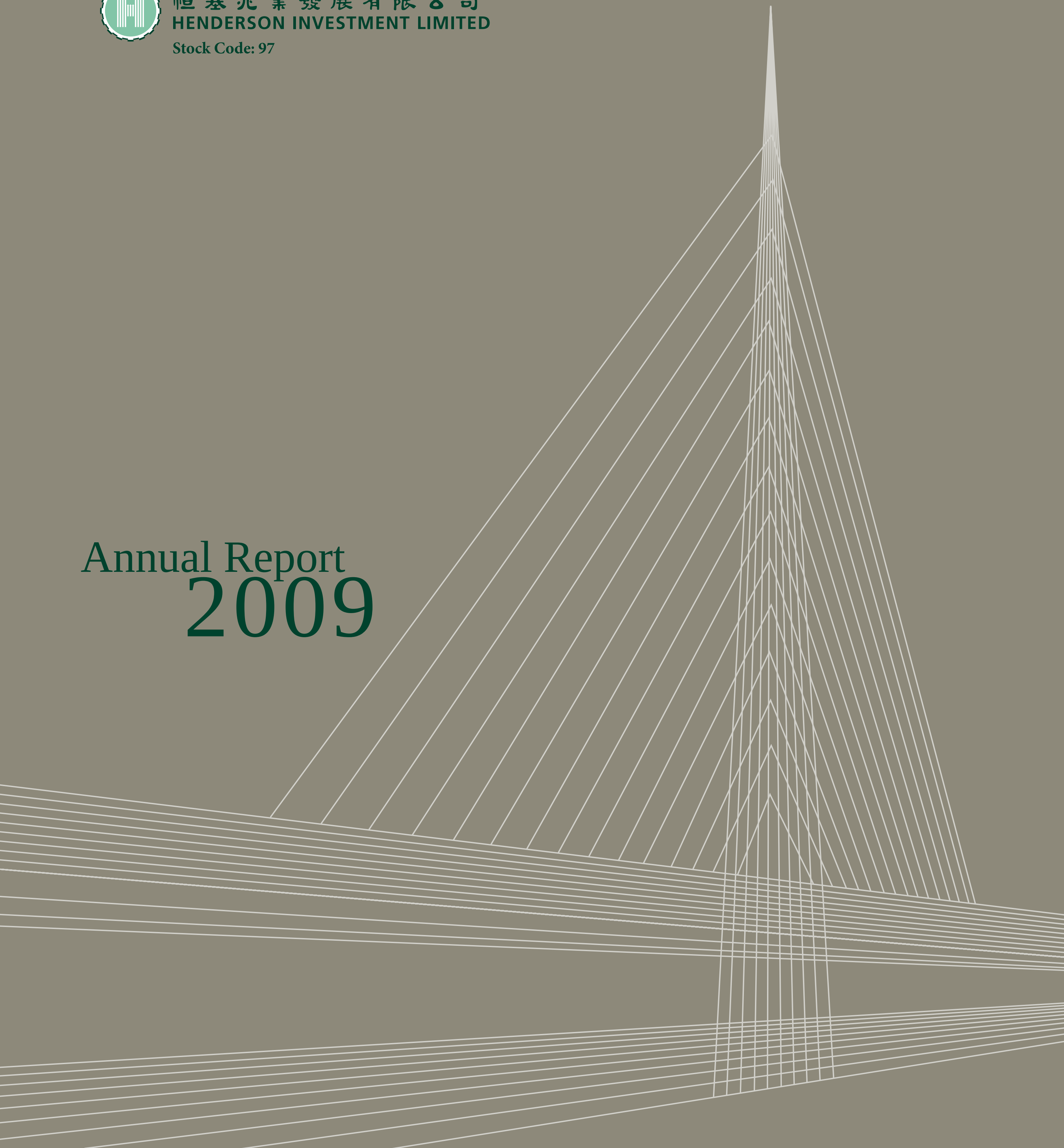
恒基兆業發展有限公司
HENDERSON INVESTMENT LIMITED
Stock Code: 97

Annual Report 2009



Corporate Profile

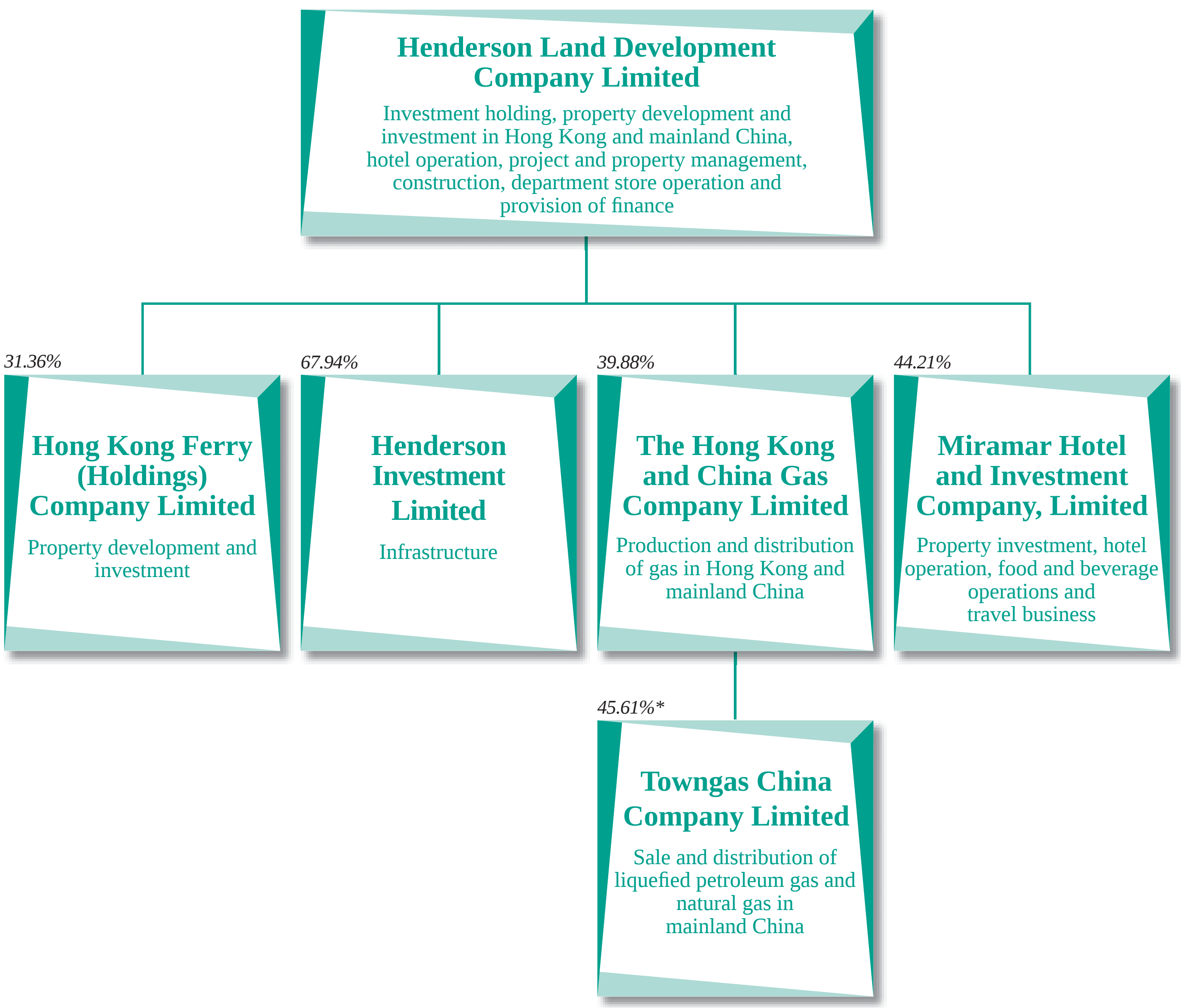
Listed in Hong Kong since 1972, Henderson Investment Limited is a subsidiary of Henderson Land Development Company Limited, a leading property group in Hong Kong. Following the reorganisation to streamline the group structure in 2007, Henderson Land Development Company Limited acquired all of the Company's businesses (other than its infrastructure business) including property investment and development and all its interests in listed associated companies. Since then, the Company has been solely engaged in the infrastructure business in mainland China.

Contents

Group Structure

Henderson Land Group Structure

Market capitalization as at 31 December 2009
Henderson Land Development Company Limited: HK$125 billion
Six listed companies of the Group: HK$268 billion



Note: all percentage shareholdings shown above were figures as of 31 December 2009

* *Towngas China Company Limited was accounted for and consolidated into the consolidated accounts of The Hong Kong and China Gas Company Limited as a subsidiary starting from 31 December 2009.*

Highlights of 2008/2009 Final Results

	For the eighteen months ended 31 December 2009 HK$ million	For the financial year ended 30 June 2008 HK$ million	Change
Turnover	**441**	272	+62%
Profit attributable to Shareholders			
— Continuing operations *(2008 – restated)*	**156**	127	+23%
— Discontinued operations	**—**	35,265	
	156	35,392	-100%
	HK$	HK$	
Earnings per share – basic and diluted			
— Continuing operations	**0.05**	0.04	+25%
— Discontinued operations	**—**	11.57	
	0.05	11.61	-100%
Dividends per share	**0.06**	0.04	+50%
	At 31 December 2009 HK$ million	At 30 June 2008 HK$ million	
Net asset value *(2008 – restated) Note*	**1,564**	1,594	-2%
	HK$	HK$	
Net asset value per share *(2008 – restated) Note*	**0.51**	0.52	-2%

Note: The net asset value referred to above was all attributable to equity shareholders of the Company.

Chairman's Statement

Dear Shareholders

On behalf of your Board, I am pleased to present my report on the operations of the Group for the eighteen months ended 31 December 2009. This report covers a period of eighteen months from 1 July 2008 to 31 December 2009 due to the change of the financial year end date from 30 June to 31 December, as set out in the Company's joint announcement dated 19 March 2009.

Disposal of Interest in a Toll Road

As announced on 12 March 2009, a 70%-owned subsidiary of the Company had entered into an agreement with the joint venture partner of Maanshan Huan Tong Highway Development Limited ("Maanshan Highway JV", being the joint venture engaged in the operation of Maanshan City Ring Road) in relation to the sale by that subsidiary of its entire 70% equity interest in Maanshan Highway JV to the joint venture partner for a consideration of RMB122 million (equivalent to HK$139 million).

The transaction was completed on 26 February 2010, resulting in a net gain on disposal attributable to equity Shareholders of approximately HK$26 million which will be recognised in the Group's accounts for the financial year ending 31 December 2010.

Profit and Net Assets Attributable to Shareholders

The Group profit attributable to equity Shareholders for the eighteen months ended 31 December 2009 amounted to HK$156 million compared to HK$35,392 million (restated) for the financial year ended 30 June 2008. Earnings per share for the eighteen months ended 31 December 2009 were HK$0.05 (Twelve months for the financial year 2008: HK$11.61).

The significant decrease in profit was mainly attributable to a one-off gain of HK$35,265 million from the divestment of the Group's entire interest in The Hong Kong and China Gas Company Limited during the financial year ended 30 June 2008. Excluding the effect of such gain from the discontinued operations, the profit attributable to equity Shareholders for the financial year ended 30 June 2008 amounted to HK$127 million (restated). The Group profit attributable to equity Shareholders of HK$156 million for the eighteen months ended 31 December 2009 represented an increase of HK$29 million or 23% as compared with that of HK$127 million (restated) for the financial year ended 30 June 2008, reflecting the effect of an extended accounting period currently being reported on when compared with the previous period of twelve months ended 30 June 2008, and the increased profit contribution from the infrastructure business during the extended reporting period compared with the financial year ended 30 June 2008.

At 31 December 2009, the net asset value attributable to equity Shareholders amounted to approximately HK$1,564 million or HK$0.51 per share.

Dividends

Your Board recommends the payment of a final dividend of HK$0.02 per share to Shareholders whose names appear on the Register of Members of the Company on 1 June 2010, and such final dividend will not be subject to any withholding tax in Hong Kong. Including the first interim dividend and the second interim dividend each of HK$0.02 per share already paid, the total dividends for the eighteen months ended 31 December 2009 will be HK$0.06 (Twelve months for the financial year 2008: HK$0.04 per share). Final dividend will be distributed to Shareholders on 2 June 2010.

Business Review

After divesting the entire interest in The Hong Kong and China Gas Company Limited to Henderson Land Development Company Limited in December 2007, the Company has focused on its infrastructure business in mainland China. The core asset in the Group's portfolio is its 60% interest in Hangzhou Qianjiang Third Bridge.

In spite of the relatively weak global economy, the Group's operations remained stable during the eighteen months ended 31 December 2009, during which the Group posted a turnover of HK$441 million compared to HK$272 million for the previous period of twelve months ended 30 June 2008. The increase in turnover was primarily attributable to the extended accounting period of eighteen months currently being reported on when compared with the previous period of twelve months ended 30 June 2008, the growth of traffic volume of the toll bridge in Hangzhou and the increase in exchange gain upon conversion of Renminbi to Hong Kong dollars during the period when compared with the financial year ended 30 June 2008.

Since the agreement relating to the sale of the Group's interest in Maanshan City Ring Road was signed in March 2009, the toll road together with other associated assets and liabilities had been classified as a disposal group. Toll revenue generated from Maanshan City Ring Road during the period from 1 July 2008 to 31 March 2009 was recorded under the Group's turnover, while the contribution from the toll road subsequent to its classification as a disposal group was recognized under "Profit for the period of disposal group" in the Group's consolidated profit and loss account for the eighteen months ended 31 December 2009. The breakdown of the Group's turnover is shown below:

	Toll Revenue		
	For the eighteen months ended 31 December 2009 HK$ million	For the financial year ended 30 June 2008 HK$ million	Change
Hangzhou Qianjiang Third Bridge	**398**	216	+84%
Maanshan City Ring Road	**43^**	56	-23%
Total	**441**	272	+62%

^ *Only the toll revenue from 1 July 2008 to 31 March 2009 was included as turnover.*

Hangzhou Qianjiang Third Bridge is a major trunk route linking Beijing and Fujian Province. It is located on National Highway No.104 in Zhejiang Province, spanning approximately 5.8 km over the Qiantangjiang River in Hangzhou and connecting the urban parts of Southern Hangzhou and Xiaoshan and Binjiang. The toll bridge is also an important nodal point for access to major roads leading to the Hangzhou Airport.

Prospects

Thanks to skilful management of the economy by the Central Government, mainland China has been less affected by the global financial crisis and is expected to keep its growth momentum in 2010 despite fine-tuning of its moderately loose monetary policy. Against this backdrop, the Group believes that the performance of Hangzhou Qianjiang Third Bridge, its core asset, would remain steady in the current financial year.

Appreciation

I would like to take this opportunity to thank my fellow directors for their wise counsel and support, and to thank the management and staff at all levels for their dedication, hard work and contributions.

Lee Shau Kee
Chairman

Hong Kong, 30 March 2010

Management discussion and analysis

The following discussions should be read in conjunction with the Company's audited consolidated accounts for the eighteen months ended 31 December 2009.

