**	**1,213.1**	**18,096.1**	**26.4**	**-**	**18,122.5**
Total assets	**20,793.9**	**7,240.6**	**8,660.2**	**5,660.2**	**5,947.6**	**13,851.3**	**7,629.7**	**69,783.5**	**5,901.5**	**-**	**75,685.0**
Total liabilities	**3,246.4**	**35.5**	**84.4**	**38.6**	**1,143.5**	**10,084.5**	**9.7**	**14,642.6**	**15,184.0**	**-**	**29,826.6**

(i) The balance includes the Group's investment in its Transport business of HK$2,071.1 million.

2. Revenue and segment information (continued)

(a) The information of the reportable segments provided to the Executive Committee for FY2016 is as follows (continued):

HK$'m	Roads	Environment	Logistics	Aviation	Facilities Management	Construction & Transport		Strategic Investments		Total	
2015											
Total revenue	2,416.2	-	100.1	-	6,786.9	15,233.2		-		24,536.4	
Inter-segment	-	-	-	-	(18.3)	(26.3)		-		(44.6)	
Revenue – external	2,416.2	-	100.1	-	6,768.6	15,206.9		-		24,491.8	
Attributable operating profit											
Company and subsidiaries	759.3	14.2	68.2	-	868.8	363.9		91.4		2,165.8	
Associated companies	40.6	21.3	75.0	243.6	(8.0)	201.9		284.2	(ii)	858.6	(b)
Joint ventures	401.1	595.9	405.7	-	0.7	125.3	(i)	(96.5)		1,432.2	(b)
	1,201.0	631.4	548.9	243.6	861.5	691.1		279.1		4,456.6	
Reconciliation – corporate office and non-operating items											
Net gain on disposal of a project under a joint venture										1,549.9	(b)
Gain on disposal of projects, net of tax										51.4	
Gain on remeasurement of an available-for-sale financial asset retained at fair value upon reclassification from an associated company										914.0	
Gain on fair value of investment properties										306.6	
Share of profit from Harbour Place, a residential development project										71.9	
Loss on partial disposal and impairment loss related to an associated company										(1,910.9)	(iii)
Impairment loss related to a joint venture										(300.0)	(b)
Net exchange gain										2.1	
Interest income										210.5	
Finance costs										(522.0)	
Expenses and others										(352.5)	
Profit attributable to shareholders										4,477.6	

(i) The amount included the Group's share of attributable operating profit of HK$125.3 million from its Transport business.

(ii) The amount included the Group's share of attributable operating profit of HK$133.6 million from certain associated companies engaged in investment activities.

(iii) The amount represented the impairment loss of HK$1,779.4 million (note 2(b)) and the loss on partial disposal of equity interest in Newton Resources Ltd ("Newton Resources") of HK$131.5 million (note 3).

2. Revenue and segment information (continued)

(a) The information of the reportable segments provided to the Executive Committee for FY2016 is as follows (continued):

HK$'m	Roads	Environment	Logistics	Aviation	Facilities Management	Construction & Transport	Strategic Investments	Segment Total	Corporate	Eliminations	Consolidated
2015											
Depreciation	11.1	-	-	-	64.2	49.8	-	125.1	5.4	-	130.5
Amortization of intangible concession rights	836.3	-	-	-	-	-	-	836.3	-	-	836.3
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	64.6	-	-	-	126.8	82.4	-	273.8	6.8	-	280.6
Interest income	100.6	22.4	6.1	7.3	1.4	7.3	-	145.1	216.7	(14.5)	347.3
Finance costs	97.3	-	7.8	-	0.6	23.7	0.8	130.2	522.0	(14.5)	637.7
Income tax expenses	349.0	19.7	19.0	8.2	175.1	17.7	(53.4)	535.3	(59.1)	-	476.2
As at 30 June 2015											
Company and subsidiaries	15,722.2	530.0	2,426.1	1,543.5	4,262.5	7,465.0	2,499.9	34,449.2	8,946.5	-	43,395.7
Associated companies	488.0	615.6	1,534.9	4,469.5	902.3	1,631.2	3,803.0	13,444.5	35.9	-	13,480.4
Joint ventures	5,993.9	6,290.1	2,990.9	-	6.3	1,908.6 (i)	997.0	18,186.8	90.7	-	18,277.5
Total assets	22,204.1	7,435.7	6,951.9	6,013.0	5,171.1	11,004.8	7,299.9	66,080.5	9,073.1	-	75,153.6
Total liabilities	3,972.7	21.8	70.1	58.3	1,205.9	7,481.2	4.3	12,814.3	16,151.6	-	28,965.9

(i) The balance included the Group's investment in its Transport business of HK$1,898.2 million.

2. Revenue and segment information (continued)

(b) Reconciliation of attributable operating profit from associated companies and joint ventures to the consolidated income statement:

HK$'m	Associated companies **2016**	Associated companies 2015	Joint ventures **2016**	Joint ventures 2015
Attributable operating profit	**926.0**	858.6	**1,577.2**	1,432.2
Corporate associated companies, joint ventures and non-operating items				
Net gain on deemed disposal/disposal of a project under a joint venture (note 6)	**-**	-	**179.3**	1,549.9
Impairment losses (notes 5 and 6)	**(200.0)**	(1,779.4)	**(177.6)**	(300.0)
Others	**(1.7)**	(25.6)	**(37.2)**	(19.4)
Share of results of associated companies and joint ventures	**724.3**	(946.4)	**1,541.7**	2,662.7

(c) Information by geographical areas:

HK$'m	Revenue **2016**	Revenue 2015	Non-current assets other than financial instruments, deferred tax assets and post-employment benefit assets **2016**	Non-current assets other than financial instruments, deferred tax assets and post-employment benefit assets 2015
Hong Kong	**26,243.3**	21,818.3	**2,899.5**	4,930.2
Mainland China	**2,480.2**	2,490.0	**13,109.2**	14,987.3
Macau	**774.3**	183.5	**32.2**	12.8
	29,497.8	24,491.8	**16,040.9**	19,930.3

The operations of the Group's Infrastructure division in Mainland China are undertaken mainly through associated companies and joint ventures, the results of which are accounted for by the equity method of accounting.

