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HONG KONG AIRCRAFT ENGINEERING COMPANY LIMITED

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

2011 FINAL RESULTS

FINANCIAL HIGHLIGHTS

		2011	2010	Change
Results				
Turnover	*HK$ Million*	**5,171**	4,266	+21.2%
Net operating profit	*HK$ Million*	**525**	389	+35.0%
Share of after-tax results of jointly controlled companies				
- Hong Kong Aero Engine Services Limited and Singapore Aero Engine Services Pte. Limited	*HK$ Million*	**415**	380	+9.2%
- Other jointly controlled companies	*HK$ Million*	**20**	27	-25.9%
Profit attributable to the Company's shareholders	*HK$ Million*	**821**	701	+17.1%
Earnings per share for profit attributable to the Company's shareholders (basic and diluted)	*HK$*	**4.94**	4.21	+17.1%
Interim and final dividends per share	*HK$*	**2.60**	2.10	+23.8%
Special dividend per share	*HK$*	**3.40**	-	-
Total dividends per share	*HK$*	**6.00**	2.10	+185.7%
Financial Position				
Net borrowings	*HK$ Million*	**106**	176	-39.8%
Gearing ratio	*%*	**1.5**	2.7	-1.2%pt
Total equity	*HK$ Million*	**7,090**	6,484	+9.3%
Equity attributable to the Company's shareholders per share	*HK$*	**36.52**	33.45	+9.2%
Cash Flows				
Net cash generated from operating activities	*HK$ Million*	**625**	481	+29.9%
Net cash inflow before financing activities	*HK$ Million*	**587**	307	+91.2%

Note: The average number of shares in issue is 166,324,850 in 2011 (2010: 166,324,850).

HAECO

CHAIRMAN'S LETTER

The HAECO Group reported an attributable profit of HK$821 million in 2011, 17% higher than the attributable profit of HK$701 million reported in 2010. Earnings per share increased from HK$4.21 to HK$4.94. Your Directors have declared a second interim dividend (in lieu of a final dividend) of HK$1.90 per share and a special dividend of HK$3.40 per share which, together with the first interim dividend of HK$0.70 per share paid on 20th September 2011, result in a total distribution for the year of HK$6.00 per share, compared to total dividends of HK$2.10 per share in 2010. The special dividend is being paid in order to return surplus cash to shareholders. The Group's gearing will remain conservative.

Demand for HAECO's airframe maintenance and line maintenance services remained strong in Hong Kong in the first half of 2011 but slowed down slightly in the second half. Over the year as a whole in Hong Kong, 9% more manhours were sold for airframe maintenance and 10% more aircraft movements were handled compared to 2010. The performance of Taikoo (Xiamen) Aircraft Engineering Company Limited ("TAECO") improved significantly in 2011; there was a recovery in demand for its airframe maintenance services, although demand for Boeing 747 passenger to freighter conversions remained weak. Hong Kong Aero Engine Services Limited ("HAESL") and Singapore Aero Engine Services Pte. Limited ("SAESL") experienced higher than expected growth in demand for engine overhaul services and corresponding growth in profits. The joint ventures in Mainland China continued to develop technical capabilities; as expected, they made operating losses.

The Group continued to invest in both Hong Kong and Mainland China in order to expand its facilities and technical capabilities and to improve and widen the range of services it can offer to customers. Total capital expenditure for 2011 was HK$532 million. Committed capital expenditure at the end of the year was HK$555 million. During 2011, TAECO opened its sixth hangar, HAESL opened a new component repair centre and Taikoo Engine Services (Xiamen) Company Limited ("TEXL") completed the second phase of its building expansion. The Group acquired a 49% shareholding in a line maintenance provider in Shanghai, with the aim of expanding the Group's line maintenance services in Mainland China.