Material acquisitions and disposals

On 12 March 2009, Hong Kong Vigorous Limited ("Vigorous"), a 70%-owned subsidiary of the Company, entered into an agreement (the "Agreement") with 馬鞍山市過境公路建設開發有限公司 (Maanshan City Cross Border Highway Construction Development Company Limited) ("Maanshan Highway JV Partner"), a state-owned enterprise which has a 30% beneficial interest in Maanshan Huan Tong Highway Development Limited ("Maanshan Highway JV", being the joint venture engaged in the operation of Maanshan City Ring Road), in relation to the sale by Vigorous of its entire 70% interest in Maanshan Highway JV to Maanshan Highway JV Partner for a consideration of RMB122 million (equivalent to HK$139 million). At 31 December 2009, the transaction had yet to be completed and the assets and liabilities associated with the operations of Maanshan Highway JV were classified as held for sale. Further details are set out in note 28(a) to the Company's audited consolidated accounts for the eighteen months ended 31 December 2009.

On 26 February 2010, the transaction was completed. A net gain on disposal attributable to equity Shareholders of approximately HK$26 million will be recognised in the Group's accounts for the year ending 31 December 2010.

Save as disclosed above, the Group did not undertake any significant acquisition or other significant disposal of subsidiaries or assets during the eighteen months ended 31 December 2009.

Results of operations

The Group's operations comprised the infrastructure business in mainland China, being the operating right of a toll bridge in Hangzhou, Zhejiang Province and the operating right of a toll highway in Maanshan, Anhui Province. Turnover for the eighteen months ended 31 December 2009 amounted to HK$441 million (Year ended 30 June 2008: HK$272 million), representing an increase of HK$169 million, or 62%, over that for the financial year ended 30 June 2008. This was mainly attributable to (i) an extended accounting period of eighteen months currently being reported on when compared with the previous period of twelve months for the year ended 30 June 2008; (ii) the increase in traffic volume of the toll bridge in Hangzhou during the period when compared with the financial year ended 30 June 2008; and (iii) the exchange gain upon conversion of Renminbi ("RMB") to Hong Kong dollars during the period when compared with the financial year ended 30 June 2008.

Profit attributable to equity Shareholders for the eighteen months ended 31 December 2009 amounted to HK$156 million (2008 (restated): HK$35,392 million), representing a decrease of HK$35,236 million from that for the financial year ended 30 June 2008. Such a decrease was due to the fact that the profit attributable to equity Shareholders (as restated) of HK$35,392 million for the financial year ended 30 June 2008 included the profit attributable to equity Shareholders from discontinued operations of HK$35,265 million, which figure comprised (i) the Group's share of post-tax profit of The Hong Kong and China Gas Company Limited ("Hong Kong and China Gas") of HK$1,484 million for the financial year ended 30 June 2008; and (ii) the gain on disposal of the Group's entire interest in Hong Kong and China Gas (the "Transaction", which was completed on 17 December 2007) of HK$33,781 million.

Excluding the effect of the abovementioned discontinued operations for the financial year ended 30 June 2008, the profit attributable to equity Shareholders for the financial year ended 30 June 2008 amounted to HK$127 million (restated). The profit attributable to equity Shareholders of HK$156 million for the eighteen months ended 31 December 2009 represented an increase of HK$29 million, or 23%, over that for the financial year ended 30 June 2008 for the reasons of (i) an extended accounting period of eighteen months currently being reported on when compared with the previous period of twelve months for the year ended 30 June 2008; and (ii) increased profit contribution from the Group's infrastructure business during an extended reporting period compared with the financial year ended 30 June 2008.

Financial resources, liquidity and loan maturity profile

At 31 December 2009, the aggregate amount of the Group's bank borrowings was HK$22 million (30 June 2008: HK$40 million). The cash and bank balances, the maturity profile of the bank borrowings and the gearing ratio of the Group were as follows:

	At 31 December 2009 HK$ million	At 30 June 2008 HK$ million
Cash and bank balances	**1,278**	836
Less: Bank borrowings repayable		
— Within 1 year	**11**	11
— After 1 year but within 2 years	**11**	18
— After 2 years but within 5 years	**—**	11
Total bank borrowings	**22**	40
Net cash and bank balances	**1,256**	796
Gearing ratio	**Nil**	Nil

Finance costs for the period amounted to HK$2 million (Year ended 30 June 2008: HK$5 million) which were immaterial to the Group's operations.

Based on the Group's net cash and bank balances of HK$1,256 million at 31 December 2009, the Group has adequate financial resources in meeting the funding requirements for its ongoing operations as well as its future expansion.

Treasury and financial management

The Group's financing and treasury activities are centrally managed at the corporate level. At 31 December 2009, the Group had no bank borrowings other than a Renminbi-denominated secured bank loan in relation to Maanshan Highway JV, which amount was classified as a liability associated with assets classified as held for sale as referred to in note 28(a) to the Company's audited consolidated accounts for the eighteen months ended 31 December 2009. During the period, the Group did not enter into any derivative financial instruments for speculative or hedging purposes. The Group monitors closely its interest rate exposure and foreign exchange rate exposure (the latter being its investments in the infrastructure business in mainland China which is denominated in Renminbi and is not hedged) and will consider hedging these exposures should the need arise.

Apart from the foregoing, the Group did not have any material exposures to interest rates or foreign exchange rates at 31 December 2009.

Charge on assets

Assets of the Group were not charged to any third parties at 31 December 2009, except that certain project financing facilities which were extended by banks to a subsidiary of the Company engaged in infrastructure projects in mainland China were secured by the Group's toll highway operating right. At 31 December 2009, the outstanding balance of the Group's secured bank loans was HK$22 million (30 June 2008: HK$40 million).

Capital commitments

At 31 December 2009, the Group did not have any capital commitments (30 June 2008: Nil).

Contingent liabilities

At 31 December 2009, the Group did not have any contingent liabilities (30 June 2008: Nil).

Employees and remuneration policy

At 31 December 2009, the Group had approximately 130 (30 June 2008: 215) full-time employees. The remuneration of the employees is in line with the market and commensurable with the level of pay in the industry. Discretionary year-end bonuses are payable to the employees based on individual performance. Other benefits to the employees include medical insurance, retirement scheme, training programmes and education subsidies.

Total staff costs for the continuing and discontinued operations for the period amounted to HK$17 million (Year ended 30 June 2008: HK$13 million), which comprised staff costs (other than directors' remuneration) for the period of HK$15 million (Year ended 30 June 2008: HK$12 million) and directors' remuneration for the period of HK$2 million (Year ended 30 June 2008: HK$1 million).

Five Year Financial Summary

		Year ended 30 June				Period from 1 July 2008 to 31 December
		2005	2006	2007	2008 (restated)	2009 *(note 1)*
	Note	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million
Profit for the year/period	*2*	3,508	3,667	5,391	35,392	156
		HK$	HK$	HK$	HK$	**HK$**
Earnings per share	*2*	1.25	1.28	1.77	11.61	0.05
Dividends per share	*2&4*	0.28	0.28	0.28	0.04	0.06

		At 30 June				At 31 December
		2005	2006	2007	2008 (restated)	2009 *(note 1)*
	Note	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million
Property, plant and equipment, and investment properties	*3*	5,686	6,696	596	4	1
Intangible operating rights	*3*	562	171	179	749	508
Interest in associates		13,716	16,243	14,444	—	—
Inventories		288	310	—	—	—
Net asset value	*2*	21,517	27,653	16,962	1,594	1,564
		HK$	HK$	HK$	HK$	**HK$**
Net asset value per share	*2*	7.64	9.07	5.57	0.52	0.51

Notes:

1 *Pursuant to a resolution of the Board of Directors dated 19 March 2009, the Company's financial year end date has been changed from 30 June to 31 December in order to align with that of the intermediate holding company, Henderson Land Development Company Limited.*

2 *The profits, earnings, dividends, and net asset values shown or referred to above were all attributable to equity shareholders of the Company.*

3 *In order to comply with HK(IFRIC)-Int 12 "Service concession arrangements", the Group changed its accounting policy relating to toll bridge under public-to-private service concession arrangement with effect from 1 July 2008. The new accounting policy was applied retrospectively with figures for the financial year ended 30 June 2008 restated. Figures in financial years before 1 July 2007 have not been restated as the management consider it would be impracticable to do so.*

4 *Dividends per share excluded the distributions of HK$5 per share and HK$16.4938 per share approved and paid during the years ended 30 June 2007 and 2008, respectively, following the sale of assets and share premium reduction in both years.*

Corporate Governance Report

The Board of Directors of the Company (the "Board") is pleased to present the Corporate Governance Report of the Company for the eighteen months ended 31 December 2009.

A) Commitment to Corporate Governance

The Company acknowledges the importance of good corporate governance practices and procedures and regards a pre-eminent board of directors, sound internal controls and accountability to all shareholders as the core elements of its corporate governance principles. The Company endeavours to ensure that its businesses are conducted in accordance with rules and regulations, and applicable codes and standards.

B) Corporate Governance Practices

During the eighteen months ended 31 December 2009, the Company applied all those principles as set out in the Code on Corporate Governance Practices (the "Code") in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") and complied with the relevant code provisions in the Code, with the exception of one deviation as set out under the paragraphs on "Board of Directors" below. The application of the relevant principles is stated in the following paragraphs.

C) Board of Directors

a) Responsibilities of and Support for Directors

The Board has the responsibility for management of the Company, which includes formulating business strategies, and directing and supervising the Company's affairs, approving interim reports and annual reports, announcements and press releases of interim and final results, considering dividend policy, approving the issue, allotment or disposal or grant of options in respect of unissued new shares or debentures of the Company and reviewing the effectiveness of the internal control system which includes reviewing the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programmes and budget. The Board makes broad policy decisions and has delegated the responsibility for detailed considerations to the standing committee of the Board (the "Standing Committee").

The day-to-day management, administration and operation of the Company are delegated to the management. The Board gives clear directions to the management as to their powers of management, and circumstances in which the management should report back.

Every Director ensures that he gives sufficient time and attention to the affairs of the Company. Each Director shall disclose to the Company at the time of his appointment the directorships held in listed companies or nature of offices held in public organizations and other significant commitment, with the identity of such listed companies or organizations. The Company also requires Directors to provide updates on such information twice a year.

All Directors have full and timely access to all relevant information as well as the advice and services of the Company Secretary, with a view to ensuring that Board procedures and all applicable rules and regulations are followed. The Directors will be notified of rule amendment updates in respect of corporate governance practices so as to keep them abreast of latest rule requirements and assist them in fulfilling their responsibilities. The Non-executive Directors and Independent Non-executive Directors may take independent professional advice at the Company's expense in carrying out their functions, after making a request to the Board.

b) Board Composition

The Board currently comprises nineteen members (including alternate director), as detailed below:

Executive Directors	Non-executive Directors	Independent Non-executive Directors
Lee Shau Kee *(Chairman and Managing Director)*	Woo Po Shing	Gordon Kwong Che Keung
Lee Ka Kit *(Vice Chairman)*	Philip Yuen Pak Yiu	Ko Ping Keung
Colin Lam Ko Yin *(Vice Chairman)*	Leung Hay Man	Wu King Cheong
Lee Ka Shing *(Vice Chairman)*	Jackson Woo Ka Biu *(as alternate to Woo Po Shing)*	
Lee Tat Man		
Suen Kwok Lam		
Lee King Yue		
Eddie Lau Yum Chuen		
Li Ning		
Patrick Kwok Ping Ho		
Augustine Wong Ho Ming		
Sit Pak Wing		

The biographical details of the Directors are set out on pages 26 to 29 of this Annual Report. In particular, Dr. Lee Shau Kee is the father of Lee Ka Kit and Lee Ka Shing, father-in-law of Li Ning and the brother of Lee Tat Man. Sir Po-shing Woo is the father of Jackson Woo Ka Biu. Save as aforesaid, none of the members of the Board is related to one another.

The term of office of all Non-executive Directors (including Independent Non-executive Directors) has been fixed for a specific term for three years until 31 December 2010. They are subject to retirement by rotation and re-election at the Company's Annual General Meeting ("AGM") in accordance with the Articles of Association of the Company ("Articles").

During the eighteen months ended 31 December 2009, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three Independent Non-executive Directors with at least one Independent Non-executive Director possessing appropriate professional qualifications, or accounting or related financial management expertise.

The appointment of Independent Non-executive Directors strictly adheres to the guidelines for assessing independence set out in Rule 3.13 of the Listing Rules. The Company has received in writing confirmation of their independence from each of the Independent Non-executive Directors and considers them to be independent of the management and free of any relationship that could materially interfere with the exercise of their independent judgment. The Board considers that each of the Non-executive Directors and Independent Non-executive Directors brings his own relevant expertise to the Board.

The roles of the chairman and the chief executive officer of the Company have not been segregated as required by code provision A.2.1 of the Code. The Company is of the view that it is in the best interest of the Company that Dr. Lee Shau Kee, with his profound expertise in business, shall continue in his dual capacity as the Chairman and Managing Director.

c) Appointment and Re-election of Directors

The Board is empowered under the Articles to appoint any person as a Director to fill a casual vacancy on or as an additional member of the Board. Only the most suitable candidates who are experienced and competent and able to fulfill the fiduciary duties and duties of skill, care and diligence would be recommended to the Board for selection.

In accordance with the Articles, new appointments to the Board are subject to re-election by shareholders at the next following AGM. Furthermore, the nearest one-third of the Directors will retire from office by rotation but are eligible for re-election by shareholders at the AGM and the Board will ensure that every Director is subject to retirement by rotation at least once every three years.

d) Board Meetings

i) Number of Meetings and Directors' Attendance

The Board meets from time to time to discuss and exchange ideas on the affairs of the Company. During the eighteen months ended 31 December 2009, the Board held seven meetings to approve interim/final results announcements and interim/annual reports, to determine the level of dividends, to discuss significant issues and the general operation of the Company and to approve matters and transactions specifically reserved to the Board for its decision. The attendance of the Directors is set out in the table on page 15.

ii) Practices and Conduct of Meetings

Notices of regular Board meetings are given to all Directors at least 14 days before the meetings. For other Board and committee meetings, reasonable notice is generally given.

The Company Secretary of the Company is responsible to take and keep minutes of all Board meetings and committee meetings. Draft minutes are normally circulated to Directors for comment within a reasonable time after each meeting and the final signed version is sent to all Directors for their records and open for Directors' inspection.

e) Conflict of Interest

If a director has a material interest in a matter to be considered by the Board, a physical meeting will be held to discuss the matter instead of seeking Directors’ written consent by way of circulation of written resolution. In accordance with the Articles, such Director who considered to be materially interested in the matter shall abstain from voting and not be counted in the quorum.

f) Director’s and Officer’s Liability Insurance

Director’s and officer’s liability insurance has been arranged to indemnify the Directors and senior management against any potential liability arising from the Company’s business activities which such Directors and senior management may be held liable.