3. Other income/gains

	Note	**2016 HK$'m**	2015 HK$'m
Gain on fair value of investment properties		**1,420.0**	306.6
Profit on disposal of available-for-sale financial assets		**645.1**	25.2
Gain on remeasurement of an available-for-sale financial asset retained at fair value upon reclassification from an associated company		**-**	914.0
Profit on disposal of a subsidiary		**95.0**	5.1
Profit on disposal of a joint venture		**53.2**	-
Profit on disposal of intangible concession rights and its related assets and liabilities		**58.7**	-
Net profit on disposal of property, plant and equipment		**-**	61.6
Profit on disposal of an asset held-for-sale		**15.0**	-
Profit on disposal of a financial asset at fair value through profit or loss		**-**	10.7
Interest income		**319.5**	347.3
Machinery hire income		**96.1**	99.8
Dividend income		**65.8**	3.5
Other income		**38.6**	45.7
Management fee income		**23.0**	32.9
Net exchange (loss)/gain		**(458.6)**	53.3
Impairment loss of an available-for-sale financial asset	*2(a)*	**(670.4)**	-
Loss on partial disposal of an associated company	*2(a)*	**-**	(131.5)
		1,701.0	1,774.2

4. Operating profit

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

	2016 HK$'m	2015 HK$'m
Crediting		
Gross rental income from investment properties	**164.3**	163.2
Less: outgoings	**(26.3)**	(25.9)
	138.0	137.3
Charging		
Auditor's remuneration	**22.3**	20.8
Cost of inventories sold	**2,375.0**	2,319.6
Cost of services rendered	**23,770.3**	19,021.5
Depreciation	**167.1**	130.5
Amortization of intangible concession rights	**825.6**	836.3
Amortization of intangible assets	**31.2**	31.2
Operating lease rental expenses — properties	**84.3**	73.5
Staff costs (including directors' emoluments)	**3,034.1**	2,661.3

5. Share of results of associated companies

The amount includes an impairment loss of HK$200.0 million made for the Group's investment in Tharisa plc ("Tharisa") in FY2016.

6. Share of results of joint ventures

The amount includes (i) the Group's share of impairment loss of HK$177.6 million for Hyva Holding B.V. ("Hyva"); and (ii) the Group's share of gain of HK$179.3 million arising from deemed disposal of its indirect interest in Chongqing Water Group Co., Ltd. ("Chongqing Water Group", a project under a joint venture) in FY2016.

7. Income tax expenses

Hong Kong profits tax is provided at the rate of 16.5% (2015: 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 12% to 25% (2015: 9% to 25%).

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

	2016	2015
	HK$'m	HK$'m
Current income tax		
Hong Kong profits tax	**204.0**	117.6
Mainland China and overseas taxation	**474.9**	491.4
Deferred income tax credit	**(46.0)**	(132.8)
	632.9	476.2

Share of taxation of associated companies and joint ventures of HK$196.0 million (2015: HK$155.1 million) and HK$385.5 million (2015: HK$393.0 million) respectively are included in the consolidated income statement as share of results of associated companies and joint ventures respectively.

8. Earnings per share

The calculation of basic earnings per share for the year is based on earnings of HK$4,912.8 million (2015: HK$4,477.6 million) and on the weighted average of 3,793,701,910 (2015: 3,751,443,482) ordinary shares outstanding during the year.

For both FY2016 and FY2015, the share options of the Company have an anti-dilutive effect on the basic earnings per share and are ignored in the calculation of diluted earnings per share.

9. Dividends

	2016	2015
	HK$'m	HK$'m
Interim dividend paid of HK$0.31 (2015: HK$0.27) per share	**1,179.6**	1,014.3
Final dividend proposed of HK$0.34 (2015: paid of HK$0.33) per share	**1,302.9**	1,245.9
	2,482.5	2,260.2

At a meeting held on 20 September 2016, the Board recommended a final dividend of HK$0.34 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 FY2017.

Subject to the passing of the relevant resolution at the annual general meeting of the Company to be held on 21 November 2016 (the "AGM") and the Listing Committee of the Hong Kong Stock Exchange granting the listing of and permission to deal in the new shares to be issued under the proposed final dividend, 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$0.34 per share instead of the allotment of shares.

10. Trade and other receivables

Included in trade and other receivables are trade receivables which are further analyzed based on invoice date as follows:

	2016	2015
	HK$'m	HK$'m
Under 3 months	**2,511.7**	1,909.9
4 to 6 months	**30.3**	9.0
Over 6 months	**40.2**	57.9
	2,582.2	1,976.8

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

11. Assets held-for-sale/liabilities directly associated with assets held-for-sale

On 20 June 2016, New World Development Company Limited (the Company's holding company) and the Company jointly announced that an agreement was entered into in respect of the disposal of Shine Fame Holdings Limited ("Shine Fame", an investment holding company which holds the entire interest in NWS Kwai Chung Logistics Centre, an investment property of the Group) and the assignment of debt at an aggregate cash consideration of HK$3.75 billion (the "Disposal Transaction"). Completion of the Disposal Transaction took place on 31 August 2016. Assets and liabilities of Shine Fame were reclassified as held-for-sale as at 30 June 2016.