The aviation industry is being affected by instability and uncertainty in the world's major economies. However, demand for HAECO's airframe and line maintenance services in Hong Kong is expected to remain strong in 2012. HAECO will seek to develop its inventory technical management and component and avionics overhaul businesses. HAESL is expected to perform well in 2012. TAECO and the joint ventures in Mainland China are expected to be adversely affected by high wage inflation, the strength of the Renminbi and increased competition.

CHAIRMAN'S LETTER (cont'd)

The commitment and reliability of our professional work force are central to our success. On behalf of the shareholders, I would like to thank all staff for their hard work and continuing support.

By Order of the Board
Hong Kong Aircraft Engineering Company Limited
Christopher Pratt
Chairman
Hong Kong, 13th March 2012

REVIEW OF OPERATIONS

The profit attributable to the Company's shareholders comprises:

	2011	2010	Change
	HK$M	HK$M	
HAECO	**381**	327	+17%
TAECO	**98**	53	+85%
Share of:			
HAESL and SAESL	**415**	380	+9%
Other subsidiary and jointly controlled companies	**(73)**	(59)	-24%
	821	701	+17%

HAECO

HAECO's Hong Kong operations comprise airframe maintenance in its hangars, line maintenance at the passenger and cargo terminals at Hong Kong International Airport ("HKIA"), component overhaul at Tseung Kwan O, inventory technical management and fleet technical management services.

Airframe Maintenance
HAECO does scheduled maintenance checks, modifications and overhaul work on a wide variety of aircraft types. It competes on turnaround time and quality of workmanship with other maintenance, repair and overhaul facilities worldwide. Manhours sold increased from 2.74 million in 2010 to 3 million in 2011. The increase reflected strong demand for airframe maintenance against a buoyant industry background. Approximately 71% of airframe maintenance work was for airlines based outside Hong Kong.

Line Maintenance
HAECO provides technical and non-technical line maintenance services to airlines operating at HKIA. There was an increase in aircraft movements at HKIA in 2011 as the demand for cargo and passenger services grew. The average number of movements handled by HAECO was 306 per day in 2011, a 10% increase from 2010.

Component Overhaul
HAECO conducts component overhaul in 7,000 square metres of workshop space at Tseung Kwan O in Hong Kong. There was a moderate increase in manhours sold in 2011. Developments in 2011 included the extension of component repair and overhaul services to Airbus A320 and A330 and Boeing 777 aircraft and the development of commercial relationships with original equipment manufacturers in the Asia Pacific region.

REVIEW OF OPERATIONS (cont'd)

Inventory Technical Management and Fleet Technical Management

During the year, HAECO provided inventory technical management for rotable spares for Airbus A300-600F, A319, A320 and A330 aircraft and Boeing 747-200F and 747-800 aircraft and fleet technical management for Airbus A319 and A320 aircraft and Boeing 747-400F and 747-200F aircraft.

HAECO employed 5,102 staff at the end of 2011, 3% more than at the end of 2010.

TAECO

TAECO's principal business is airframe maintenance, line maintenance, freighter conversions and cabin reconfigurations. TAECO opened its sixth wide-body double bay hangar at Xiamen Gaoqi International Airport in June 2011. Its hangars can accommodate 12 wide-body and five narrow-body aircraft at the same time.

TAECO's hangars were fully occupied during the first half of 2011. There was less airframe maintenance work in the second half of the year than the first, but manhours sold for the full year increased by 36% from 2010 to 3.42 million.

TAECO provides line maintenance services in Xiamen, Beijing, Tianjin and Shanghai. It handled an average of 57 aircraft movements per day in 2011, an increase of 18% from 2010.

TAECO continued to develop its cabin interior design and completion capabilities in 2011, for executive, corporate and commercial aircraft. It also provided technical training to third party customers.

TAECO's operating margin in 2011 benefited from the increase in workload, but was partly offset by the appreciation of the Renminbi and by the effect on labour costs of increased competition for skilled workers.

TAECO employed 5,240 staff at the end of 2011, 11% more than at the end of 2010.