D) Board Committees

The Board has set up three main Board Committees, namely, the Standing Committee, the Audit Committee and the Remuneration Committee, for overseeing particular aspects of the Company's affairs. The Standing Committee of the Board operates as a general management committee with delegated authority from the Board. The terms of reference of the Audit Committee and the Remuneration Committee are no less exacting than those set out in the Code.

The Board Committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expenses.

a) Audit Committee

The Audit Committee was established in December 1998 and reports to the Board. The members of the Audit Committee are:

Independent Non-executive Directors	**Non-executive Director**
Gordon Kwong Che Keung *(Chairman)*	Leung Hay Man
Ko Ping Keung	
Wu King Cheong	

The Chairman has the appropriate professional qualifications as required under the Listing Rules. None of the members of the Audit Committee was a former partner of the Company's existing external auditors within one year immediately prior to the dates of their respective appointments. All members have appropriate skills and experience in reviewing financial statements as well as addressing significant control and financial issues of public companies. The Board expects the Committee members to exercise independent judgment in conducting the business of the Committee.

The written terms of reference include the authority and duties of the Audit Committee and amongst its principal duties are the review and supervision of the Company's financial reporting process and internal control procedures. In regard to the financial reporting process, the Audit Committee would consider any significant items reflected in the reports and accounts, and any matters that have been raised by the Company’s General Manager of the Accounts Department. The terms of reference of the Audit Committee are available on the Company's website.

The Audit Committee held five meetings during the eighteen months ended 31 December 2009. The major work performed by the Audit Committee in respect of the eighteen months ended 31 December 2009 included reviewing and recommending the re-appointment of external auditors, approving the terms of engagement (including the remuneration) of the external auditors, reviewing the unaudited interim report and interim results announcement for the six months ended 31 December 2008, reviewing the second unaudited interim report and interim results announcement for the twelve months ended 30 June 2009, reviewing the audited accounts and final results announcement for the eighteen months ended 31 December 2009, reviewing the work of the Group's internal audit department and assessing the effectiveness of the Group's systems of risk management and internal control. The Audit Committee also discussed with the management to ensure that the Company is having adequate resources, qualified and experienced staff of the accounting and financial reporting function, and training programmes and budget.

b) Remuneration Committee

The Remuneration Committee which was established in January 2005 comprises:

Executive Directors	**Independent Non-executive Directors**
Lee Shau Kee	Wu King Cheong *(Chairman)*
Colin Lam Ko Yin	Gordon Kwong Che Keung
	Ko Ping Keung

Each member is sufficiently experienced and is appropriately skilled in the issues of determining executive compensations in public companies. The Board expects the Committee members to exercise independent judgment in conducting the business of the Committee.

The written terms of reference include the specific duties of making recommendations to the Board on the Company's policy and structure for all remuneration of directors and senior management. The terms of reference of the Remuneration Committee are available on the Company's website.

The Remuneration Committee meets once at the beginning of every year to review the salary structure of the employees of the Company as well as the remuneration of senior management staff. The Committee also reviews the remuneration of the Directors with reference to the remuneration level of directors of comparable listed companies.

Particulars of the Directors' remuneration disclosed pursuant to Section 161 of the Hong Kong Companies Ordinance and Appendix 16 of the Listing Rules are set out in note 9 to the accounts on pages 54 to 56. The Directors' fee is fixed at the rate of HK$20,000 per annum for each Director and in case of each member of the Audit Committee an additional remuneration at the rate of HK$180,000 per annum until the Company in general meetings otherwise determines. Other emoluments shall from time to time be determined by the Board with reference to the Directors' duties and responsibilities and subject to a review by the Remuneration Committee.

c) Attendance Record at Board, Audit and Remuneration Committees' Meetings

The attendance of the individual Director at the meetings of the Board, the Audit Committee and the Remuneration Committee during the eighteen months ended 31 December 2009 is set out in the following table:

	No. of meetings attended / No. of meetings held		
	Board	Audit Committee	Remuneration Committee
Executive Directors:			
Lee Shau Kee *(Chairman)*	7/7	N/A	1/1
Lee Ka Kit	6/7	N/A	N/A
Colin Lam Ko Yin	7/7	N/A	1/1
Lee Ka Shing	7/7	N/A	N/A
Lee Tat Man	3/7	N/A	N/A
Suen Kwok Lam	7/7	N/A	N/A
Lee King Yue	7/7	N/A	N/A
Eddie Lau Yum Chuen	7/7	N/A	N/A
Li Ning	7/7	N/A	N/A
Patrick Kwok Ping Ho	7/7	N/A	N/A
Augustine Wong Ho Ming	7/7	N/A	N/A
Sit Pak Wing	7/7	N/A	N/A
Non-executive Directors:			
Woo Po Shing	*5/7	N/A	N/A
Philip Yuen Pak Yiu	4/7	N/A	N/A
Leung Hay Man	7/7	5/5	N/A
Independent Non-executive Directors:			
Gordon Kwong Che Keung	7/7	5/5	1/1
Ko Ping Keung	7/7	5/5	1/1
Wu King Cheong	7/7	5/5	1/1

**Remarks: These five meetings were attended by his alternate, Mr. Jackson Woo Ka Biu.*

E) Directors' Responsibility for the Financial Statements

The Directors acknowledge their responsibility for preparing the financial statements for the eighteen months ended 31 December 2009, which give a true and fair view of the state of affairs of the Company and of the Group at that date and of the Group's results and cash flows for the eighteen–month period then ended and are properly prepared on the going concern basis in accordance with the statutory requirements and applicable accounting standards.

The statement of the Auditors of the Company about their reporting responsibilities on the financial statements of the Company is set out in the Auditors' Report on page 32.

F) Auditors' Remuneration

For the eighteen months ended 31 December 2009, the Auditors of the Company and its subsidiaries received approximately HK$1.1 million for audit and audit related services (Twelve months for the financial year 2008: HK$0.7 million) and HK$0.2 million for non-audit services (Twelve months for the financial year 2008: HK$0.1 million). The non-audit services rendered were to review the financial information in relation to the Group’s consolidated interim accounts for the six months ended 31 December 2008 and second consolidated interim accounts for the twelve months ended 30 June 2009.

G) Model Code

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules as the code for dealing in securities of the Company by the Directors (the "Model Code"). Having made specific enquiries, the Company confirms that all Directors have complied with the required standards as set out in the Model Code.

H) Internal Controls

The Board is responsible for ensuring sound and effective internal control systems to safeguard the shareholders' investment and the Company's assets.

The Internal Audit Department of the Company, which reports directly to the Audit Committee and is independent of the Company's daily operations, is responsible for conducting regular audit on the major activities of the Company. Its objective is to ensure that all material controls, including financial, operational and compliance controls and risk management functions are in place and functioning effectively. During the eighteen months ended 31 December 2009, the Board has reviewed through the Audit Committee the effectiveness of the Group's internal control systems, and the adequacy of resources, qualifications and experience of staff of the accounting and financial reporting function and their training programmes and budget in order to ensure that they meet with the dynamic and ever changing business environment.

I) Shareholder Rights and Investor Relations

The Board is committed to maintaining an on-going dialogue with shareholders and providing timely disclosure of information concerning the Group’s material developments to shareholders and investors.

The annual general meetings of the Company provide a forum for communication between the shareholders and the Board. The notice of the AGM is despatched to all shareholders at least 20 clear business days prior to such AGM. The Chairman of the Board and the chairmen of all the Board Committees, or in their absence, other members of the respective Committees, are available to answer questions at the annual shareholders' meetings. Pursuant to the Listing Rules, any vote of shareholders at a general meeting will be taken by poll. Detailed procedures for conducting a poll will be explained to the shareholders at the commencement of the general meeting to ensure that shareholders are familiar with such voting procedures. The poll results will be posted on the websites of the Hong Kong Stock Exchange and the Company on the business day following the shareholders' meeting. Moreover, a separate resolution will be proposed by the chairman of a general meeting in respect of each substantially separate issue.

The Company continues to enhance communications and relationships with its investors. Designated senior management maintains regular communication and dialogue with shareholders, investors and analysts. Enquiries from investors are dealt with in an informative and timely manner.

As a channel to further promote effective communication, the Group maintains a website at http://www.hilhk.com where the Company's announcements and press releases, business developments and operations, financial information, corporate governance practices and other information are posted.

Report of the Directors

The Directors have pleasure in submitting to shareholders their annual report together with the audited accounts for the eighteen months ended 31 December 2009.

Change of Financial Year End Date

The accounts as audited covering a period of eighteen months from 1 July 2008 to 31 December 2009 are prepared due to the change of the financial year end date from 30 June to 31 December, as set out in the Company's joint announcement dated 19 March 2009. Pursuant to the direction granted by the Registrar of Companies under S. 127(2) of the Companies Ordinance (Chapter 32, the Laws of Hong Kong), the said accounts will be laid before the forthcoming annual general meeting of the Company.

Principal Activities

The Company is an investment holding company and the principal activities of its subsidiaries during the eighteen months ended 31 December 2009 were investment holding and infrastructure business.

Subsidiaries

Particulars of the principal subsidiaries of the Company as at 31 December 2009 are set out on pages 79 and 80.

Group Profit

The profit of the Group for the eighteen months ended 31 December 2009 and the state of affairs of the Company and the Group as at 31 December 2009 are set out in the accounts on pages 33 to 80.

Dividends

The first interim dividend and the second interim dividend each of HK$0.02 per share were paid on 23 April 2009 and 4 December 2009 respectively. The Directors have recommended the payment of a final dividend of HK$0.02 per share to shareholders whose names appear on the Register of Members of the Company on 1 June 2010, and such dividend will not be subject to any withholding tax in Hong Kong.

Property, Plant and Equipment

Particulars of the movements in property, plant and equipment during the eighteen months ended 31 December 2009 are set out in note 17 to the accounts on pages 62 and 63.

Bank Loans

Particulars of bank loans of the Company and the Group as at 31 December 2009 are set out in note 24 to the accounts on pages 68 and 69.

Reserves

Particulars of the movements in reserves during the eighteen months ended 31 December 2009 are set out in note 30 to the accounts on pages 73 to 76.

Share Capital

Details of the Company's share capital are set out in note 30 to the accounts on page 75.

Group Financial Summary

The results, assets and liabilities of the Group for the last four years ended 30 June and the eighteen months ended 31 December 2009 are summarized on page 9.

Directors' Remuneration

Particulars of the Directors' remuneration disclosed pursuant to Section 161 of the Companies Ordinance and Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited are set out in note 9 to the accounts on pages 54 to 56.

Directors

The Directors of the Company during the eighteen months ended 31 December 2009 and up to the date of this report are:

Executive Directors

Dr. the Hon. Lee Shau Kee
(Chairman and Managing Director)
Lee Ka Kit
(Vice Chairman)
Colin Lam Ko Yin
(Vice Chairman)
Lee Ka Shing
(Vice Chairman)
Lee Tat Man
Suen Kwok Lam
Lee King Yue
Eddie Lau Yum Chuen
Li Ning
Patrick Kwok Ping Ho
Augustine Wong Ho Ming
Sit Pak Wing

Non-executive Directors

Sir Po-shing Woo
Philip Yuen Pak Yiu
Leung Hay Man
Jackson Woo Ka Biu
(Alternate Director to Sir Po-shing Woo)

Independent Non-executive Directors

Gordon Kwong Che Keung
Professor Ko Ping Keung
Wu King Cheong

Dr. Lee Shau Kee, Mr. Li Ning, Mr. Sit Pak Wing, Sir Po-shing Woo, Mr. Gordon Kwong Che Keung and Professor Ko Ping Keung will retire by rotation at the forthcoming annual general meeting in accordance with Article 116 of the Company's Articles of Association and Code on Corporate Governance Practices and with the exception of Mr. Li Ning, Mr. Sit Pak Wing and Sir Po-shing Woo, being eligible, offer themselves for re-election.

Mr. Li Ning, Mr. Sit Pak Wing and Sir Po-shing Woo do not offer themselves for re-election and will retire from the Board at the conclusion of the forthcoming annual general meeting. Accordingly, Mr. Jackson Woo Ka Biu will cease to be an alternate to Sir Po-shing Woo.

Disclosure of Interests

Directors' Interests in Shares

As at 31 December 2009, the interests and short positions of each Director of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept under Section 352 of the SFO or which were notified to the Company or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Companies were as follows:

Ordinary Shares (unless otherwise specified)
Long Positions

Name of Company	Name of Director	Note	Personal Interests	Family Interests	Corporate Interests	Other Interests	Total	% Interest
Henderson Investment Limited	Lee Shau Kee	1	34,779,936		2,076,089,007		2,110,868,943	69.27
	Lee Ka Kit	1				2,076,089,007	2,076,089,007	68.13
	Lee Ka Shing	1				2,076,089,007	2,076,089,007	68.13
	Li Ning	1		2,076,089,007			2,076,089,007	68.13
	Lee Tat Man	2	6,666				6,666	0.00
	Lee King Yue	3	1,001,739				1,001,739	0.03
Henderson Land Development Company Limited	Lee Shau Kee	4	7,269,006		1,149,305,866		1,156,574,872	53.88
	Lee Ka Kit	4				1,149,305,866	1,149,305,866	53.54
	Lee Ka Shing	4				1,149,305,866	1,149,305,866	53.54
	Li Ning	4		1,149,305,866			1,149,305,866	53.54
	Lee Tat Man	5	111,393				111,393	0.01
	Lee King Yue	6	252,263		19,800		272,063	0.01
	Woo Ka Biu, Jackson	7		2,000			2,000	0.00
Henderson Development Limited	Lee Shau Kee	8			8,190 (Ordinary A Shares)		8,190 (Ordinary A Shares)	100.00
	Lee Shau Kee	9			3,510 (Non-voting B Shares)		3,510 (Non-voting B Shares)	100.00
	Lee Shau Kee	10	35,000,000 (Non-voting Deferred Shares)		15,000,000 (Non-voting Deferred Shares)		50,000,000 (Non-voting Deferred Shares)	100.00
	Lee Ka Kit	8				8,190 (Ordinary A Shares)	8,190 (Ordinary A Shares)	100.00
	Lee Ka Kit	9				3,510 (Non-voting B Shares)	3,510 (Non-voting B Shares)	100.00
	Lee Ka Kit	10				15,000,000 (Non-voting Deferred Shares)	15,000,000 (Non-voting Deferred Shares)	30.00

Ordinary Shares (unless otherwise specified) (continued)
Long Positions

Name of Company	Name of Director	Note	Personal Interests	Family Interests	Corporate Interests	Other Interests	Total	% Interest
	Lee Ka Shing	8				8,190 (Ordinary A Shares)	8,190 (Ordinary A Shares)	100.00
	Lee Ka Shing	9				3,510 (Non-voting B Shares)	3,510 (Non-voting B Shares)	100.00
	Lee Ka Shing	10				15,000,000 (Non-voting Deferred Shares)	15,000,000 (Non-voting Deferred Shares)	30.00
	Li Ning	8		8,190 (Ordinary A Shares)			8,190 (Ordinary A Shares)	100.00
	Li Ning	9		3,510 (Non-voting B Shares)			3,510 (Non-voting B Shares)	100.00
	Li Ning	10		15,000,000 (Non-voting Deferred Shares)			15,000,000 (Non-voting Deferred Shares)	30.00
Drinkwater Investment Limited	Leung Hay Man	11			5,000		5,000	4.49
	Woo Po Shing	12			3,250		3,250	2.92
Henfield Properties Limited	Lee Ka Kit	13			4,000	6,000	10,000	100.00
Heyield Estate Limited	Lee Shau Kee	14			100		100	100.00
	Lee Ka Kit	14				100	100	100.00
	Lee Ka Shing	14				100	100	100.00
	Li Ning	14		100			100	100.00
Pettystar Investment Limited	Lee Shau Kee	15			3,240		3,240	80.00
	Lee Ka Kit	15				3,240	3,240	80.00
	Lee Ka Shing	15				3,240	3,240	80.00
	Li Ning	15		3,240			3,240	80.00

Save as disclosed above, none of the Directors or Chief Executive of the Company or their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or its associated corporations as defined in the SFO.