	2016
	HK$'m
Assets	
Investment property	**3,750.0**
Other current assets	**2.4**
Trade and other receivables	**1.2**
Cash and bank balances	**12.5**
Assets of a subsidiary classified as held-for-sale	**3,766.1**
Liabilities	
Trade and other payables	**(26.5)**
Deferred tax liabilities	**(56.8)**
Liabilities of a subsidiary classified as held-for-sale	**(83.3)**

As at 30 June 2016, management of the Group determined the fair value of NWS Kwai Chung Logistics Centre approximated the consideration of the Disposal Transaction. With reference to the consideration of the Disposal Transaction, the fair value is adjusted, if necessary, after considering (i) difference between the value of the investment property and the value of Shine Fame as a whole; and (ii) time factor between the date of entering into the Disposal Transaction and 30 June 2016.

The fair value of NWS Kwai Chung Logistics Centre is categorized as Level 2 (2015: Level 3) in the fair value hierarchy. The transfer from Level 3 to Level 2 fair value hierarchy is due to the determination of the fair value of the investment property as at 30 June 2016 having made reference to the consideration of the Disposal Transaction which is an input observable for the investment property indirectly.

12. Trade and other payables

Included in trade and other payables are trade payables which are further analyzed based on invoice date as follows:

	2016	2015
	HK$'m	HK$'m
Under 3 months	**611.2**	587.7
4 to 6 months	**7.4**	5.4
Over 6 months	**12.3**	13.4
	630.9	606.5

FINAL DIVIDEND

The Board has resolved to recommend a final dividend for FY2016 (the "Final Dividend") in scrip form equivalent to HK$0.34 per share (2015: 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 2016. Together with the interim dividend of HK$0.31 per share (2015: HK$0.27 per share) paid in May 2016, total distribution of dividend by the Company for FY2016 will thus be HK$0.65 per share (2015: HK$0.60 per share).

Subject to the passing of the relevant resolution at the AGM and the Listing Committee of the Hong Kong Stock Exchange granting the listing of and permission to deal in the new shares to be issued under the Final Dividend, 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$0.34 per share instead of the allotment of shares. A circular containing details of the scrip dividend arrangement will be despatched to the shareholders of the Company together with a form of election for cash dividend on or about 29 November 2016.

CLOSURE OF REGISTER OF MEMBERS

For the purposes of determining shareholders' eligibility to attend and vote at the AGM and entitlement to the Final Dividend, the register of members of the Company will be closed. Details of such closures are set out below:

For determining eligibility to attend and vote at the AGM:

Latest time to lodge transfer documents for registration	4:30 pm on 16 November 2016
Closure of register of members	17 to 21 November 2016 (both days inclusive)
Record date	21 November 2016
AGM date	21 November 2016

For determining entitlement to the Final Dividend:

Latest time to lodge transfer documents for registration	4:30 pm on 24 November 2016
Closure of register of members	25 November 2016
Record date	25 November 2016
Final Dividend payment date	on or about 29 December 2016

During the above closure periods, no transfer of shares will be registered. To be eligible to attend and vote at the AGM and to qualify for the Final Dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar, Tricor Standard Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than the aforementioned latest time.

FINANCIAL REVIEW

Group overview

Notwithstanding persistent headwinds in the external environment and heightened financial market volatility, the stable organic growth underpinned by a well-balanced and diversified asset portfolio and the outstanding performance of the roads, logistics, aviation and construction businesses enabled the Group to sustain growth momentum as a whole. Attributable Operating Profit ("AOP") of HK$4.740 billion for FY2016 represented an increase of HK$283.0 million or 6% growth compared to the last financial year. The Infrastructure division achieved an AOP of HK$2.856 billion, an increase of 9% compared to the same in FY2015. The AOP of the Services division increased by 3% to HK$1.883 billion compared to the last financial year.

Profit attributable to shareholders rose by 10% to $4.913 billion.

Contribution by Division
For the year ended 30 June

	2016	2015
	HK$'m	HK$'m
Infrastructure	**2,856.2**	2,624.9
Services	**1,883.4**	1,831.7
Attributable operating profit	**4,739.6**	4,456.6
Corporate office and non-operating items		
Gain on fair value of investment properties	**1,420.0**	306.6
Gain on disposal of an available-for-sale financial asset	**534.1**	-
Gain on disposal of projects, net of tax	**199.4**	51.4
Net gain on deemed disposal of a project under a joint venture	**179.3**	-
Net gain on disposal of a project under a joint venture	**-**	1,549.9
Gain on remeasurement of an available-for-sale financial asset retained at fair value upon reclassification from an associated company	**-**	914.0
Share of profit from Harbour Place, a residential development project	**2.0**	71.9
Impairment loss of an available-for-sale financial asset	**(670.4)**	-
Impairment loss related to an associated company	**(200.0)**	-
Impairment loss related to a joint venture	**(177.6)**	(300.0)
Loss on partial disposal and impairment loss related to an associated company	**-**	(1,910.9)
Net exchange (loss)/gain	**(368.8)**	2.1
Interest income	**198.1**	210.5
Finance costs	**(546.3)**	(522.0)
Expenses and others	**(396.6)**	(352.5)
	173.2	21.0
Profit attributable to shareholders	**4,912.8**	4,477.6