HAESL

HAESL (45% owned) repairs and overhauls Rolls-Royce engines and engine components at Tseung Kwan O in Hong Kong. The number of engines dealt with was similar to 2010, but more work was done per engine. Aircraft flew more than expected in the Asia Pacific region. The return to service of certain Cathay Pacific aircraft helped. SAESL, in which HAESL has a 20% interest, reported strong profit growth in 2011 with higher engine output.

The Group's share of the after-tax profit of HAESL, including that derived from HAESL's interest in SAESL, increased by 9% in 2011 to HK$415 million.

FINANCIAL REVIEW

Turnover

Turnover in 2011 increased by 21% to HK$5,171 million, with an 11% increase in HAECO's turnover and a 34% increase in that of TAECO.

	2011	2010	Change
	HK$M	HK$M	
HAECO	**3,307**	2,966	+11%
TAECO	**1,581**	1,177	+34%
Others	**283**	123	+130%
	5,171	4,266	+21%

Operating Expenses

Operating expenses increased by 20% to HK$4,670 million in line with the growth of business.

	2011	2010	Change
	HK$M	HK$M	
Staff remuneration and benefits	**2,366**	1,963	+21%
Cost of direct material and job expenses	**1,260**	1,048	+20%
Depreciation, amortisation and impairment	**439**	381	+15%
Other operating expenses	**605**	498	+21%
	4,670	3,890	+20%

FINANCIAL REVIEW (cont'd)

Profit

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

	HK$M	
2010 profit	701	
Turnover		
HAECO	341	The increase principally reflects a 9% increase in airframe maintenance manhours sold and a 10% increase in line maintenance aircraft movements. The increases in maintenance reflect continued strength in the aviation industry.
TAECO	404	The increase principally reflects a 36% increase in airframe maintenance manhours sold and an 18% increase in line maintenance aircraft movements.
Others	160	The increase principally reflects more work on engines at TEXL and increased line maintenance aircraft movements at Singapore HAECO Pte. Limited.
Staff remuneration and benefits	(403)	The increase reflects salary increases in Hong Kong and Mainland China and higher retirement fund expenses in Hong Kong.
Cost of direct material and job expenses	(212)	The increase reflects an increase in business volume.
Depreciation, amortisation and impairment	(58)	The increase principally reflects depreciation of the new hangar at TAECO.
Other operating expenses	(107)	The increase reflects higher repair and maintenance costs incurred as a result of higher business volume.
Share of after-tax results of jointly controlled companies	28	The increase reflects better profits from HAESL and SAESL, partly offset by higher losses at the joint ventures in Mainland China.
Taxation	(11)	The increase reflects higher profits.
Other items	11	
Non-controlling interests	(33)	The increase reflects better results from TAECO.
2011 profit	821	

Assets

Total assets as at 31st December 2011 were HK$10,110 million. During the year, additions to fixed assets were HK$606 million. Included in this amount was HK$262 million spent on plant, machinery and tools and HK$170 million spent by HAECO on rotable and repairable spares in relation to inventory technical management.

FINANCIAL REVIEW (cont'd)

Borrowings and Financing

At 31st December 2011, the Group had net borrowings of HK$106 million (2010: HK$176 million) and a gearing ratio of 1.5%. Net borrowings consisted of short-term loans of HK$154 million and long-term loans of HK$1,296 million, net of bank balances and short-term deposits of HK$1,344 million. Borrowings are denominated in US dollars and HK dollars, and are fully repayable by 2014. The decrease in net borrowings was mainly due to a better performance at HAECO. Committed loan facilities amounted to HK$2,987 million at 31st December 2011, of which HK$1,800 million were undrawn. In addition, there were uncommitted facilities of HK$534 million at the same date, of which HK$268 million were undrawn.