Share Option Schemes

The Company and its subsidiaries have no share option schemes.

Arrangements to Purchase Shares or Debentures

At no time during the eighteen months ended 31 December 2009 was the Company or any of its holding companies, subsidiary companies or fellow subsidiaries a party to any arrangement to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Substantial Shareholders' and Others' Interests

As at 31 December 2009, the interests and short positions of every person, other than Directors of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO were as follows:

Long Positions

	No. of shares in which interested	% Interest
Substantial Shareholders:		
Rimmer (Cayman) Limited (Note 1)	2,076,089,007	68.13
Riddick (Cayman) Limited (Note 1)	2,076,089,007	68.13
Hopkins (Cayman) Limited (Note 1)	2,076,089,007	68.13
Henderson Development Limited (Note 1)	2,070,473,859	67.94
Henderson Land Development Company Limited (Note 1)	2,070,473,859	67.94
Kingslee S.A. (Note 1)	2,070,473,859	67.94
Banshing Investment Limited (Note 1)	802,854,200	26.35
Markshing Investment Limited (Note 1)	602,398,418	19.77
Covite Investment Limited (Note 1)	363,328,900	11.92
Persons other than Substantial Shareholders:		
Gainwise Investment Limited (Note 1)	217,250,000	7.13

Notes:

1. *Of these shares, Dr. Lee Shau Kee was the beneficial owner of 34,779,936 shares, and the remaining 2,076,089,007 shares, (i) 802,854,200 shares, 602,398,418 shares, 363,328,900 shares, 217,250,000 shares and 84,642,341 shares were respectively owned by Banshing Investment Limited, Markshing Investment Limited, Covite Investment Limited, Gainwise Investment Limited and Darnman Investment Limited, all of which were wholly-owned subsidiaries of Kingslee S.A. which was 100% held by Henderson Land Development Company Limited ("HL") which in turn was 53.47% held by Henderson Development Limited ("HD"); and (ii) 5,615,148 shares were owned by Fu Sang Company Limited ("Fu Sang"). Hopkins (Cayman) Limited ("Hopkins") as trustee of a unit trust (the "Unit Trust") owned all the issued ordinary shares of HD and Fu Sang. Rimmer (Cayman) Limited ("Rimmer") and Riddick (Cayman) Limited ("Riddick"), as trustees of respective discretionary trusts, held units in the Unit Trust. The entire issued share capital of Hopkins, Rimmer and Riddick were owned by Dr. Lee Shau Kee. Dr. Lee Shau Kee was taken to be interested in these shares by virtue of the SFO. As Directors of the Company and discretionary beneficiaries of two discretionary trusts holding units in the Unit Trust, Mr. Lee Ka Kit and Mr. Lee Ka Shing were taken to be interested in these shares by virtue of the SFO. As Director of the Company and the spouse of a discretionary beneficiary of two discretionary trusts holding units in the Unit Trust, Mr. Li Ning was taken to be interested in these shares by virtue of the SFO.*

2. *Mr. Lee Tat Man was the beneficial owner of these shares.*

3. *Mr. Lee King Yue was the beneficial owner of these shares.*

4. *Of these shares, Dr. Lee Shau Kee was the beneficial owner of 7,269,006 shares and for the remaining 1,149,305,866 shares, (i) 570,743,800 shares were owned by HD; (ii) 7,962,100 shares were owned by Sandra Investment Limited which was a wholly-owned subsidiary of HD; (iii) 145,090,000 shares were owned by Cameron Enterprise Inc.; 247,239,300 shares were owned by Believegood Limited which was wholly-owned by South Base Limited; 61,302,000 shares were owned by Prosglass Investment Limited which was wholly-owned by Jayasia Investments Limited; 55,000,000 shares were owned by Fancy Eye Limited which was wholly-owned by Mei Yu Ltd.; 55,000,000 shares were owned by Spreadral Limited which was wholly-owned by World Crest Ltd.; and Cameron Enterprise Inc., South Base Limited, Jayasia Investments Limited, Mei Yu Ltd. and World Crest Ltd. were wholly-owned subsidiaries of Yamina Investment Limited which in turn was 100% held by HD; (iv) 5,602,600 shares were owned by Superfun Enterprises Limited, a wholly-owned subsidiary of The Hong Kong and China Gas Company Limited ("China Gas") which was 39.88% held by HL which in turn was 53.47% held by HD; and (v) 1,366,066 shares were owned by Fu Sang. Dr. Lee Shau Kee was taken to be interested in HD and Fu Sang as set out in Note 1, China Gas and HL by virtue of the SFO. As Directors of the Company and discretionary beneficiaries of two discretionary trusts holding units in the Unit Trust, Mr. Lee Ka Kit and Mr. Lee Ka Shing were taken to be interested in these shares by virtue of the SFO. As Director of the Company and the spouse of a discretionary beneficiary of two discretionary trusts holding units in the Unit Trust, Mr. Li Ning was taken to be interested in these shares by virtue of the SFO.*

5. *Mr. Lee Tat Man was the beneficial owner of these shares.*

6. *Of these shares, Mr. Lee King Yue was the beneficial owner of 252,263 shares, and the remaining 19,800 shares were held by Ngan Hei Development Company Limited which was 50% each owned by Mr. Lee King Yue and his wife.*

7. *These shares were owned by the wife of Mr. Woo Ka Biu, Jackson.*

8. *These shares were held by Hopkins as trustee of the Unit Trust.*

9. *These shares were held by Hopkins as trustee of the Unit Trust.*

10. *Of these shares, Dr. Lee Shau Kee was the beneficial owner of 35,000,000 shares, and Fu Sang owned the remaining 15,000,000 shares.*

11. *These shares were held by Gilbert Investment Inc. which was wholly-owned by Mr. Leung Hay Man.*

12. *These shares were held by Coningham Investment Inc. which was owned by Fong Fun Investment Inc. of which 50% was owned by Sir Po-shing Woo and 50% by his wife.*

13. *Of these shares, (i) 4,000 shares were owned by Applecross Limited which was wholly-owned by Mr. Lee Ka Kit; and (ii) 6,000 shares were owned by Henderson (China) Investment Company Limited, a wholly-owned subsidiary of Andcoe Limited which was wholly-owned by Henderson China Holdings Limited, an indirect wholly-owned subsidiary of HL.*

14. *Of these shares, (i) 80 shares were owned by Tactwin Development Limited, a wholly-owned subsidiary of HL; (ii) 10 shares were owned by Henderson Finance Company Limited, a wholly-owned subsidiary of HD; and (iii) 5 shares each were owned by Perfect Bright Properties Inc. and Furnline Limited, and Jetwin International Limited was the sole holder of A shares of each of Perfect Bright Properties Inc. and Furnline Limited (the "A Shares") with the A Shares being entitled to all their interests and, liable for all liabilities in Heyield Estate Limited. Triton (Cayman) Limited as trustee of a unit trust owned all the issued share capital of Jetwin International Limited. Triumph (Cayman) Limited and Victory (Cayman) Limited, as trustees of respective discretionary trusts, held units in the unit trust. The entire share capital of Triton (Cayman) Limited, Triumph (Cayman) Limited and Victory (Cayman) Limited were owned by Dr. Lee Shau Kee who was taken to be interested in such shares by virtue of the SFO. As discretionary beneficiaries of the discretionary trusts holding units in such unit trust, Mr. Lee Ka Kit and Mr. Lee Ka Shing were taken to be interested in such shares by virtue of the SFO. As the spouse of a discretionary beneficiary of the discretionary trusts holding units in such unit trust, Mr. Li Ning was taken to be interested in such shares by virtue of the SFO.*

15. *Of these shares, (i) 3,038 shares were owned by HL; and (ii) 202 shares were owned by Allied Best Investment Limited which was 50% held by each of Perfect Bright Properties Inc. and Furnline Limited, and Jetwin International Limited was the sole holder of A shares of each of Perfect Bright Properties Inc. and Furnline Limited (the "A Shares") with the A Shares being entitled to all their interests and, liable for all liabilities in Allied Best Investment Limited.*

Interests in Contracts, Connected Transactions and Disclosable Transaction

During the period of eighteen months under review, the Group entered into the following transactions and arrangements as described below with persons who are "connected persons" for the purposes of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"):

(1) Henderson Real Estate Agency Limited, a wholly-owned subsidiary of Henderson Land Development Company Limited ("Henderson Land") made advances from time to time to Henderson Investment Finance Limited, a wholly-owned subsidiary of the Company, with interest chargeable on the balances outstanding from time to time based on Hong Kong Inter-bank Offered Rate quoted by banks. As at 31 December 2009, an amount of approximately HK$55 million was due by Henderson Investment Finance Limited to Henderson Real Estate Agency Limited.

Dr. Lee Shau Kee, Mr. Lee Ka Kit, Mr. Lee Ka Shing and Mr. Li Ning were taken to be interested in the above transaction as a director (and as more particularly described in the section "Disclosure of Interests" above) of the Company's holding company, Henderson Land.

(2) As disclosed in the joint announcement with the Group's holding company, Henderson Land dated 12 March 2009, Hong Kong Vigorous Limited ("Vigorous"), a subsidiary of the Company and Henderson Land, and 馬鞍山市過境公路建設開發有限公司 (Maanshan City Cross Border Highway Construction Development Company Limited) ("Maanshan Highway PRC Partner") entered into an agreement on 12 March 2009 for the purpose of disposing of 70% equity interest, representing its entire interest in 馬鞍山環通公路發展有限公司 (Maanshan Huan Tong Highway Development Limited) ("Maanshan Highway JV") to Maanshan Highway PRC Partner as purchaser at a consideration of RMB122 million. The covenants included, amongst other things, the undertaking by the Maanshan Highway PRC Partner to procure Maanshan Highway JV to pay to Vigorous the 2007 distribution and the 2008 distribution (as more particularly described in the said announcement).

As Maanshan Highway PRC Partner had a 30% interest in the Maanshan Highway JV, Maanshan Highway PRC Partner was a connected person of the Company and Henderson Land under the Listing Rules. Accordingly, the aforesaid disposal constituted a connected transaction of the Company and Henderson Land under the Listing Rules. In addition, the aforesaid disposal constituted a discloseable transaction of the Company. A written independent shareholders' approval to approve the subject disposal in lieu of holding a general meeting had been obtained by the Company from certain wholly-owned subsidiaries of Henderson Land, which in aggregate held approximately 67.94% of the total issued share capital of the Company under Rule 14A.43 of the Listing Rules.

(3) The material related party transactions set out in note 34 to the accounts on page 78 include transactions that constitute connected / continuing connected transactions for which the disclosure requirements under the Listing Rules have been met.

Save as disclosed above, no other contracts of significance to which the Company, its holding company or any of its subsidiaries or fellow subsidiaries was a party, and in which a Director of the Company had a material interest, subsisted at the period end or at any time during the period under review.

Directors' Interests in Competing Business

During the eighteen months ended 31 December 2009, none of the Directors of the Company has interests in businesses which might compete with the Group.

Service Contracts

None of the Directors has a service contract with the Company or any of its subsidiaries which is of a duration exceeding three years or which is not determinable by the employer within one year without payment of compensation (other than statutory compensation).

Purchase, Sale or Redemption of the Company's Listed Securities

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the eighteen months ended 31 December 2009.

Major Customers and Suppliers

During the eighteen months ended 31 December 2009:

(1) the aggregate amount of purchases attributable to the Group's five largest suppliers represented less than 30 per cent of the Group's total purchases.

(2) the aggregate amount of turnover attributable to the Group's five largest customers accounted for 90% of the Group's total turnover and the amount of turnover attributable to the largest customer included therein accounted for 90% of the Group's total turnover. During the eighteen months ended 31 December 2009, none of the directors of the Company or any of their associates or any shareholders of the Company (which to the knowledge of the directors, owned more that 5% of the Company's issued share capital) had any beneficial interest in such customer(s) of the Group.

Management Discussion and Analysis

A management discussion and analysis of the Group's results for the eighteen months ended 31 December 2009 is shown on pages 6 to 8.

Retirement Benefits Scheme

Details of the retirement benefits schemes participated by the Group's employees are shown in note 29 to the accounts on page 72.

Public Float

As at the date of this report, the Company has maintained the prescribed public float under the Listing Rules, based on the information that is publicly available to the Company and within the knowledge of the Directors.

Auditors

Deloitte Touche Tohmatsu resigned as auditors of the Company on 14 June 2007 and PricewaterhouseCoopers were appointed to fill the casual vacancy. A resolution for the re-appointment of PricewaterhouseCoopers as Auditors of the Company is to be proposed at the forthcoming annual general meeting. Save as disclosed above, there is no change in auditors of the Company in any of the preceding three years.

Corporate Governance

The Company's corporate governance principles and practices are set out in the Corporate Governance Report on pages 10 to 17.

On behalf of the Board

Lee Shau Kee

Chairman

Hong Kong, 30 March 2010

Biographical Details of Directors and Senior Management

Executive Directors

Dr. the Hon. LEE Shau Kee *GBM, DBA (Hon), DSSc (Hon), LLD (Hon)*, aged 81, is the founder of the Company. He has been the Chairman and Managing Director of the Company since 1975 and has been engaged in property development in Hong Kong for more than 50 years. He is also a member of the Remuneration Committee of the Company. He is the founder and the chairman and managing director of Henderson Land Development Company Limited ("Henderson Land"), the chairman of The Hong Kong and China Gas Company Limited, Miramar Hotel and Investment Company, Limited, the vice chairman of Sun Hung Kai Properties Limited as well as a director of Hong Kong Ferry (Holdings) Company Limited and The Bank of East Asia, Limited, all of which are listed companies. Dr. Lee was awarded Grand Bauhinia Medal by the Government of the Hong Kong Special Administrative Region in 2007. Dr. Lee is a director of Rimmer (Cayman) Limited, Riddick (Cayman) Limited, Hopkins (Cayman) Limited, Henderson Development Limited, Henderson Land, Kingslee S.A., Banshing Investment Limited, Markshing Investment Limited, Covite Investment Limited and Gainwise Investment Limited which have discloseable interests in the Company under the provisions of the Securities and Futures Ordinance. Dr. Lee is the brother of Mr. Lee Tat Man, the father of Mr. Lee Ka Kit and Mr. Lee Ka Shing and the father-in-law of Mr. Li Ning.