During FY2016, the Group recognized fair value gains of HK$1.4 billion on the revaluation of investment properties. A significant portion of the fair value gain was contributed by NWS Kwai Chung Logistics Centre as the Group entered into an agreement to dispose of its entire interest in this property in June 2016 and the gain on disposal was recognized by means of fair value gain. On the other hand, the Group accepted a cash offer for its shareholding in New World China Land Limited in March 2016 and the gain on disposal of this available-for-sale financial asset amounted to HK$534.1 million. Both disposals underlined the Group's strategy of unlocking the value in its investments at an appropriate time and generating cash resources to fund its general working capital as well as other investment projects to further enhance shareholder value.

In addition, the Group shared a gain of HK$179.3 million on the deemed disposal of its indirect interest in Chongqing Water Group as a result of the latter and cash being injected into Derun Environment. The investment in Derun Environment will serve as a springboard to the Group's entry into a wider range of environmental services in Mainland China and overseas.

The Group's investment in Haitong International was reclassified from an associated company to an available-for-sale financial asset in FY2015 and a fair value gain on the remeasurement of its value amounting to HK$914.0 million was recognized pursuant to HKAS 39 "Financial Instruments: Recognition and Measurement". Thereafter, Haitong International was carried at fair value. As a result of the drop in its share price, an impairment loss of HK$670.4 million was recognized by the Group in FY2016. As explained in the interim results announcement for the six months ended 31 December 2015, the Group recognized an impairment loss of HK$200.0 million on the carrying value of the Group's interest in Tharisa in view of the substantial drop in the market price of chrome concentrates. An impairment loss of HK$177.6 million for Hyva was also shared by the Group in light of the current and projected slowdown in demand for hydraulic components in Mainland China. All these impairment losses are non-cash items and bear no impact on the cash flow and operation of the Group.

Renminbi further weakened against Hong Kong Dollar by 6% in FY2016. The net exchange loss of HK$368.8 million mainly arose from the translation of the Group's monetary assets denominated in Renminbi into Hong Kong dollars.

In FY2015, the one-off gain of HK$1.5 billion from the disposal of indirect interest in Companhia de Electricidade de Macau – CEM, S.A. was fully offset by the partial disposal and impairment losses in relation to the Group's interest in Newton Resources and the impairment loss shared by the Group on Guangzhou Dongxin Expressway which amounted to HK$1.9 billion and HK$0.3 billion respectively.

Contributions from the operations in Hong Kong accounted for 55% of AOP in FY2016 as compared to 57% in FY2015. Mainland China and Others contributed 41% and 4% respectively, as compared to 39% and 4% respectively in FY2015.

Final dividend for FY2016 of HK$0.34 per share (2015: HK$0.33 per share) is recommended by the Board. The total dividend for FY2016 represents a payout ratio of approximately 50.5% which is in line with the dividend policy of the Company.

In FY2016, the Group reclassified its reporting segments under the Infrastructure division to better reflect the nature of the income streams and growth strategies. This resulted in the establishment of the Environment, Logistics and Aviation segments while the Roads segment remained. The former Energy and Water segments have been consolidated into the Environment segment in view of the long-term investment opportunities in the fast growing environmental markets through both SFH and Derun Environment. The Logistics segment, which replaces the Ports & Logistics segment, has been set up to capture ports, warehousing and rail container terminal businesses. A new standalone Aviation segment has been established to embrace airport and commercial aircraft leasing investments given their strong earnings and growth potential. All prior year segment information has been restated based on the new reporting segments.

Earnings per share

The basic earnings per share was HK$1.30 in FY2016, representing an increase of 9% from HK$1.19 in FY2015.

OPERATIONAL REVIEW – INFRASTRUCTURE

AOP Contribution by Segment

For the year ended 30 June

	2016 **HK$'m**	2015 HK$'m	Change % Fav./(Unfav.)
Roads	**1,259.8**	1,201.0	5
Environment	**469.8**	631.4	(26)
Logistics	**702.6**	548.9	28
Aviation	**424.0**	243.6	74
Total	**2,856.2**	2,624.9	9

Roads

Bolstered by an overall increase in traffic volume of 12% across the Group's road portfolio, AOP from the Roads segment grew by 5% to HK$1,259.8 million despite Renminbi depreciation during FY2016. AOP would have increased by 23% without the impact of Renminbi depreciation.

Traffic flow of Hangzhou Ring Road ("HZRR") increased by 2% in FY2016 but its toll revenue grew by 5% as a result of the rise in average travelling distance. The Group completed the acquisition of the remaining 5% interest from the minority shareholder of HZRR, which is now wholly owned by the Group.

Traffic volume of Tangjin Expressway (Tianjin North Section) continued to grow satisfactorily since the completion of expansion works in December 2014. Its average daily traffic flow surged by 32% in FY2016.

Riding on further economic development in the Pearl River Delta Region, all the expressways in Guangdong reported healthy growth in both traffic volume and toll revenue. Average daily traffic flow in Guangzhou City Northern Ring Road and Beijing-Zhuhai Expressway (Guangzhou-Zhuhai Section) grew by 11% and 7% respectively. Benefitting from the completion of its expansion works in December 2015, Shenzhen-Huizhou Expressway (Huizhou Section) delivered traffic growth of 14% in FY2016 while approval to increase its toll rate from dual 2-lane to dual 3-lane standard has been granted. The average daily traffic flow of Guangzhou-Zhaoqing Expressway also increased by 13%. The performance of both Guangzhou Dongxin Expressway and Guangzhou City Nansha Port Expressway continued to improve as evidenced by the rise in average daily traffic flow of 39% and 14% respectively.