Currency Hedging

The Group's income is primarily in HK and US dollars and is matched by expenditure in the same currencies. The exception is TAECO which has substantial Renminbi expenditure, but whose revenue is mostly in US dollars. TAECO mitigates its exposure to changes in the exchange rate of the US dollar against Renminbi by retaining surplus funds in Renminbi and by selling US dollars forward. At 31st December 2011, TAECO had sold forward a total of US$151 million to fund part of its Renminbi requirements from 2012 to 2014. The weighted average exchange rate applicable to these forward sales was RMB6.34 to US$1.

Corporate Governance

The Board is committed to a high standard of corporate governance and has adopted the Code on Corporate Governance Practices (the "CG Code") promulgated by The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). It has complied throughout the year with all the mandatory code provisions and with all the recommended best practices applicable during the year with the following exceptions:

- Independent Non-Executive Directors representing one-third of the Board (Section A.3.2 of the CG Code).
- quarterly reporting (Section C.1.4 of the CG Code). The Board has chosen not to comply with this recommended reporting practice because it is its judgement that, as a matter of principle and practice, quarterly reports would not bring net overall benefits to shareholders.
- establishing a nomination committee (Section A.4.4 of the CG Code). The Board has considered the merits of establishing a nomination committee as recommended but has concluded that it is in the best interests of the Company and potential new appointees that the Board collectively reviews and approves the appointment of any new Director as this allows a more informed and balanced decision to be made by both the potential Director and the Board as to suitability for the role.

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

FINANCIAL REVIEW (cont'd)

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

Details of the Company's corporate governance principles and processes will be available in the 2011 annual report.

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

CONSOLIDATED INCOME STATEMENT

for the year ended 31st December 2011

	Note	2011 HK$M	2010 HK$M
Turnover	2	**5,171**	4,266
Operating expenses:			
Staff remuneration and benefits		**(2,366)**	(1,963)
Cost of direct material and job expenses		**(1,260)**	(1,048)
Depreciation, amortisation and impairment		**(439)**	(381)
Insurance and utilities		**(131)**	(118)
Operating lease rentals - land and buildings		**(157)**	(136)
Repairs and maintenance		**(165)**	(123)
Other		**(152)**	(121)
		(4,670)	(3,890)
Other net gains	3	**31**	21
Operating profit		**532**	397
Net finance charges	4	**(7)**	(8)
Net operating profit		**525**	389
Share of after-tax results of jointly controlled companies		**435**	407
Profit before taxation		**960**	796
Taxation	5	**(84)**	(73)
Profit for the year		**876**	723
Profit attributable to:			
The Company's shareholders		**821**	701
Non-controlling interests		**55**	22
		876	723
Dividends			
First interim - paid		**116**	75
Second interim - declared		**316**	-
Final - paid		**-**	274
Special - declared		**566**	-
	6	**998**	349
Earnings per share for profit attributable to the Company's shareholders (basic and diluted)	7	**HK$4.94**	HK$4.21

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31st December 2011

	2011	2010
	HK$M	HK$M
Profit for the year	**876**	723
Other comprehensive income:		
Changes in cash flow hedges		
- recognised during the year	**-**	5
- deferred tax	**1**	-
- transferred to other net gains	**(8)**	-
Share of other comprehensive income of a jointly controlled company	**(2)**	-
Net translation differences on foreign operations	**189**	34
Other comprehensive income for the year, net of tax	**180**	39
Total comprehensive income for the year	**1,056**	762
Total comprehensive income attributable to:		
The Company's shareholders	**925**	731
Non-controlling interests	**131**	31
	1,056	762

Note: Other than cash flow hedges as highlighted above, the items shown within other comprehensive income have no tax effect.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
at 31st December 2011