LEE Ka Kit *JP*, aged 46, National Committee Member of the Chinese People's Political Consultative Conference, the People's Republic of China, has been an Executive Director and Vice Chairman of the Company since 1993. He was educated in the United Kingdom and has been primarily responsible for the development of the business of Henderson Land Group in the People's Republic of China since 1985. Mr. Lee is the vice chairman of Henderson Development Limited ("Henderson Development"). He is also the vice chairman of Henderson Land Development Company Limited ("Henderson Land"), as well as a director of The Hong Kong and China Gas Company Limited, both of which are listed companies. He was appointed as a Justice of the Peace by the Government of the Hong Kong Special Administrative Region and awarded an Honorary University Fellowship by The University of Hong Kong in 2009 respectively. Mr. Lee is a director of Henderson Development and Henderson Land which have discloseable interests in the Company under the provisions of the Securities and Futures Ordinance. He is the son of Dr. Lee Shau Kee, the brother of Mr. Lee Ka Shing and the brother-in-law of Mr. Li Ning.

LAM Ko Yin, Colin *FCILT, FHKIoD*, aged 58, has been an Executive Director of the Company since 1988 and Vice Chairman since 1993. He is also a member of the Remuneration Committee of the Company. He holds a B.Sc. (Honours) degree from the University of Hong Kong and has over 36 years' experience in banking and property development. He is also the chairman of Hong Kong Ferry (Holdings) Company Limited, the vice chairman of Henderson Land Development Company Limited ("Henderson Land") as well as a director of The Hong Kong and China Gas Company Limited and Miramar Hotel and Investment Company, Limited, all of which are listed companies. He is a member of the Court of The University of Hong Kong, a Director of The University of Hong Kong Foundation for Educational Development and Research Limited, and a Director of Fudan University Education Development Foundation. Mr. Lam was awarded an Honorary University Fellowship by The University of Hong Kong in 2008. He is a Fellow of The Chartered Institute of Logistics and Transport in Hong Kong and a Fellow of The Hong Kong Institute of Directors. Mr. Lam is a director of Rimmer (Cayman) Limited, Riddick (Cayman) Limited, Hopkins (Cayman) Limited, Henderson Development Limited, Henderson Land, Banshing Investment Limited, Markshing Investment Limited, Covite Investment Limited and Gainwise Investment Limited which have discloseable interests in the Company under the provisions of the Securities and Futures Ordinance.

LEE Ka Shing aged 38, a Committee Member of the 10th Guangxi Zhuangzu Zizhiqu Committee and of the 10th Foshan Committee of the Chinese People's Political Consultative Conference, PRC, has been an Executive Director of the Company since 1993 and Vice Chairman since 2005. He was educated in Canada. Mr. Lee is the vice chairman of Henderson Development Limited ("Henderson Development"). He is also the vice chairman of Henderson Land Development Company Limited ("Henderson Land"), managing director of Miramar Hotel and Investment Company, Limited as well as a director of The Hong Kong and China Gas Company Limited, all of which are listed companies. Mr. Lee is a director of Henderson Development, Henderson Land, Banshing Investment Limited, Markshing Investment Limited, Covite Investment Limited and Gainwise Investment Limited which have discloseable interests in the Company under the provisions of the Securities and Futures Ordinance. He is the son of Dr. Lee Shau Kee, the brother of Mr. Lee Ka Kit and the brother-in-law of Mr. Li Ning.

Biographical Details of Directors and Senior Management

LEE Tat Man aged 72, has been an Executive Director of the Company since 1972. He has been engaged in property development in Hong Kong for more than 30 years and is also a director of Henderson Land Development Company Limited ("Henderson Land"), a listed company. Mr. Lee is a director of Rimmer (Cayman) Limited, Riddick (Cayman) Limited, Hopkins (Cayman) Limited, Henderson Development Limited, Henderson Land and Kingslee S.A. which have discloseable interests in the Company under the provisions of the Securities and Futures Ordinance. He is the brother of Dr. Lee Shau Kee.

SUEN Kwok Lam *MH*, *FHIREA*, aged 63, has been an Executive Director of the Company since July 1999. He joined Henderson Land Group in 1997. He is also an executive director of Henderson Land Development Company Limited ("Henderson Land"), a listed company. He is the Vice President of Hong Kong Institute of Real Estate Administrators and an individual Member of The Real Estate Developers Association of Hong Kong. He was the President of Hong Kong Association of Property Management Companies from 2003 to 2007. He has over 35 years' experience in property management. He was awarded the Medal of Honour by the Government of the Hong Kong Special Administrative Region in 2005. Henderson Land has discloseable interests in the Company under the provisions of the Securities and Futures Ordinance.

LEE King Yue aged 83, has been an Executive Director of the Company since 1972. He joined Henderson Development Limited, the ultimate holding company of the Company on its incorporation in 1973 and has been engaged with the Chairman in property development for over 50 years. He is also an executive director of Henderson Land Development Company Limited ("Henderson Land"), a listed company. Mr. Lee is a director of Henderson Land, Kingslee S.A., Banshing Investment Limited, Markshing Investment Limited, Covite Investment Limited and Gainwise Investment Limited which have discloseable interests in the Company under the provisions of the Securities and Futures Ordinance.

LAU Yum Chuen, Eddie aged 63, has been an Executive Director of the Company since 1988. He has over 40 years' experience in banking, finance and investment. Mr. Lau is also an executive director of Henderson Land Development Company Limited ("Henderson Land") as well as a director of Hong Kong Ferry (Holdings) Company Limited and Miramar Hotel and Investment Company, Limited, all of which are listed companies. Henderson Land has discloseable interests in the Company under the provisions of the Securities and Futures Ordinance.

LI Ning *BSc*, *MBA*, aged 53, has been an Executive Director of the Company since 1990. He holds a B.Sc. degree from Babson College and an M.B.A. degree from the University of Southern California. Mr. Li is also an executive director of Henderson Land Development Company Limited ("Henderson Land") as well as a director of Hong Kong Ferry (Holdings) Company Limited, both of which are listed companies. Henderson Land has discloseable interests in the Company under the provisions of the Securities and Futures Ordinance. He is the son-in-law of Dr. Lee Shau Kee and the brother-in-law of Mr. Lee Ka Kit and Mr. Lee Ka Shing.

KWOK Ping Ho, Patrick *BSc*, *MSc*, *Post-Graduate Diploma in Surveying*, *ACIB*, aged 57, has been an Executive Director since 1988. He holds a B.Sc. (Engineering) degree, an M.Sc. (Administrative Sciences) degree as well as a Post-Graduate Diploma in Surveying (Real Estate Development). Mr. Kwok is an Associate Member of The Chartered Institute of Bankers of the United Kingdom and he had worked in the international banking field for more than 11 years with postings in London, Chicago, Kuala Lumpur, Singapore as well as in Hong Kong before joining the Company. He is also an executive director of Henderson Land Development Company Limited ("Henderson Land"), a listed company and a non-executive director of Henderson Sunlight Asset Management Limited, the manager of the publicly-listed Sunlight Real Estate Investment Trust. Henderson Land has discloseable interests in the Company under the provisions of the Securities and Futures Ordinance.

WONG Ho Ming, Augustine *JP*, *MSc*, *MEcon*, *FHKIS*, *MRICS*, *MCIArb*, *RPS (GP)*, aged 49, has been an Executive Director of the Company since 1997. He joined Henderson Land Group in 1996. He is a registered professional surveyor and has over 25 years' experience in property appraisal, dealing and development. He was appointed as Justice of the Peace by the Government of the Hong Kong Special Administrative Region in 2008.

SIT Pak Wing *ACIS, FHIREA*, aged 62, has been an Executive Director of the Company since May 2001. He joined Henderson Land Group in 1991. He is a Member of The Institute of Chartered Secretaries and Administrators, a Fellow Member of the Hong Kong Institute of Real Estate Administrators and an individual Member of The Real Estate Developers Association of Hong Kong. He has over 30 years' experience in marketing development, leasing and property management.

Non-executive Directors

Sir Po-shing WOO *Hon LLD, FCIArb, FIMgt, FInstD, FHKMA*, aged 81, has been a Director of the Company since 1972 and was re-designated as a Non-executive Director in 2004. He is a solicitor and a Consultant of Jackson Woo & Associates in association with Ashurst Hong Kong. He is also a director of Henderson Land Development Company Limited ("Henderson Land") and Sun Hung Kai Properties Limited, both of which are listed companies. He was admitted to practice as solicitor in England and Hong Kong and is also a Fellow of The Chartered Institute of Arbitrators, The Institute of Management and The Institute of Directors of England. He was awarded Hon. LL.D. by the City University of Hong Kong and is a Fellow of King's College of London as well as Honorary Professor of Nankai University of Tianjin. Sir Po-shing Woo became Fellow of The Hong Kong Management Association in 2000. He is also the founder of Woo Po Shing Medal in Law and Woo Po Shing Overseas Summer School Travelling Scholarship, both at the University of Hong Kong. Sir Po-shing Woo is also the founder of the Woo Po Shing Professor (Chair) of Chinese and Comparative Law in City University. Sir Po-shing Woo is a director of Henderson Land and Henderson Development Limited which have discloseable interests in the Company under the provisions of the Securities and Futures Ordinance. He is the father of Mr. Woo Ka Biu, Jackson.

YUEN Pak Yiu, Philip aged 74, has been a Director of the Company since 1981 and was re-designated as Non-executive Director in 2004. He is a solicitor of The Supreme Court of England and Wales and of Hong Kong and was a partner of the firm of Yung, Yu, Yuen & Co until 1 April 2008 when he retired from the partnership and remains a consultant of the firm. He has over 40 years' experience in legal practice in Hong Kong. Mr. Yuen is an independent non-executive director of Hopson Development Holdings Limited and Melbourne Enterprises Limited, both of which are listed companies. He also served as an independent non-executive director of APT Satellite Holdings Limited, being a listed company, until his resignation in July 2007.

LEUNG Hay Man *FRICS, FCIArb, FHKIS*, aged 75, has been a Director of the Company since 1977 and was re-designated as Non-executive Director in 2004. He is also a member of the Audit Committee of the Company. Mr. Leung is a Chartered Surveyor. He is also a director of Henderson Land Development Company Limited ("Henderson Land"), Hong Kong Ferry (Holdings) Company Limited and The Hong Kong and China Gas Company Limited, all of which are listed companies. Henderson Land has discloseable interests in the Company under the provisions of the Securities and Futures Ordinance.

WOO Ka Biu, Jackson *MA (Oxon)*, aged 47, has been the Alternate Director to Sir Po-shing Woo, Director of the Company, since July 2000 and was re-designated as Non-executive Director in 2004, following the re-designation of Sir Po-shing Woo as Non-executive Director. He is a director of Kailey Group of Companies. He is also an alternate director to Sir Po-shing Woo, a non-executive director of Henderson Land Development Company Limited ("Henderson Land") and Sun Hung Kai Properties Limited, both of which are listed companies. He holds an MA degree in Jurisprudence from the Oxford University and is a qualified solicitor in England and Wales, Hong Kong Special Administrative Region and Australia. Mr. Woo is currently a partner of Jackson Woo & Associates in association with Ashurst Hong Kong and was a director of N M Rothschild & Sons (Hong Kong) Limited ("Rothschild"). Prior to joining Rothschild, Mr. Woo was a partner in the corporate finance department of Woo, Kwan, Lee & Lo. Henderson Land has discloseable interests in the Company under the provisions of the Securities and Futures Ordinance. He is the son of Sir Po-shing Woo.

Independent Non-executive Directors

KWONG Che Keung, Gordon *FCA*, aged 60, has been an Independent Non-executive Director of the Company since 2004. He is also the Chairman of the Audit Committee and a member of the Remuneration Committee of the Company. He graduated from the University of Hong Kong with a bachelor's degree in social sciences in 1972 and qualified as a chartered accountant in England in 1977. He was a partner of Pricewaterhouse from 1984 to 1998 and an independent member of the Council of The Stock Exchange of Hong Kong from 1992 to 1997. He is an independent non-executive director of Henderson Land Development Company Limited ("Henderson Land"), Agile Property Holdings Limited, Beijing Capital International Airport Company Limited, China Chengtong Development Group Limited, China Oilfield Services Limited, China Power International Development Limited, CITIC 1616 Holdings Limited, COSCO International Holdings Limited, Frasers Property (China) Limited, Global Digital Creations Holdings Limited, NWS Holdings Limited, OP Financial Investments Limited, Quam Limited and Tianjin Development Holdings Limited, all of which are listed companies. Mr. Kwong previously served as an independent non-executive director of Tom Online Inc. (listed in Hong Kong) until its privatisation on 3 September 2007 and an independent non-executive director of Ping An Insurance (Group) Company of China, Ltd. (listed in Hong Kong and Shanghai) for two terms of three years to June 2009. Henderson Land has discloseable interests in the Company under the provisions of the Securities and Futures Ordinance.

Professor KO Ping Keung *PhD, FIEEE, JP*, aged 59, has been an Independent Non-executive Director of the Company since 2004. He is also a member of the Audit Committee and Remuneration Committee of the Company. Professor Ko holds a Bachelor of Science (Honours) degree from the University of Hong Kong, a Doctor of Philosophy degree and a Master of Science degree from the University of California at Berkeley. He is an Adjunct Professor of Beijing and Tsinghua University and Emeritus Professor of Electrical & Electronic Engineering and the former Dean of the School of Engineering of The Hong Kong University of Science and Technology. He was the Vice Chairman of Electrical Engineering and Computer Science Department of the University of California at Berkeley in 1991 – 1993 and a member of Technical staff, Bell Labs, Holmdel, in 1982 – 1984. Professor Ko is an independent non-executive director of Henderson Land Development Company Limited ("Henderson Land") and China Resources Microelectronics Limited, both of which are listed companies. He also served as an independent non-executive director of China Resources Logic Limited, being a listed company, until his resignation in March 2008. Henderson Land has discloseable interests in the Company under the provisions of the Securities and Future Ordinance.

WU King Cheong *BBS, JP*, aged 59, has been an Independent Non-executive Director of the Company since 2005. He is also the Chairman of the Remuneration Committee and a member of the Audit Committee of the Company. Mr. Wu is a Member of Hong Kong Housing Authority, the Life Honorary Chairman of The Chinese General Chamber of Commerce, the Honorary Permanent President of the Chinese Gold & Silver Exchange Society and the Permanent Honorary President of the Hong Kong Securities Association. He is an executive director of Lee Cheong Gold Dealers Limited. He is also an independent non-executive director of Yau Lee Holdings Limited, Chevalier Pacific Holdings Limited, Henderson Land Development Company Limited ("Henderson Land"), Hong Kong Ferry (Holdings) Company Limited and Miramar Hotel and Investment Company, Limited, all of which are listed companies. Henderson Land has discloseable interests in the Company under the provisions of the Securities and Futures Ordinance.