In Hong Kong, average daily traffic flow of Tate's Cairn Tunnel grew slightly by 1% during FY2016.

Environment

During FY2016, the former Energy and Water segments have been consolidated into the Environment segment. The decline of 26% in AOP to HK$469.8 million for this segment was mainly caused by a significant drop in AOP from the Energy projects and pressure from Renminbi depreciation during FY2016. The AOP downturn of the Environment segment would have narrowed to 16% without the impact of Renminbi depreciation.

Due to increasing competition from renewable energy and softening electricity demand, electricity sales volume of Zhujiang Power Plants and Chengdu Jintang Power Plant reduced by 23% and 31% respectively. In January 2016, the average coal-fired benchmark on-grid tariff in Mainland China was cut by RMB0.03/kWh (or 7%). The coal trading margin of Guangzhou Fuel Company also fell due to keen competition while the operating loss from a coal mine further affected its performance during FY2016.

Conversely, however, the water projects delivered a 6% growth in AOP in FY2016. Notably, water sales volume of Jiangsu Water Company increased by 10% whereas waste water revenue of Shanghai SCIP Water Treatment Plants increased by 9%. Qingdao Dongjiakou Waste Water Plant and Yangzhou Sludge Treatment Plant became operational during FY2016. Sanya Water Plant successfully raised water tariff by 27.6% in February 2016. In Macau, sales volume of Macau Water Plant remained stable in FY2016 and a tariff hike of 4.3% became effective in October 2015.

In December 2015, the Group injected its interest in Chongqing Water Group into Derun Environment to expand its presence in the environmental services industry in Mainland China. Derun Environment made positive earnings contribution in FY2016 while its overall performance remains in line with management expectation.

Logistics

The Logistics segment, which replaces the former Ports & Logistics segment, has been set up to capture ports, warehousing and rail container terminal businesses. AOP of the segment grew healthily by 28% to HK$702.6 million in FY2016.

ATL Logistics Centre registered a robust average rental growth of 15% which was partly boosted by the rental adjustment of a major tenant. Without such rental adjustment, the average rent would have increased by 8%. Its occupancy rate decreased slightly from 99.5% to 97.4% due to the tendency for tenants to consolidate or reduce their operations upon lease renewals.

To unlock and realize the full business value of the NWS Kwai Chung Logistics Centre, the Group has disposed of its entire interest for an aggregate consideration of HK$3.75 billion in August 2016. The appreciation in property value released from this disposal has been mostly recognized by means of fair value gain in FY2016.

Throughput handled by Xiamen Container Terminal Group Co., Ltd. (“XCTG”) reached 7,872,000 TEUs in FY2016, representing a steady growth of 11%. Following the acquisition of additional 6.2% interest as previously reported, the Group’s stake in XCTG has increased to 20%. In Tianjin, the throughput of both Tianjin Five Continents International Container Terminal Co., Ltd. and Tianjin Orient Container Terminals Co., Ltd. fell by 4% each to 2,486,000 TEUs and 897,000 TEUs respectively in FY2016.

With the introduction of containerized break-bulk cargo services in January 2015 and the increasing demand for international block train services, throughput handled by China United International Rail Containers Co., Limited (“CUIRC”) grew 14% to 2,062,000 TEUs in FY2016. To meet the growing demand, the expansion works to double the handling capacity at Chongqing terminal were completed in December 2015.

Aviation

This segment includes the Group’s investment in Beijing Capital International Airport Co., Ltd. (“BCIA”) and the commercial aircraft leasing business. The significant increase in AOP of 74% was primarily due to the full year contribution from Goshawk Aviation Limited (“Goshawk”).

As the world’s second busiest airport in terms of passenger throughput, BCIA served 91.5 million passengers in FY2016, representing a 3% growth compared to FY2015. The robust growth of international passengers, together with the new concession model for retail, restaurants and advertising businesses, have continued to drive BCIA’s revenue streams.

To capture the growing demand for leased aircraft, the Group entered the commercial aircraft leasing business by acquiring 40% equity interest in Goshawk in February 2015 which focuses on commercial aircraft that are young, modern and in demand. The fleet size grew from 40 aircraft as at 30 June 2015 to 68 aircraft as at 30 June 2016 and thereby reached US$2.7 billion in total assets under management. All aircraft are purchased with a lease that generates steady income to the Group.

In FY2016, the Group established the second commercial aircraft leasing platform through the formation of a joint venture with Chow Tai Fook Enterprises Limited and Aviation Capital Group Corp., one of the world’s leading aircraft leasing companies based in the USA. This new joint venture, namely Bauhinia Aviation Capital Limited (“Bauhinia”), which is expected to bring recurring cash flows and stable income to the Group in the coming years in the same way as Goshawk, will further strengthen the Group’s market position in the fast growing commercial aircraft leasing industry.

OPERATIONAL REVIEW – SERVICES

AOP Contribution by Segment

For the year ended 30 June

	2016	2015	Change %
	HK$'m	HK$'m	Fav./(Unfav.)
Facilities Management	**645.0**	861.5	(25)
Construction & Transport	**911.6**	691.1	32
Strategic Investments	**326.8**	279.1	17
Total	**1,883.4**	1,831.7	3

Facilities Management

The Facilities Management segment mainly comprises the management and operation of Hong Kong Convention and Exhibition Centre ("HKCEC") and the business of Free Duty.