	Note	2011 HK$M	2010 HK$M
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**4,893**	4,615
Leasehold land and land use rights		**370**	312
Intangible assets		**560**	570
Jointly controlled companies		**1,100**	1,064
Derivative financial instruments		**3**	1
Deferred tax assets		**69**	39
Retirement benefit assets		**320**	301
		7,315	6,902
Current assets			
Stocks of aircraft parts		**310**	289
Work in progress		**143**	147
Trade and other receivables	8	**993**	740
Derivative financial instruments		**5**	7
Cash and cash equivalents		**1,320**	1,098
Short-term deposits		**24**	154
		2,795	2,435
Current liabilities			
Trade and other payables	9	**1,157**	972
Taxation payable		**18**	65
Short-term loans		**154**	223
Long-term loans due within one year		**1,003**	639
		2,332	1,899
Net current assets		**463**	536
Total assets less current liabilities		**7,778**	7,438
Non-current liabilities			
Long-term loans		**293**	566
Receipt in advance		**58**	69
Deferred tax liabilities		**336**	319
Derivative financial instruments		**1**	-
		688	954
NET ASSETS		**7,090**	6,484
EQUITY			
Share capital	10	**166**	166
Reserves	11	**5,909**	5,397
Equity attributable to the Company's shareholders		**6,075**	5,563
Non-controlling interests		**1,015**	921
TOTAL EQUITY		**7,090**	6,484

1. Basis of principal accounting policies

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

The Group has adopted the following relevant revised Hong Kong Financial Reporting Standards ("HKFRS") and amendments effective from 1st January 2011:

HKAS 24 (Revised)	Related Party Disclosures
HKFRSs (Amendments)	Third HKFRS Improvement Project

The revised HKAS 24 has changed the definition of related parties. It has had no financial impact on the Group's accounts.

The improvements to HKFRSs 2010 consist of further amendments to existing standards, including an amendment to HKAS 34 Interim Financial Reporting. HKAS 34 (Amendment) requires further disclosures in interim financial reports. It has had no financial impact on the Group’s accounts.

The adoption of other standards, revisions, amendments and interpretations did not result in substantial changes to the Group's accounting policies and had no significant effect on the results.

2. Turnover and segment information

Turnover represents the aggregated amounts invoiced to customers and changes in work in progress.

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

2. Turnover and segment information (cont'd)

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

Year ended 31st December 2011	HAECO	TAECO	TEXL	HAESL At 100%	HAESL Adjustments to reflect the Group's equity share	Other segments - subsidiary companies	Inter-segment elimination/ unallocated adjustments	Total
	HK$M	HK$M	HK$M	HK$M	HK$M	HK$M	HK$M	HK$M
External turnover	3,307	1,581	170	9,404	(9,404)	113	-	5,171
Inter-segment turnover	71	4	-	7	(7)	19	(94)	-
Total turnover	3,378	1,585	170	9,411	(9,411)	132	(94)	5,171
Operating profit/(loss)	456	173	(80)	930	(930)	(18)	1	532
Finance income	5	13	3	1	(1)	-	(3)	18
Finance charges	(5)	(4)	(12)	(3)	3	(7)	3	(25)
Share of after-tax results of jointly controlled companies	-	-	-	149	266	-	20	435
Profit/(loss) before taxation	456	182	(89)	1,077	(662)	(25)	21	960
Taxation (charge)/credit	(75)	(12)	2	(155)	155	5	(4)	(84)
Profit/(loss) for the year	381	170	(87)	922	(507)	(20)	17	876
Depreciation and amortisation	194	132	62	71	(71)	33	-	421
Provision for/(written back of) impairment of stock and rotable spares	28	4	-	(2)	2	-	-	32
Auditors' remuneration - statutory audit fees	2	1	-	-	-	-	-	3