Senior Management

AU Siu Kee, Alexander *OBE, ACA, FCCA, FCPA, AAIA, FCIB, FHKIB*, aged 63. Mr. Au joined Henderson Land Group as the Chief Financial Officer in 2005. A banker by profession, he was the chief executive officer of Hang Seng Bank Limited from October 1993 to March 1998 and of Oversea-Chinese Banking Corporation Limited in Singapore from September 1998 to April 2002. He was formerly a non-executive director of a number of leading companies including The Hongkong and Shanghai Banking Corporation Limited, MTR Corporation Limited and Hang Lung Group Limited. Currently Mr. Au is an independent non-executive director of Wheelock and Company Limited, a listed company. Within the Henderson Land Group, he is an executive director of Henderson Land Development Company Limited ("Henderson Land"), and a non-executive director of Hong Kong Ferry (Holdings) Company Limited and Miramar Hotel and Investment Company, Limited, all of which are listed companies. An accountant by training, Mr Au is a Chartered Accountant as well as a Fellow of The Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. Mr. Au is a director of Henderson Land which has discloseable interests in the Company under the provisions of the Securities and Futures Ordinance.

LIU Cheung Yuen, Timon *BEc, FCPA, CA (Aust), FCS, FCIS*, aged 52, joined the Henderson Land Group in 2005 and is presently the Company Secretary of the Group. Mr. Liu graduated from Monash University, Australia with a bachelor's degree in Economics. He is a fellow of both the Hong Kong Institute of Certified Public Accountants and The Hong Kong Institute of Chartered Secretaries, and an associate of The Institute of Chartered Accountants in Australia. He has many years' experience in accounting, auditing, corporate finance, corporate investment and development, and company secretarial practice.

WONG Wing Kee, Christopher *BSc (Econ), ACA*, aged 47, joined the Henderson Land Group in June 2007 and is presently the General Manager of Accounts Department. Mr. Wong graduated from The London School of Economics and Political Science, University of London and is an associate member of the Institute of Chartered Accountants in England & Wales. He has over 20 years of experience in accounting, auditing, investment banking and corporate finance in the United Kingdom and in Hong Kong. Prior to joining the Henderson Land Group, Mr. Wong was the Chief Financial Officer of Kerry Properties Limited between December 2004 and May 2007.

Accounts

Report of the Independent Auditor

PRICEWATERHOUSECOOPERS

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To the shareholders of Henderson Investment Limited

(Incorporated in Hong Kong with limited liability)

We have audited the consolidated accounts of Henderson Investment Limited (the "Company") set out on pages 33 to 80, which comprise the consolidated and Company balance sheets as at 31 December 2009, and the consolidated profit and loss account, the consolidated statement of changes in equity and the consolidated cash flow statement for the period from 1 July 2008 to 31 December 2009, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the accounts

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated accounts in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants, and the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of accounts that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated accounts based on our audit and to report our opinion solely to you, as a body, in accordance with section 141 of the Hong Kong Companies Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated accounts give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2009 and of the Group's profit and cash flows for the period from 1 July 2008 to 31 December 2009 in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 30 March 2010

Consolidated Profit and Loss Account

For the period from 1 July 2008 to 31 December 2009

	Note	Period from 1 July 2008 to 31 December 2009 HK$ million	Year ended 30 June 2008 (restated) HK$ million
Continuing operations:			
Turnover	6	**441**	272
Direct costs		**(90)**	(70)
		351	202
Other income/other gains	7	**36**	72
Administrative expenses		**(30)**	(48)
Profit for the period of disposal group	28	**29**	5
Net gain on disposal of disposal group	28	**—**	21
Profit from operations		**386**	252
Finance costs	8(a)	**(2)**	(5)
Profit before taxation	8	**384**	247
Income tax	11(a)	**(96)**	(34)
Profit for the period/year from continuing operations		**288**	213
Discontinued operations:			
Profit for the year from discontinued operations	12	**—**	35,265
Profit for the period/year		**288**	35,478
Attributable to:			
Equity shareholders of the Company			
— Continuing operations		**156**	127
— Discontinued operations	12	**—**	35,265
	14	**156**	35,392
Minority interests			
— Continuing operations		**132**	86
— Discontinued operations		**—**	—
		132	86
Profit for the period/year		**288**	35,478

Consolidated Profit and Loss Account

For the period from 1 July 2008 to 31 December 2009

	Note	**Period from 1 July 2008 to 31 December 2009**	Year ended 30 June 2008 (restated)
		HK$ million	HK$ million
Dividends payable to equity shareholders of the Company attributable to the period/year	15(a)		
Interim dividends declared during the period/year		**122**	61
Distributions approved and paid during the period/year		**—**	50,262
Final dividend proposed after the balance sheet date		**61**	61
		183	50,384
		HK$	HK$
Earnings per share – basic and diluted	16		
From continuing operations		**0.05**	0.04
From discontinued operations		**—**	11.57
		0.05	11.61

The notes on pages 40 to 80 form part of these accounts.

Balance Sheets

At 31 December 2009

	Note	The Group		The Company	
		At 31 December 2009	At 30 June 2008 (restated)	**At 31 December 2009**	At 30 June 2008
		HK$ million	HK$ million	**HK$ million**	HK$ million
Non-current assets					
Property, plant and equipment	17	**1**	4	**—**	—
Intangible operating rights	18	**508**	749	**—**	—
Investments in subsidiaries	19	**—**	—	**351**	355
Other non-current assets	20	**66**	99	**—**	—
		575	852	**351**	355
Current assets					
Trade and other receivables	21	**100**	580	**4**	4
Amounts due from affiliates	22	**137**	82	**956**	733
Cash and cash equivalents	23	**1,272**	836	**—**	2
		1,509	1,498	**960**	739
Assets classified as held for sale	28	**199**	—	**—**	—
		1,708	1,498	**960**	739
Current liabilities					
Bank loans	24	**—**	11	**—**	—
Trade and other payables	25	**53**	72	**6**	7
Amounts due to affiliates	26	**199**	142	**116**	18
Current taxation		**27**	74	**—**	—
		279	299	**122**	25
Liabilities associated with assets classified as held for sale	28	**39**	—	**—**	—
		318	299	**122**	25
Net current assets		**1,390**	1,199	**838**	714
Total assets less current liabilities		**1,965**	2,051	**1,189**	1,069
Non-current liabilities					
Bank loans	24	**—**	29	**—**	—
Deferred tax liabilities	27	**25**	14	**—**	—
		25	43	**—**	—
NET ASSETS		**1,940**	2,008	**1,189**	1,069

Balance Sheets

At 31 December 2009

		The Group		The Company	
	Note	**At 31 December 2009**	At 30 June 2008 (restated)	**At 31 December 2009**	At 30 June 2008
		HK$ million	HK$ million	**HK$ million**	HK$ million
CAPITAL AND RESERVES	30				
Share capital		**609**	609	**609**	609
Reserves		**955**	985	**580**	460
Total equity attributable to equity shareholders of the Company		**1,564**	1,594	**1,189**	1,069
Minority interests		**376**	414	**—**	—
TOTAL EQUITY		**1,940**	2,008	**1,189**	1,069

Approved and authorised for issue by the Board of Directors on 30 March 2010.

Lee Shau Kee

Lee Tat Man

Directors

The notes on pages 40 to 80 form part of these accounts.

Consolidated Statement of Changes in Equity

For the period from 1 July 2008 to 31 December 2009

	Note	Period from 1 July 2008 to 31 December 2009 HK$ million	Year ended 30 June 2008 (restated) HK$ million
Total equity at 1 July 2008/2007	30		
As previously reported		**2,044**	17,527
Adoption of HK(IFRIC)-Int 12	3	**(36)**	(38)
As restated		**2,008**	17,489
Net (expense)/income for the period/year recognised directly in equity			
Exchange difference on translation of accounts of subsidiaries outside Hong Kong		**(4)**	107
Transfer from equity			
Realisation of exchange reserve on disposal of subsidiaries		**—**	(14)
Profit for the period/year (2008: as restated)		**288**	35,478
Total recognised income and expenses for the period/year		**284**	35,571
Attributable to:			
— Equity shareholders of the Company		**153**	35,450
— Minority interests		**131**	121
		284	35,571
Dividends approved and paid during the period/year	15	**(183)**	(518)
Distributions approved and paid during the period/year	15(a)	**—**	(50,262)
Dividends paid to minority shareholders		**(169)**	(16)
Minority interests in relation to increase in shareholding in a subsidiary		**—**	(148)
Minority interests in relation to disposal of subsidiaries	31	**—**	(108)
Total equity at 31 December 2009/30 June 2008	30	**1,940**	2,008

The notes on pages 40 to 80 form part of these accounts.

Consolidated Cash Flow Statement

For the period from 1 July 2008 to 31 December 2009

	Note	Period from 1 July 2008 to 31 December 2009 HK$ million	Year ended 30 June 2008 (restated) HK$ million
Operating activities			
Profit before taxation			
From continuing operations		**384**	247
From discontinued operations	12	**—**	35,265
Adjustments for:			
Interest income		**(26)**	(59)
Dividend income from unlisted investments		**(1)**	(1)
Amortisation of intangible operating rights		**69**	49
Depreciation		**1**	1
Excess of interest in fair values of the acquirees' identifiable assets over cost of business combination		**—**	(3)
Net gain on disposal of subsidiaries	12	**—**	(33,781)
Net gain on disposal of disposal group	28	**—**	(21)
Gain on disposal of property, plant and equipment		**—**	(1)
Share of profit of associate to the date of disposal	12	**—**	(1,484)
Finance costs		**2**	5
Exchange difference		**—**	(7)
Operating profit before changes in working capital		**429**	210
Decrease/(increase) in trade and other receivables		**506**	(175)
Decrease in trade and other payables		**(3)**	(51)
Cash generated from/(used in) operations		**932**	(16)
Tax paid			
— Hong Kong		**(1)**	(16)
— Outside Hong Kong		**(135)**	(3)
Interest paid		**(2)**	(5)
Net cash generated from/(used in) operating activities		**794**	(40)

Consolidated Cash Flow Statement

For the period from 1 July 2008 to 31 December 2009

	Note	Period from 1 July 2008 to 31 December 2009 HK$ million	Year ended 30 June 2008 (restated) HK$ million
Investing activities			
Dividend income from unlisted investments		**1**	1
Distribution from available-for-sale securities		**—**	8
Interest received		**26**	61
Additions to property, plant and equipment		**(1)**	(1)
Additions to intangible operating rights		**(7)**	—
Payment for the acquisition of additional interests in:			
— subsidiaries		**—**	(145)
— associates		**—**	(601)
Proceeds from disposal of property, plant and equipment		**—**	2
Net proceeds from disposal of subsidiaries		**—**	6,818
Net proceeds from disposal of disposal group	28	**—**	75
Decrease in amounts due from investee companies		**—**	5
Decrease in amounts due from associates		**—**	2
Increase in amounts due from minority shareholders		**(58)**	(16)
Net cash (used in)/generated from investing activities		**(39)**	6,209
Financing activities			
Dividends paid to shareholders		**(183)**	(526)
Dividends paid to minority shareholders		**(169)**	(16)
Distributions paid to shareholders		**—**	(6,826)
Advance from/(repayment to) a fellow subsidiary		**39**	(1,637)
Advance from/(repayment to) minority shareholders		**18**	(32)
Proceeds from new bank loans		**50**	34
Repayment of bank loans		**(68)**	(23)
Net cash used in financing activities		**(313)**	(9,026)
Net increase/(decrease) in cash and cash equivalents		**442**	(2,857)
Cash and cash equivalents at 1 July 2008/2007		**836**	3,686
Effect of foreign exchange rate changes		**—**	7
Cash and cash equivalents at 31 December 2009/30 June 2008	23	**1,278**	836

The notes on pages 40 to 80 form part of these accounts.

Notes to the Accounts

For the period from 1 July 2008 to 31 December 2009

1 General information

Henderson Investment Limited (the "Company") is incorporated in Hong Kong and its shares are listed on The Stock Exchange of Hong Kong Limited. The address of the Company's registered office and principal place of business is 72-76/F, Two International Finance Centre, 8 Finance Street, Central, Hong Kong.

The principal activity of the Company is investment holding and the principal activities of its subsidiaries during the period were investment holding and infrastructure.

2 Significant accounting policies

(a) Statement of compliance

These accounts have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. These accounts also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. A summary of the significant accounting policies adopted by the Company and its subsidiaries (together referred to as the "Group") is set out below.

The HKICPA has issued a number of new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company.

There have been no significant changes to the accounting policies applied in these accounts for the periods presented as a result of these developments, except for the adoption of HK(IFRIC) – Int 12 "Service concession arrangements". Further details are set out in note 3.

Up to the date of issue of these accounts, the HKICPA has issued a number of amendments, new standards and new interpretations which are not yet effective for the eighteen months ended 31 December 2009 and which have not been adopted in these accounts.

The Group is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations is expected to be in the period of initial application. So far it has concluded that the adoption of revised HKAS 1 "Presentation of Financial Statements", which is effective for accounting periods beginning on or after 1 January 2009, may result in new or amended disclosures in the accounts. In respect of other amendments, new standards and new interpretations, the Group is not yet in a position to state whether they would have a significant impact on the Group's results of operations and financial position.

(b) Change of financial year end date

Pursuant to a resolution of the Board of Directors dated 19 March 2009, the Company's financial year end date has been changed from 30 June to 31 December in order to align with that of the intermediate holding company, Henderson Land Development Company Limited ("HLD"). The consolidated accounts now presented cover a period of eighteen months from 1 July 2008 to 31 December 2009. Accordingly, the comparative figures (which cover a period of twelve months from 1 July 2007 to 30 June 2008) for the consolidated profit and loss account, consolidated statement of changes in equity, consolidated cash flow statement and related notes are not comparable with those of the current period.

2 Significant accounting policies (continued)

(c) Basis of preparation of the accounts

The consolidated accounts for the eighteen months ended 31 December 2009 comprise the Company and its subsidiaries.

The measurement basis used in the preparation of the accounts is the historical cost basis. Non-current assets and disposal groups held for sale are stated at the lower of their carrying amount and fair value less costs to sell (see note 2(r)(i)).

The preparation of accounts in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have significant effect on the accounts and major sources of estimation uncertainty are discussed in note 4.

(d) Subsidiaries and minority interests

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are presently exercisable are taken into account.

An investment in a subsidiary is consolidated into the consolidated accounts from the date that control commences until the date that control ceases. Intra-group balances and transactions and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated accounts. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Minority interests represent the portion of the net assets of subsidiaries attributable to interests that are not owned by the Company, whether directly or indirectly through subsidiaries, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. Minority interests are presented in the consolidated balance sheet within equity, separately from equity attributable to the equity shareholders of the Company. Minority interests in the results of the Group are presented on the face of the consolidated profit and loss account as an allocation of the total profit or loss for the period between minority interests and the equity shareholders of the Company.