During FY2016, 1,149 events were held at HKCEC with a total patronage of approximately 5.5 million. HKCEC delivered stable and solid results even though certain trade fairs and luxury shows had reduced in scale in the face of sluggish economic conditions. With the recognition of being the first organization in Hong Kong to attain the ISO 20121 Event Sustainability Management System certification, HKCEC will stay focused on delivering total customer satisfaction through innovative environmental solutions and quality services.

The performance of Free Duty in FY2016 was impacted by a slowdown in inbound Mainland tourists and the corresponding decline in visitor spending. At the same time, the change in sales mix alongside rising rental expenses exerted constant pressure on profit margins. Despite the retail headwinds, the operation at the Lok Ma Chau Station sustained steady growth. The Group will continue to explore opportunities to reinforce the duty free business.

Construction & Transport

AOP contribution from the Construction business recorded strong growth of 26% to HK$715.5 million in FY2016 mainly due to the continuous improvement in gross profit through effective project management and the strong increase in business volume. Major projects during FY2016 included New World Centre remodeling, residential development at Clear Water Bay Road, Gleneagles Hong Kong Hospital ("GHKH"), Phase Two Expansion of Cathay Pacific's catering services facility, Shangri-La Hotel at Hung Hom and foundation work for Public Rental Housing Development at Lai Chi Kok Road. In addition, new tenders awarded during FY2016 included construction for the Home Ownership Scheme Developments at Kiu Cheong Road, Tin Shui Wai and Ngan Kwong Wan Road East and West, Mui Wo, a composite development at Tseung Kwan O and a commercial development at Kowloon Bay. As at 30 June 2016, the gross value of contracts on hand for the Construction business was approximately HK$69.7 billion and the remaining works to be completed amounted to approximately HK$38.6 billion.

Having recovered from the impact of the "Occupy Central Movement" in FY2015 and as the ridership loss to the MTR West Island Line has gradually subsided and stabilized in FY2016, the Group's Transport business was able to take advantage of the rising patronage from airport bus services and stable fuel costs through a hedging programme to increase its earnings contribution by 56% to HK$196.1 million in FY2016.

Strategic Investments

This segment includes contributions from Tricor Holdings Limited ("Tricor"), Haitong International, Newton Resources, Tharisa, Hyva and other investments held by the Group during the year for strategic investment purposes.

Tricor's corporate services businesses performed steadily during FY2016 and captured about 51% of the total share of new listings in Hong Kong. Its business operations in Hong Kong, Singapore and Malaysia altogether contributed about 81% of the total profit of Tricor in FY2016. The Company, together with The Bank of East Asia, Limited, are currently undertaking a strategic review on our investments in Tricor whereby various options will be considered, including potential disposal, to realize shareholder value.

The Group's investment in Haitong International was reclassified from an associated company to an available-for-sale financial asset in June 2015. Contribution from Haitong International represented dividend income in FY2016.

While the global commodities prices appear to have stabilized since early 2016, the Group will continue to monitor its investments in the mining industry closely.

Tharisa, which is principally engaged in chrome mining and processing in South Africa, continued to ramp up production to full capacity. Its ordinary shares are listed on the Johannesburg Stock Exchange Limited and its secondary listing on the main board of the London Stock Exchange commenced in June 2016. In view of the substantial drop in the market price of chrome concentrates, the Group recognized an impairment loss of HK$200.0 million in the carrying value of its interest in Tharisa in FY2016.

The slowdown of China's mining related economic activities continued to have an adverse impact on Hyva's performance. While the operating losses had been mitigated by cost savings measures, an impairment loss of HK$177.6 million was shared by the Group in FY2016.

BUSINESS OUTLOOK

Infrastructure

Economic growth in Mainland China is still on track to attaining the official growth target for 2016, albeit at a slower pace than in previous years. With a strong financial position and additional cash resources from divestment activities in FY2016, the Group is well prepared and positioned to capture investment opportunities to further strengthen its infrastructure assets portfolio.

China will continue its effort in advancing urbanization and road network development. Public-private partnership is primed to be the key model in funding and operating infrastructure projects including expressways to alleviate the debt burden of local governments and improve operational efficiency. Against this backdrop and spurred by the strong financial strength and experience in the toll road industry, the Group is optimistic that it will be able to capitalize on the emerging business opportunities. Furthermore, the anticipated release of the amendment of "Regulation on the Administration of Toll Roads" by the Ministry of Transport of Mainland China is poised to provide clearer and helpful directives on toll regulations and concession extension.

China is committed to carrying out over 10 mega environmental related projects in the 13th Five-Year Plan, including setting up waste utilization bases, water environment renovation and construction of sponge cities. This will create immense investment opportunities for the industry. Derun Environment, with its expertise, resources and local presence, is well positioned to ride the wave of environmental sustainability. Construction of a sludge drying facility with daily treatment capacity of 200 tonnes is underway in Suzhou and the plant is expected to be operational by the end of 2017.

Renewable energy generation is becoming more technically mature and commercially viable in Mainland China. Its market share is expected to grow with the support of government policies. The Company will continue to explore investment potentials in this regard. The outlook of coal-fired power remains overshadowed by slowing electricity demand and rigorous emission controls.