Year ended 31st December 2010	HAECO	TAECO	TEXL	HAESL At 100%	HAESL Adjustments to reflect the Group's equity share	Other segments - subsidiary companies	Inter-segment elimination/ unallocated adjustments	Total
	HK$M	HK$M	HK$M	HK$M	HK$M	HK$M	HK$M	HK$M
External turnover	2,966	1,177	28	7,286	(7,286)	95	-	4,266
Inter-segment turnover	77	5	-	2	(2)	20	(102)	-
Total turnover	3,043	1,182	28	7,288	(7,288)	115	(102)	4,266
Operating profit/(loss)	399	89	(63)	854	(854)	(28)	-	397
Finance income	-	7	2	-	-	-	(1)	8
Finance charges	(3)	(3)	(7)	(3)	3	(4)	1	(16)
Share of after-tax results of jointly controlled companies	-	-	-	132	248	-	27	407
Profit/(loss) before taxation	396	93	(68)	983	(603)	(32)	27	796
Taxation (charge)/credit	(69)	5	2	(139)	139	(6)	(5)	(73)
Profit/(loss) for the year	327	98	(66)	844	(464)	(38)	22	723
Depreciation and amortisation	181	115	55	62	(62)	30	-	381
Reversal of provision for impairment of stock	-	-	-	(1)	1	-	-	-
Auditors' remuneration - statutory audit fees	1	1	-	-	-	-	-	2

2. Turnover and segment information (cont'd)

At 31st December 2011	HAECO	TAECO	TEXL	HAESL At 100%	HAESL Adjustments to reflect the Group's equity share	Other segments - subsidiary companies	Inter-segment elimination/ unallocated adjustments	Total
	HK$M	HK$M	HK$M	HK$M	HK$M	HK$M	HK$M	HK$M
Total segment assets	**4,683**	**2,955**	**1,369**	**3,825**	**(3,825)**	**392**	**(420)**	**8,979**
Total segment assets include: Additions to non-current assets (other than financial instruments, retirement benefit assets and deferred tax assets)	**236**	**259**	**87**	**142**	**(142)**	**24**	**-**	**606**
Total segment liabilities	**1,145**	**770**	**1,095**	**2,275**	**(2,275)**	**400**	**(390)**	**3,020**

At 31st December 2010	HAECO	TAECO	TEXL	HAESL At 100%	HAESL Adjustments to reflect the Group's equity share	Other segments - subsidiary companies	Inter-segment elimination/ unallocated adjustments	Total
	HK$M	HK$M	HK$M	HK$M	HK$M	HK$M	HK$M	HK$M
Total segment assets	4,204	2,549	1,300	2,678	(2,678)	373	(184)	8,242
Total segment assets include: Additions to non-current assets (other than financial instruments, retirement benefit assets and deferred tax assets)	60	130	143	195	(195)	29	-	362
Total segment liabilities	1,071	634	938	1,186	(1,186)	370	(160)	2,853

	2011	2010
	HK$M	HK$M
Reportable segments' assets are reconciled to total assets as follows:		
Total segment assets	**8,979**	8,242
Unallocated: investment in jointly controlled companies	**1,100**	1,064
Unallocated: intangible assets - goodwill	**31**	31
Total assets	**10,110**	9,337

The Group's jointly controlled companies, except for SAESL, are held by HAECO and TAECO.

Reportable segments' liabilities are equal to total liabilities.

3. Other net gains

	Group **2011**	Group 2010
	HK$M	HK$M
Net foreign exchange gains	**36**	27
Loss on disposal of property, plant and equipment	**(5)**	(6)
	31	21

4. Net finance charges

	Group	
	2011	2010
	HK$M	HK$M
Finance income:		
Short-term deposits and bank balances	**16**	8
Loans due from jointly controlled companies	**2**	-
Finance charges:		
Bank loans	**(25)**	(16)
	(7)	(8)

5. Taxation

	Group	
	2011	2010
	HK$M	HK$M
Current taxation:		
Hong Kong profits tax	**64**	65
Overseas taxation	**32**	8
Under/(over)-provisions in prior years	**20**	(8)
	116	65
Deferred taxation:		
Increase in deferred tax assets	**(24)**	-
(Decrease)/increase in deferred tax liabilities	**(8)**	8
	84	73

Hong Kong profits tax is calculated at 16.5% (2010: 16.5%) on the estimated assessable profits for the year. Overseas tax is calculated at tax rates applicable in jurisdictions in which the Group is assessable for tax.