Where losses applicable to the minority exceed the minority’s interest in the equity of a subsidiary, the excess, and any further losses applicable to the minority, are charged against the Group’s interest except to the extent that the minority has a binding obligation to, and is able to, make additional investment to cover the losses. If the subsidiary subsequently reports profits, the Group’s interest is allocated all such profits until the minority’s share of losses previously absorbed by the Group has been recovered.

2 Significant accounting policies (continued)

(d) Subsidiaries and minority interests (continued)

Loans from holders of minority interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated balance sheet in accordance with notes 2(i) and (j) depending on the nature of the liability.

In the Company's balance sheet, an investment in a subsidiary is stated at cost less impairment losses (see note 2(h)) unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale) (see note 2(r)(i)). The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

(e) Property, plant and equipment

Property, plant and equipment are stated in the balance sheet at cost less accumulated depreciation and impairment losses (see note 2(h)).

Subsequent costs are included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives of 5 years.

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

(f) Intangible operating rights

Intangible operating rights are stated at cost less accumulated amortisation and impairment losses (see note 2(h)).

Amortisation is provided to write off the cost of intangible operating rights using the straight-line method over their operating periods as follows:

Toll bridge operating right	29 years
Toll highway operating right	25 years

Intangible operating rights are derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the assets. Gains or losses arising from derecognition of an intangible operating right are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

(g) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost less allowances for impairment of doubtful debts (see note 2(h)).

2 Significant accounting policies (continued)

(h) Impairment of assets

(i) Impairment of trade and other receivables

Current and non-current receivables that are stated at cost or amortised cost are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following events:

— significant financial difficulty of the debtor;

— a breach of contract, such as a default or delinquency in interest or principal payments;

— it becoming probable that the debtor will enter bankruptcy or other financial reorganisation; and

— significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor.

If any such evidence exists, any impairment loss is determined and recognised. For trade and other current receivables and other financial assets carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the estimated future cash flows, discounted at the asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of the asset).

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

(ii) Impairment of other assets

Internal and external sources of information are reviewed at each balance sheet date to identify indications that the following assets may be impaired or an impairment loss previously recognised no longer exists or may have decreased:

— property, plant and equipment;

— intangible operating rights; and

— investments in subsidiaries (except for those classified as held for sale or included in a disposal group that is classified as held for sale (see note 2(r)(i))).

If any such indication exists, the asset's recoverable amount is estimated.

— Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

2 Significant accounting policies (continued)

(h) Impairment of assets (continued)

(ii) Impairment of other assets (continued)

— Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

— Reversals of impairment losses

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the period in which the reversals are recognised.

(i) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

(j) Trade and other payables

Trade and other payables are initially recognised at fair value and are subsequently stated at amortised cost.

(k) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

(l) Employee benefits

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the period in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(m) Income tax

Income tax for the period comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised directly in equity, in which case they are recognised in equity.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

2 Significant accounting policies (continued)

(m) Income tax (continued)

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which such deferred tax assets can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profit will be available.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

— in the case of current tax assets and liabilities, the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

— in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

    — the same taxable entity; or

    — different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

2 Significant accounting policies (continued)

(n) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(o) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) Toll fee income

Toll fee income is recognised when services are provided.

(ii) Interest income

Interest income is recognised as it accrues using the effective interest method.

(iii) Dividends

Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established.

(p) Translation of foreign currencies

Items included in the accounts of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated accounts are presented in Hong Kong dollars, which is the Company's functional and presentation currency.

Foreign currency transactions during the period are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the balance sheet date. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was determined.

The results of foreign operations are translated into Hong Kong dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Balance sheet items are translated into Hong Kong dollars at the closing foreign exchange rates ruling at the balance sheet date. The resulting exchange differences are recognised in the exchange reserve in equity.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

2 Significant accounting policies (continued)

(q) Borrowing costs

Borrowing costs are expensed in profit or loss in the period in which they are incurred.

(r) Non-current assets held for sale and discontinued operations

(i) Non-current assets held for sale

A non-current asset (or disposal group) is classified as held for sale if it is highly probable that its carrying amount will be recovered through a sale transaction rather than through continuing use and the asset (or disposal group) is available for sale in its present condition. A disposal group is a group of assets to be disposed of together as a group in a single transaction, and liabilities directly associated with those assets that will be transferred in the transaction.

Immediately before classification as held for sale, the measurement of the non-current assets (and all individual assets and liabilities in a disposal group) is brought up-to-date in accordance with the accounting policies before the classification. Then, on initial classification as held for sale and until disposal, the non-current assets (except for certain assets as explained below) or the disposal group, are recognised at the lower of their carrying amount and fair value less costs to sell. The principal exceptions to this measurement policy so far as the accounts of the Group are concerned are financial assets (other than investments in subsidiaries). These assets, even if held for sale, would continue to be measured in accordance with the policies set out elsewhere in note 2.

Impairment losses on initial reclassification as held for sale, and on subsequent re-measurement while held for sale, are recognised in profit or loss. As long as a non-current asset is classified as held for sale, or is included in a disposal group that is classified as held for sale, the non-current asset is not depreciated or amortised.

(ii) Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographical area of operations, or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale (see (i) above), if earlier. It also occurs if the operation is abandoned.

Where an operation is classified as discontinued, a single amount is presented on the face of the profit and loss account, which comprises:

— the post-tax profit or loss of the discontinued operation; and

— the post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group(s) constituting the discontinued operation.

2 Significant accounting policies (continued)

(s) Related parties

For the purposes of these accounts, a party is considered to be related to the Group if:

(i) the party has the ability, directly or indirectly through one or more intermediaries, to control the Group or exercise significant influence over the Group in making financial and operating policy decisions, or has joint control over the Group;

(ii) the Group and the party are subject to common control;

(iii) the party is an associate of the Group or a joint venture in which the Group is a venturer;

(iv) the party is a member of key management personnel of the Group or the Group's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;

(v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or

(vi) the party is a post-employment benefit plan which is for the benefit of employees of the Group or of any entity that is a related party of the Group.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

3 Changes in accounting policies

The HKICPA has issued HK(IFRIC) – Int 12 "Service concession arrangements" that is relevant to the Group and is effective for accounting periods beginning on or after 1 January 2008 which therefore becomes effective for the current accounting period of the Group.

HK(IFRIC) – Int 12 applies to contractual arrangements whereby a private sector operator participates in the development, financing, operation and maintenance of infrastructure for public sector services. In prior years, the Group accounted for its toll bridge under public-to-private service concession arrangement as property, plant and equipment. The adoption of HK(IFRIC) – Int 12 results in a retrospective change in the accounting policy for the Group's toll bridge. The toll bridge is accounted for as an intangible operating right to the extent that the Group receives a right (a license) to charge users of the public service. Amortisation is provided to write off the cost of the intangible operating right, using the straight-line method, over the operating period of the Group's toll bridge of 29 years. Comparative figures have been restated.

3 Changes in accounting policies (continued)

The adoption of HK(IFRIC) – Int 12 results in the following financial impact:

	At 31 December 2009 HK$ million	At 30 June 2008 HK$ million
Balance sheet		
Increase in intangible operating rights	**508**	563
Decrease in property, plant and equipment	**(541)**	(599)
Decrease in retained profits	**(33)**	(36)

	Period from 1 July 2008 to 31 December 2009 HK$ million	Year ended 30 June 2008 HK$ million
Profit and loss account		
Increase in amortisation charge for the period/year	**61**	38
Decrease in depreciation charge for the period/year	**(64)**	(40)

4 Accounting estimates and judgements

The key sources of estimation uncertainty and critical accounting judgements in applying the Group's accounting policies are described below.

(a) Impairment of intangible operating rights

If circumstances indicate that the carrying amounts of intangible operating rights may not be recoverable, the assets may be considered impaired and are tested for impairment. An impairment loss is recognised when the asset's recoverable amount has declined below its carrying amount. The recoverable amount is the greater of the fair value less costs to sell and value in use. In determining the recoverable amount which requires significant judgements, the Group estimates the future cash flows to be derived from continuing use and ultimate disposal of the asset and applies an appropriate discount rate to these future cash flows.

(b) Impairment of receivables

If circumstances indicate that the carrying amounts of receivables may not be recoverable, an impairment loss may be recognised. The carrying amount of a receivable is reviewed regularly in order to assess whether the recoverable amount has declined below the carrying amount. The Group estimates the future cash flows from the receivable with reference to, among others, the age of the receivable, counterparties' credit-worthiness and repayment history.

4 Accounting estimates and judgements (continued)

(c) Income tax

The Group is subject to withholding income tax in relation to profit distributions from its investment projects in mainland China. Management has exercised the judgement that profits from the Group's investment projects in mainland China are recognised on an accrual basis, and the provision on withholding income tax has been made in the Group's accounts accordingly. Where a different basis is adopted by the PRC tax authorities in assessing the Group's withholding income tax liability relating to the distribution of profits from the Group's investment projects in mainland China, the amount of the Group's withholding income tax liability may be different from the amount of the provision on withholding income tax made in the Group's accounts.

5 Financial risk management

Exposure to credit, liquidity, interest rate and foreign currency risks arises in the normal course of the Group's business. These risks are monitored by the Group's financial management policies and practices described below.

(a) Credit risk

The Group's credit risk is primarily attributable to bank deposits, trade and other receivables, other non-current assets and amounts due from affiliates. The Group maintains a defined credit policy and the exposures to these credit risks are monitored on an ongoing basis.

Cash is deposited with financial institutions with sound credit ratings and the Group has exposure limit to any single financial institution. Given their high credit ratings, management does not expect any of these financial institutions will fail to meet their obligations.

Trade and other receivables mainly comprise toll income receivable which has been collected on behalf of the Group since January 2004 by 杭州市 "四自" 工程道路綜合收費管理處 (Hangzhou City "Sizi" Engineering & Highway General Toll Fee Administration Office), a relevant government body in Hangzhou (the "Hangzhou Government Body") in accordance with the terms of the agreement entered into between the Group and the Hangzhou Government Body. Regular review and follow-up actions are carried out on the overdue amounts. In respect of other trade and other receivables, credit terms given to customers are generally based on the financial strength and repayment history of each customer. Normally, the Group does not obtain collateral from customers. Ageing analysis of the receivables is prepared on a regular basis and is closely monitored to minimise exposure to credit risk. Adequate impairment losses have been made for the estimated irrecoverable amounts.

In respect of the other non-current assets and the amounts due from affiliates, management monitors the recovery of the balances closely and ensure that adequate impairment losses have been made for the estimated irrecoverable amounts.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheets. The Group does not provide any guarantees which expose the Group to credit risk.

5 Financial risk management (continued)

(b) Liquidity risk

The treasury function of the Group is arranged centrally to cover expected cash demands. The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed funding lines from major financial institutions to meet its liquidity requirements in the short and longer term.

The following table sets out the remaining contractual maturities at the balance sheet date of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates prevailing at the balance sheet date) and the earliest date on which the Group can be required to pay:

	At 31 December 2009 Contractual undiscounted cash outflow				
	Within 1 year or on demand HK$ million	**More than 1 year but less than 2 years HK$ million**	**More than 2 years but less than 5 years HK$ million**	**Total HK$ million**	**Balance sheet carrying amount HK$ million**
Bank loans	**12**	**12**	**—**	**24**	**22**
Trade and other payables	**68**	**—**	**—**	**68**	**68**
Amount due to a fellow subsidiary	**55**	**—**	**—**	**55**	**55**
Amounts due to minority shareholders	**144**	**—**	**—**	**144**	**144**
	279	**12**	**—**	**291**	**289**

	At 30 June 2008 Contractual undiscounted cash outflow				
	Within 1 year or on demand HK$ million	More than 1 year but less than 2 years HK$ million	More than 2 years but less than 5 years HK$ million	Total HK$ million	Balance sheet carrying amount HK$ million
Bank loans	14	20	12	46	40
Trade and other payables	72	—	—	72	72
Amount due to a fellow subsidiary	16	—	—	16	16
Amounts due to minority shareholders	126	—	—	126	126
	228	20	12	260	254

5 Financial risk management (continued)

(c) Interest rate risk

The Group is exposed to interest rate risk primarily through its borrowings from banks and amount due to a fellow subsidiary which bear floating interest rates. The Group monitors closely its interest rate exposure and will consider hedging significant interest rate exposure should the need arise. During the period, the Group did not enter into any interest rate hedging instruments.

At 31 December 2009, the Group's bank loans of HK$22 million (30 June 2008: HK$40 million) (see note 24) and amount due to a fellow subsidiary of HK$55 million (30 June 2008: HK$16 million) (see note 26) bear floating interest rate with effective interest rate of 5.4% (30 June 2008: 6.33%-9.29%) and 0.36% (30 June 2008: 1.31%), respectively.

At 31 December 2009 and at 30 June 2008, it is estimated that with a general increase/decrease in interest rate of 100 basis points (30 June 2008: 100 basis points) and all other variables held constant, the impact on the Group's profit after tax and total equity attributable to equity shareholders of the Company is not expected to be material.

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the balance sheet date, and had been applied to the exposure to interest rate risk for financial instruments in existence at that date. The exposure to interest rate risk as referred to above represents management's assessment of a reasonably possible change in interest rates during the period from the balance sheet date until the next annual balance sheet date. The sensitivity analysis is performed on the same basis for 2008.

(d) Foreign currency risk

The Group's primary foreign currency exposure arises from its operations in mainland China as the functional currency of these operations is Renminbi. Where appropriate and cost efficient, the Group seeks to finance these investments by Renminbi borrowings with reference to the future Renminbi funding requirements from the investment and related returns.

At 31 December 2009, there were balances between the Group's entities where the denomination is in a currency other than the functional currencies of the Group's entities to which they relate. The impact on the Group's profit after tax and total equity attributable to equity shareholders of the Company is not expected to be material in response to reasonably possible changes in the foreign exchange rates of the other currencies to which the Group is exposed.

(e) Fair values

Financial assets and liabilities are carried at amounts not materially different from their fair values at 30 June 2008 and at 31 December 2009.

6 Turnover

Turnover represents toll fee income, net of business tax, from infrastructure business in mainland China.