Retail sales in Hong Kong have continued to soften while the supply of warehouse facilities has been growing. To maintain the competitiveness of ATL Logistics Centre, a four-year building renovation programme is well underway and is targeted for completion in the year ending 30 June 2018.

The Belt and Road Initiative continues to benefit CUIRC terminals as a result of the rising demand for international block train services. In addition, the supportive policies from China Railway Corporation will further drive the development of containerized break-bulk cargo services. To capture the future growth potential, both Tianjin and Urumqi terminals are scheduled to commence operations in FY2017.

In light of the increasing demand for air transportation, the outlook of aviation market remains robust.

While BCIA is operating near optimal capacity, it is expected to deliver relatively stable passenger growth in the coming years. Nevertheless, BCIA will endeavour to optimize air route network to increase the proportion of international flights. Other key management focus areas to realize BCIA's underlying potentials include the development of non-aeronautical businesses, effective cost management, improving aircraft ground handling and airport operational efficiency.

Global air traffic growth is expected to continue in the long-term. According to the forecasts by both Boeing and Airbus, the size of the global aircraft fleet will double by 2035, thereby boosting the demand for leased aircraft. Looking ahead, the aircraft leasing industry will be driven by rising air traffic volumes from the emerging markets of the Asia-Pacific region, low fuel price and expansion of low cost carriers. With the firm commitment and strategy to further enhance the aircraft leasing portfolio, this business will serve as an important growth impetus for the Group in the years to come.

Services

While Hong Kong's domestic economy exhibited remarkable resilience in the past year, uncertainties in the global economy together with volatilities in the local stock and property markets have inevitably dented local consumer sentiment. Looking ahead, the operating environment for the Services division in Hong Kong will remain challenging.

HKCEC continued to foster its leading position in the industry having been voted the "Best Convention and Exhibition Centre in Asia" for 13 times from 2001 to 2016 by CEI Asia magazine, one of the most influential trade publications in the region. Its management company, Hong Kong Convention and Exhibition Centre (Management) Limited, was also honoured as the "Best Venue Team in Asia Pacific" in the same award programme. In the coming years, HKCEC will continue to host premier international events. In view of the anticipated adjustments in relation to luxury products or lifestyle shows, HKCEC will endeavor to identify new large scale exhibitions to further improve utilization especially during non-peak periods.

The outlook of the domestic retail market will remain subdued as the slowdown in inbound tourism is likely to continue. Free Duty has already adjusted its marketing strategy to target both tourists and local consumers. Based on the cross-border passenger traffic trends, the Group believes that the Lok Ma Chau Station will maintain its stable growth momentum. At the same time, the Group will continue to explore opportunities for geographical diversification.

The construction of GHKH in which the Group has 40% interest, has been completed. Workforce planning, including the recruitment of doctors, nurses and healthcare professionals, is well underway. Slated to commence operations in early 2017, GHKH will provide 500 beds and a comprehensive range of medical services. This new healthcare business will augment the Group's services portfolio in Hong Kong and serves as a new growth driver for the Services division.

The construction industry in Hong Kong will remain vibrant over the short to medium term despite predictions of interest rate hike. In light of the existing contracts on hand and the opportunities to participate in other sizeable projects, the Group is confident to maintain a healthy order book and a good pipeline of projects in the coming years. However, profit margins are under pressure due to labour shortage, escalating labour and material costs and increasing scrutiny on industrial safety and environmental protection. Therefore, risk mitigation and cost control through proficient project management practices will continue to be the key focus areas for the construction companies.

The Transport business made steady progress in FY2016 in regaining some loss of ridership following the opening of the MTR West Island Line. Regarding the scheduled opening of the MTR Kwun Tong Line Extension and South Island Line by the end of 2016, such effect will be partly mitigated by the implementation of bus route rationalization programme.

Conclusions

The effective execution of sustainable investment strategy and systematic approach to business performance optimization enabled the Group to deliver solid growth despite unfavourable market conditions and operating environment. As the most significant growth driver in FY2016, the Aviation segment fully justified its new stature as a standalone segment under the Infrastructure division. While the expansion of Goshawk and its first full-year earnings contribution were in line with management expectations, the establishment of Bauhinia will allow the Group to increase its market presence in the growing aircraft leasing industry. The simultaneous development of these two aircraft leasing platforms together with the upside potential of BCIA will undoubtedly drive the growth of the Aviation segment in the coming years.

The overall operating performance of the projects under the Infrastructure division remained robust and resilient although the financial result was diluted by the impact of Renminbi depreciation on the projects in Mainland China. The Roads segment delivered encouraging results driven by growing local economic activities. On the other hand, the performance of the newly formed Environment segment was restrained by the continued decline in coal-fired electricity sales although the impact was partly alleviated by the growth delivered by the former Water segment. Nonetheless, the Group remains optimistic in the outlook of the Environment segment as urbanization and policy support in Mainland China will continue to spur demand for modern and advanced water and waste treatment processes while Derun Environment will make full-year contribution starting from FY2017.

The Services division held its ground relatively well despite constant headwinds and contrasting performances. The Facilities Management segment contracted further as the Free Duty business slowed down due to subdued retail sentiment. Such impact was however more than compensated by the remarkable growth of the Construction business. With GHKH scheduled to commence operation in FY2017, the Group looks forward to developing the healthcare business into a new growth driver for its services portfolio.

Having strategically divested and unlocked the value of certain mature and non-core assets, the Group has built up a sizeable war chest to undertake value creating initiatives and pursue acquisition opportunities that will maintain long-term stability and growth in shareholder value and return on investment. The Group has accordingly set aside some HK$4 billion of financial resources for capital expenditure and investment purposes in the coming financial year. As such, the Group is well prepared and equipped to embrace opportunities and face challenges that lie ahead.