In July 2011, the Inland Revenue Department in Hong Kong changed its practice regarding tax treatments on defined benefit plans. The total net expenses charged in the income statement under defined benefit plans are no longer allowable for deduction when calculating the estimated assessable profits for the year. Instead, contributions paid will be allowable for deduction. The Group has considered the change in practice and reflected it in the Group's accounts. The change in practice has not had a significant effect on the Group's accounts.

The Group’s share of jointly controlled companies’ tax charge of HK$91 million (2010: HK$70 million) is included in the share of after-tax results of jointly controlled companies shown in the consolidated income statement.

6. Dividends

	Company	
	2011	2010
	HK$M	HK$M
First interim dividend paid on 20th September 2011 of HK$0.70 per share (2010: HK$0.45 per share)	**116**	75
Second interim dividend (in lieu of a final dividend) declared on 13th March 2012 of HK$1.90 per share (2010: nil)	**316**	-
Final dividend: nil (2010 actual dividend paid: HK$1.65 per share)	-	274
Special dividend declared on 13th March 2012 of HK$3.40 per share (2010: nil)	**566**	-
	998	349

With effect from the year ended 31st December 2011, the Company intends to pay two interim dividends instead of an interim dividend and a final dividend. The second interim dividend will be in lieu of a final dividend. The total amount of dividends paid to shareholders for a year will be the same with two interim dividends as it would have been with an interim dividend and a final dividend.

The Directors have declared a second interim dividend of HK$1.90 per share and a special dividend of HK$3.40 per share for the year ended 31st December 2011. Together with the first interim dividend of HK$0.70 per share paid on 20th September 2011, this makes a total dividend for the year of HK$6.00 per share. This represents a total distribution for the year of HK$998 million. The second interim dividend and special dividend will be paid on 24th April 2012 to shareholders registered at the close of business on the record date, being Friday, 30th March 2012. Shares of the Company will be traded ex-dividend as from Wednesday, 28th March 2012.

The register of members will be closed on Friday, 30th March 2012, during which day no transfer of shares will be effected. In order to qualify for entitlement to the second interim dividend and special dividend, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrars, Computershare Hong Kong Investor Services Limited, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Thursday, 29th March 2012.

To facilitate the processing of proxy voting for the annual general meeting to be held on 8th May 2012, the register of members will be closed from 3rd May 2012 to 8th May 2012, both days inclusive, during which period no transfer of shares will be effected. In order to be entitled to attend and vote at the annual general meeting, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrars, Computershare Hong Kong Investor Services Limited, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Wednesday, 2nd May 2012.

6. Dividends (cont'd)

The second interim dividend and special dividend are not accounted for because they had not been declared and approved at the reporting date. The actual amount will be accounted for as an appropriation of the revenue reserve in the year ending 31st December 2012.

7. Earnings per share (basic and diluted)

Earnings per share are calculated by dividing the profit attributable to the Company's shareholders of HK$821 million (2010: HK$701 million) by the weighted average number of 166,324,850 ordinary shares in issue during the year (2010: 166,324,850).

8. Trade and other receivables

		Group	
		2011	2010
		HK$M	HK$M
Trade receivables -	in HK dollars	**48**	57
	in US dollars	**364**	291
	in other currencies	**38**	42
		450	390
Less: Provision for impairment of receivables		**(5)**	-
		445	390
Amounts due from jointly controlled companies		**113**	52
Amounts due from related parties		**183**	101
Other receivables and prepayments		**252**	197
		993	740

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

	Group	
	2011	2010
	HK$M	HK$M
Current	**251**	166
Up to 3 months overdue	**167**	132
3 to 6 months overdue	**14**	15
Over 6 months overdue	**18**	77
	450	390

At 31st December 2011, trade receivables of the Group and the Company of HK$5 million (2010: nil) were considered impaired and provided for. The impaired trade receivables relate to customers which are in unexpectedly difficult financial situations.

8. Trade and other receivables (cont'd)

The ageing of these receivables is as follows:

	Group	
	2011	2010
	HK$M	HK$M
3 to 6 months overdue	**4**	-
Over 6 months overdue	**1**	-
	5	-

9. Trade and other payables

	Group	
	2011	2010
	HK$M	HK$M
Trade payables	**88**	71
Amounts due to jointly controlled companies	**1**	3
Amounts due to related parties	**41**	17
Interest-bearing advance from a related partly at 1.83%	**24**	-
Accrued capital expenditure	**94**	29
Accruals	**700**	635
Other payables	**209**	217
	1,157	972

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

	Group	
	2011	2010
	HK$M	HK$M
Current	**75**	67
Up to 3 months overdue	**12**	4
3 to 6 months overdue	**1**	-
	88	71

10. Share capital

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

11. Reserves

	Revenue reserve		Capital redemption reserve		Exchange translation reserve		Cash flow hedge reserve		Total	
	2011 HK$M	2010 HK$M	**2011 HK$M**	2010 HK$M	**2011 HK$M**	2010 HK$M	**2011 HK$M**	2010 HK$M	**2011 HK$M**	2010 HK$M
Group										
At 1st January	**5,336**	4,980	**19**	19	**38**	11	**4**	1	**5,397**	5,011
Profit for the year	**821**	701	**-**	-	**-**	-	**-**	-	**821**	701
Other comprehensive income										
Cash flow hedges										
- recognised during the year	**-**	-	**-**	-	**-**	-	**-**	3	**-**	3
- deferred tax	**-**	-	**-**	-	**-**	-	**1**	-	**1**	-
- transferred to other net gains	**-**	-	**-**	-	**-**	-	**(5)**	-	**(5)**	-
Share of other comprehensive income of a jointly controlled company	**-**	-	**-**	-	**-**	-	**(2)**	-	**(2)**	-
Net translation differences on foreign operations	**-**	-	**-**	-	**110**	27	**-**	-	**110**	27
Total comprehensive income for the year	**821**	701	**-**	-	**110**	27	**(6)**	3	**925**	731
Change in tax treatment for retirement benefits	**(23)**	-	**-**	-	**-**	-	**-**	-	**(23)**	-
Previous year's final dividend paid	**(274)**	(249)	**-**	-	**-**	-	**-**	-	**(274)**	(249)
Current year's interim dividend paid	**(116)**	(75)	**-**	-	**-**	-	**-**	-	**(116)**	(75)
Change in composition of Group	**-**	(21)	**-**	-	**-**	-	**-**	-	**-**	(21)
At 31st December	**5,744**	5,336	**19**	19	**148**	38	**(2)**	4	**5,909**	5,397

12. Capital commitments

	Group	
	2011 HK$M	2010 HK$M
Contracted but not provided for in the financial statements	**111**	303
Authorised by Directors but not contracted for	**444**	631
	555	934

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

13. Financial guarantees

	Group	
	2011 HK$M	2010 HK$M
Guarantees provided in respect of bank loans of:		
A jointly controlled company	**55**	-

ANNUAL REPORT

The 2011 Annual Report containing all the information required by the Listing Rules will be published on the Stock Exchange website and the Company's website www.haeco.com. Copies will be made available to shareholders in printed or electronic form on 3rd April 2012.

LIST OF DIRECTORS

As at the date of this announcement, the Directors of the Company are:

Executive Directors: C.D. Pratt (Chairman), M. Hayman, F.N.Y. Lung, A.K.W. Tang;
Non-Executive Directors: C.P. Gibbs, P.A. Johansen, M.B. Swire; and
Independent Non-Executive Directors: R.E. Adams, L.K.K. Leong and D.C.L. Tong.

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