FINANCIAL RESOURCES

Treasury management and cash funding

The Group's funding and treasury policy is designed to maintain a diversified and balanced debt profile and financial structure. The Group continues to monitor its cash flow position and debt profile, and to enhance the cost-efficiency of funding initiatives by its centralized treasury function. In order to maintain financial flexibility and adequate liquidity for the Group's operations, potential investments and growth plans, the Group has built a strong base of funding resources and will keep exploring cost-efficient ways of financing.

Liquidity

As at 30 June 2016, the Group's total cash and bank balances which were mainly denominated in Renminbi and Hong Kong Dollar amounted to HK$8.924 billion, as compared to HK$10.422 billion a year ago. The Group's Net Debt as at 30 June 2016 was HK$6.141 billion, comparing to HK$6.389 billion as at 30 June 2015. The decrease in Net Debt was mainly due to net cash inflows from operations and disposals of investments. The capital structure of the Group of 25% debt and 75% equity as at 30 June 2016 remained comparable to 27% debt and 73% equity as at 30 June 2015.

Debt profile and maturity

As at 30 June 2016, the Group's Total Debt decreased to HK$15.065 billion from HK$16.811 billion as at 30 June 2015. The Group has spaced out its debt maturity profile to reduce refinancing risks. Among the long-term loans and borrowings of HK$9.252 billion as at 30 June 2016, 6% will mature in the second year and 94% will mature in the third to fifth year. Bank loans were denominated in Hong Kong Dollar or Renminbi, while bonds were denominated in United States Dollar. Apart from the fixed rate bonds, bank loans were mainly floating rate interest-bearing. Interest rate swaps are used to hedge part of the Group's underlying interest rate exposure. The Group did not have any material exposure to exchange risk other than Renminbi during FY2016. As at 30 June 2016, intangible concession rights of HZRR were pledged as securities for a banking facility of the Group.

Commitments

The Group's commitments for capital expenditure were HK$3.065 billion as at 30 June 2016, as compared to HK$2.175 billion as at 30 June 2015. These represented commitments for capital contributions to an associated company and certain joint ventures, properties and equipment, intangible concession rights and other investment. Sources of funding for capital expenditure include internally generated resources and banking facilities.

Financial guarantee contracts

Financial guarantee contracts of the Group were HK$2.369 billion as at 30 June 2016, as compared to HK$1.095 billion as at 30 June 2015. These represented guarantees for banking facilities of associated companies, joint ventures and a related company.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2016, approximately 27,900 staff were employed by entities under the Group's management of which approximately 11,100 staff were employed in Hong Kong. Total staff related costs including provident funds, staff bonus and deemed share option benefit but excluding directors' remunerations were HK$3.033 billion (2015: HK$2.645 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.

AUDIT COMMITTEE AND REVIEW OF ANNUAL RESULTS

The Audit Committee of the Company was set up by the Board with specific terms for the purpose of reviewing and providing supervision over the Group's financial reporting process and internal control. It currently comprises four independent non-executive directors and a non-executive director of the Company. The Audit Committee has reviewed the accounting principles and practices adopted by the Group and the audited consolidated financial statements of the Group for FY2016 with the management and the external auditor.

The figures in respect of the preliminary announcement of the Group for FY2016 have been agreed by the Group's auditor, PricewaterhouseCoopers ("PwC Hong Kong"), to the amounts set out in the Group's consolidated financial statements for FY2016. The work performed by PwC Hong Kong 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 Hong Kong on the preliminary announcement.

CORPORATE GOVERNANCE PRACTICES

The Board firmly believes that good corporate governance is 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 shareholder value. Maintaining a high standard of corporate governance has been and remains one of the core missions of the Company. The Board devotes considerable effort to identify and formalize best practices for adoption by the Company.

Throughout FY2016, the Company has complied with all the applicable code provisions under the Corporate Governance Code as contained in Appendix 14 of the Listing Rules.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during FY2016.

DEALINGS IN THE COMPANY'S SECURITIES BY DIRECTORS AND RELEVANT EMPLOYEES

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (the "Model Code") as its own code of conduct for securities transactions by directors. Specific enquiry was made with all directors and it was established that they had all complied with the required standards of the Model Code during FY2016.

The Company has also adopted the "Code for Securities Transactions by Relevant Employees", which is no less exacting than the Model Code, for governing the securities transactions of specified employees ("Relevant Employees") who, because of their positions, are likely to come across unpublished inside information. Following specific enquiry by the Company, all Relevant Employees had confirmed that they complied with the standard set out in the "Code for Securities Transactions by Relevant Employees" during FY2016.

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 Hui Hon Chung, Mr Cheung Chin Cheung and Mr Cheng Chi Ming, Brian; (b) the non-executive directors of the Company are Mr To Hin Tsun, Gerald, Mr Dominic Lai, Mr Lam Wai Hon, Patrick and Mr William Junior Guilherme Doo; and (c) the independent non-executive directors of the Company are Mr Kwong Che Keung, Gordon, Dr Cheng Wai Chee, Christopher, The Honourable Shek Lai Him, Abraham, Mr Lee Yiu Kwong, Alan and Mrs Oei Fung Wai Chi, Grace.

Dr Cheng Kar Shun, Henry
Chairman

Hong Kong, 20 September 2016

** For identification purposes only*