7 Other income/other gains

	Period from 1 July 2008 to 31 December 2009 HK$ million	Year ended 30 June 2008 HK$ million
Continuing operations		
Interest income	**26**	59
Excess of interest in fair values of the acquirees' identifiable assets over cost of business combination	**—**	3
Dividend income from unlisted investments	**1**	1
Gain on disposal of property, plant and equipment	**—**	1
Exchange gain	**—**	5
Sundry income	**9**	3
	36	72

8 Profit before taxation

Profit before taxation in respect of continuing operations is arrived at after charging:

	Period from 1 July 2008 to 31 December 2009 HK$ million	Year ended 30 June 2008 (restated) HK$ million
(a) Finance costs:		
Bank loans and overdrafts	**2**	2
Other borrowings wholly repayable within five years	**—**	3
	2	5
(b) Directors' remuneration:		
For the six months from 1 July 2008 to 31 December 2008	**1**	—
For the twelve months from 1 January 2009 to 31 December 2009	**1**	—
For the year ended 30 June 2008	**—**	1
	2	1
Details of the directors' remuneration are set out in note 9.		
(c) Staff costs (other than directors' remuneration):		
Salaries, wages and other benefits	**15**	12
(d) Other items:		
Amortisation of intangible operating rights	**69**	49
Depreciation	**1**	1
Auditors' remuneration – audit service	**1**	1

9 Directors' remuneration

Directors' remuneration disclosed pursuant to section 161 of the Hong Kong Companies Ordinance is as follows:

	Period from 1 July 2008 to 31 December 2008				
	Fees HK$'000	Salaries, emoluments, other allowances and benefits HK$'000	Discretionary bonuses HK$'000	Retirement scheme contributions HK$'000	Total HK$'000
Executive Directors					
Dr. the Hon. Lee Shau Kee	10	—	—	—	10
Lee Ka Kit	10	—	—	—	10
Colin Lam Ko Yin	10	—	—	—	10
Lee Ka Shing	10	—	—	—	10
Lee Tat Man	10	—	—	—	10
Suen Kwok Lam	10	—	—	—	10
Lee King Yue	10	—	—	—	10
Eddie Lau Yum Chuen	10	—	—	—	10
Li Ning	10	—	—	—	10
Patrick Kwok Ping Ho	10	—	—	—	10
Augustine Wong Ho Ming	10	—	—	—	10
Sit Pak Wing	10	—	—	—	10
Non-executive Directors					
Sir Po-shing Woo	10	—	—	—	10
Philip Yuen Pak Yiu	10	—	—	—	10
Leung Hay Man	10	90	—	—	100
Jackson Woo Ka Biu	—	—	—	—	—
Independent non-executive Directors					
Gordon Kwong Che Keung	10	90	—	—	100
Professor Ko Ping Keung	10	90	—	—	100
Wu King Cheong	10	90	—	—	100
Sub-total	180	360	—	—	540

9 Directors' remuneration (continued)

Directors' remuneration disclosed pursuant to section 161 of the Hong Kong Companies Ordinance is as follows: (continued)

	Period from 1 January 2009 to 31 December 2009				
	Fees HK$'000	Salaries, emoluments, other allowances and benefits HK$'000	Discretionary bonuses HK$'000	Retirement scheme contributions HK$'000	Total HK$'000
Executive Directors					
Dr. the Hon. Lee Shau Kee	20	—	—	—	20
Lee Ka Kit	20	—	—	—	20
Colin Lam Ko Yin	20	—	—	—	20
Lee Ka Shing	20	—	—	—	20
Lee Tat Man	20	—	—	—	20
Suen Kwok Lam	20	—	—	—	20
Lee King Yue	20	—	—	—	20
Eddie Lau Yum Chuen	20	—	—	—	20
Li Ning	20	—	—	—	20
Patrick Kwok Ping Ho	20	—	—	—	20
Augustine Wong Ho Ming	20	—	—	—	20
Sit Pak Wing	20	—	—	—	20
Non-executive Directors					
Sir Po-shing Woo	20	—	—	—	20
Philip Yuen Pak Yiu	20	—	—	—	20
Leung Hay Man	20	180	—	—	200
Jackson Woo Ka Biu	—	—	—	—	—
Independent non-executive Directors					
Gordon Kwong Che Keung	20	180	—	—	200
Professor Ko Ping Keung	20	180	—	—	200
Wu King Cheong	20	180	—	—	200
Sub-total	360	720	—	—	1,080
Total for the eighteen months ended 31 December 2009	540	1,080	—	—	1,620

9 Directors' remuneration (continued)

Directors' remuneration disclosed pursuant to section 161 of the Hong Kong Companies Ordinance is as follows: (continued)

	Year ended 30 June 2008				
	Fees HK$'000	Salaries, emoluments, other allowances and benefits HK$'000	Discretionary bonuses HK$'000	Retirement scheme contributions HK$'000	Total HK$'000
Executive Directors					
Dr. the Hon. Lee Shau Kee	20	—	—	—	20
Lee Ka Kit	20	—	—	—	20
Colin Lam Ko Yin	20	—	—	—	20
Lee Ka Shing	20	—	—	—	20
Lee Tat Man	20	—	—	—	20
Suen Kwok Lam	20	—	—	—	20
Lee King Yue	20	—	—	—	20
Eddie Lau Yum Chuen	20	—	—	—	20
Li Ning	20	—	—	—	20
Patrick Kwok Ping Ho	20	—	—	—	20
Augustine Wong Ho Ming	20	—	—	—	20
Sit Pak Wing	20	—	—	—	20
Non-executive Directors					
Sir Po-shing Woo	20	—	—	—	20
Philip Yuen Pak Yiu	20	—	—	—	20
Leung Hay Man	20	180	—	—	200
Jackson Woo Ka Biu	—	—	—	—	—
Independent non-executive Directors					
Gordon Kwong Che Keung	20	180	—	—	200
Professor Ko Ping Keung	20	180	—	—	200
Wu King Cheong	20	180	—	—	200
Total for the year ended 30 June 2008	360	720	—	—	1,080

There was no arrangement under which a director has waived or agreed to waive any emoluments during the period/year.

Certain of the directors received remuneration from the Company's intermediate holding company for services provided to the Group. No apportionment has been made as the directors are of the opinion that it is impracticable to apportion the amounts between their services to the Company's intermediate holding company and its subsidiaries.

10 Individuals with highest emoluments

Of the five individuals with the highest emoluments, none of them is a director for both the current period and prior year. Their emoluments are analysed as follows:

	Period from 1 July 2008 to 31 December 2009 HK$ million	Year ended 30 June 2008 HK$ million
Salaries, emoluments, other allowances and benefits	**4**	3
Discretionary bonuses	**—**	—
Retirement scheme contributions	**—**	—
	4	3

Their emoluments are within the following bands:

	Number of individuals	
	Period from 1 July 2008 to 31 December 2009	Year ended 30 June 2008
HK$Nil-HK$1,000,000	**3**	5
HK$1,000,001-HK$2,000,000	**2**	—
	5	5

11 Income tax

(a) Income tax in the consolidated profit and loss account represents:

	Period from 1 July 2008 to 31 December 2009 HK$ million	Year ended 30 June 2008 HK$ million
Continuing operations		
Current tax		
— mainland China	**78**	35
— under-provision in respect of prior years	**7**	1
Deferred taxation		
— origination and reversal of temporary differences	**(1)**	(2)
— effect of change in tax rate	**7**	—
— withholding tax on undistributed profits	**5**	—
	96	34

No provision for Hong Kong Profits Tax has been made as there is no assessable profit for the period/year subject to Hong Kong Profits Tax.

Taxation for subsidiaries outside Hong Kong is calculated at the rates prevailing in the relevant jurisdictions.

On 16 March 2007, the National People's Congress approved the Corporate Income Tax Law of the People's Republic of China, under which the Group's principal income tax rate applicable to its operations in mainland China is gradually accelerated to a higher tax rate of 25% in a period of 5 years starting from 1 January 2008. The applicable principal income tax rates for the period from 1 July 2007 to 31 December 2007, the year 2008 and the year 2009 were 15%, 18% and 20% respectively.

In addition, dividend distribution out of the retained profits of foreign-invested enterprises earned after 1 January 2008 is subject to withholding tax at a tax rate of 10% unless reduced by treaty. Under the tax treaty between Hong Kong and mainland China, the withholding tax rate applicable to the Group for the current period and the prior year is 5%.

11 Income tax (continued)

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	Period from 1 July 2008 to 31 December 2009 HK$ million	Year ended 30 June 2008 (restated) HK$ million
Profit before taxation from continuing and discontinued operations	**384**	35,512
Notional tax on profit before taxation, calculated at the Hong Kong Profits Tax rate of 16.5% (Year ended 30 June 2008: 16.5%)	**63**	5,859
Tax effect of non-deductible expenses	**2**	7
Effect of different tax rates of subsidiaries operating in other jurisdictions	**13**	—
Tax effect of non-taxable income	**(2)**	(5,589)
Tax effect of share of profit of associate	**—**	(245)
Tax effect of current period/year's tax losses not recognised	**1**	1
Withholding tax on undistributed profits	**5**	—
Under-provision in respect of prior years	**7**	1
Effect of change in tax rate	**7**	—
Income tax	**96**	34

12 Discontinued operations

The Group's discontinued operations for the year ended 30 June 2008 comprised the Group's interest in The Hong Kong and China Gas Company Limited ("HKCG"), an associate of the Group, which was disposed of by the Group to HLD.

The results of the discontinued operations for the year ended 30 June 2008 were as follows:

	HK$ million
Share of profit of associate to the date of disposal	1,484
Net gain on disposal of the Group's two wholly-owned subsidiaries holding the Group's interest in HKCG	33,781
	35,265

12 Discontinued operations (continued)

The cash flows of the discontinued operations for the year ended 30 June 2008 were as follows:

	HK$ million
Net cash outflow from investing activities	(601)
Net cash inflow from financing activities	601
Net cash flow attributable to the discontinued operations	—

13 Segmental information

No segmental information for the year ended 30 June 2008 and the period from 1 July 2008 to 31 December 2009 is presented as the Group's turnover and trading results for the abovementioned periods are generated solely from its infrastructure business in mainland China, the turnover of which amounted to HK$441 million during the period (Year ended 30 June 2008: HK$272 million) and the segment results of which amounted to HK$335 million during the period (Year ended 30 June 2008 (restated): HK$195 million).

14 Profit attributable to equity shareholders of the Company

The consolidated profit attributable to equity shareholders of the Company includes a profit of HK$303 million (Year ended 30 June 2008: HK$44,197 million) which has been dealt with in the accounts of the Company.

15 Dividends

(a) Dividends payable to equity shareholders of the Company attributable to the period/year

	Period from 1 July 2008 to 31 December 2009 HK$ million	Year ended 30 June 2008 HK$ million
Interim dividend declared for 2007/08 of HK2 cents per share	**—**	61
Distributions approved and paid during 2007/08 of HK$16.4938 per share	**—**	50,262
First interim dividend declared for 2008/09 of HK2 cents per share	**61**	—
Second interim dividend declared for 2008/09 of HK2 cents per share	**61**	—
Final dividend proposed after the balance sheet date of HK2 cents (2007/08: HK2 cents) per share	**61**	61
	183	50,384

15 Dividends (continued)

(a) Dividends payable to equity shareholders of the Company attributable to the period/year (continued)

Pursuant to an ordinary resolution passed at the extraordinary general meeting of the Company held on 7 December 2007, immediately following the completion of the disposal of the Group's interest in HKCG as detailed in note 12 (the "Transaction"), a distribution of HK$15.2838 per issued share of the Company, or HK$46,575 million in aggregate, was paid which comprised, for each issued share of the Company, (i) a distribution in specie of the entitlement to 0.209 share of HLD together with all rights under the share entitlement note; and (ii) a cash distribution of HK$1.03 per share (amounting to HK$3,139 million). Such aggregate distribution was paid on 17 December 2007 out of the proceeds from the Transaction. Furthermore, following the reduction of the share premium on 17 January 2008, a further distribution of HK$1.21 in cash per issued share of the Company, or HK$3,687 million in total, was paid on 25 January 2008 out of the proceeds from the Transaction.

The final dividend proposed after the balance sheet date has not been recognised as a liability at the balance sheet date.

(b) Dividend payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the period/year

	Period from 1 July 2008 to 31 December 2009 HK$ million	Year ended 30 June 2008 HK$ million
Final dividend in respect of the previous financial year, approved and paid during the period/year, of HK2 cents (2007/08: HK15 cents) per share	**61**	457

16 Earnings per share – basic and diluted

(a) From continuing operations

The calculation of basic and diluted earnings per share is based on the profit attributable to equity shareholders of the Company of HK$156 million (Year ended 30 June 2008 (restated): HK$127 million) and the weighted average number of ordinary shares of 3,047,327,395 (Year ended 30 June 2008: 3,047,327,395) in issue during the period.

(b) From discontinued operations

The calculation of basic and diluted earnings per share for the year ended 30 June 2008 was based on the profit attributable to equity shareholders of the Company of HK$35,265 million and the weighted average number of ordinary shares of 3,047,327,395 in issue during that year.

17 Property, plant and equipment

	The Group		
	Toll bridge HK$ million	Leasehold improvements, equipment, furniture, fixtures and motor vehicles HK$ million	Total HK$ million
Cost			
At 1 July 2007			
As previously reported	792	47	839
Adoption of HK(IFRIC)-Int 12	(792)	—	(792)
As restated	—	47	47
Exchange adjustment	—	2	2
Additions	—	1	1
Disposals	—	(26)	(26)
Write off	—	(7)	(7)
At 30 June 2008 (restated)	—	17	17
Accumulated depreciation			
At 1 July 2007			
As previously reported	200	43	243
Adoption of HK(IFRIC)-Int 12	(200)	—	(200)
As restated	—	43	43
Exchange adjustment	—	1	1
Charge for the year	—	1	1
Disposals	—	(25)	(25)
Write off	—	(7)	(7)
At 30 June 2008 (restated)	—	13	13
Net book value			
At 30 June 2008 (restated)	—	4	4

17 Property, plant and equipment (continued)

	The Group		
	Toll bridge HK$ million	Leasehold improvements, equipment, furniture, fixtures and motor vehicles HK$ million	Total HK$ million
Cost			
At 1 July 2008			
As previously reported	861	17	878
Adoption of HK(IFRIC)-Int 12	(861)	—	(861)
As restated	—	17	17
Additions	—	1	1
Disposals	—	(2)	(2)
Transfer to assets classified as held for sale (note 28(a))	—	(6)	(6)
At 31 December 2009	—	10	10
Accumulated depreciation			
At 1 July 2008			
As previously reported	262	13	275
Adoption of HK(IFRIC)-Int 12	(262)	—	(262)
As restated	—	13	13
Charge for the period	—	1	1
Disposals	—	(2)	(2)
Transfer to assets classified as held for sale (note 28(a))	—	(3)	(3)
At 31 December 2009	—	9	9
Net book value			
At 31 December 2009	—	1	1

18 Intangible operating rights

	The Group		
	Toll bridge operating right HK$ million	Toll highway operating right HK$ million	Total HK$ million
Cost			
At 1 July 2007			
As previously reported	—	256	256
Adoption of HK(IFRIC)-Int 12	792	—	792
As restated	792	256	1,048
Exchange adjustment	69	27	96
At 30 June 2008 (restated)	861	283	1,144
Accumulated amortisation			
At 1 July 2007			
As previously reported	—	77	77
Adoption of HK(IFRIC)-Int 12	238	—	238
As restated	238	77	315
Exchange adjustment	22	9	31
Charge for the year	38	11	49
At 30 June 2008 (restated)	298	97	395
Carrying amount			
At 30 June 2008 (restated)	563	186	749

18 Intangible operating rights (continued)

	The Group		
	Toll bridge operating right HK$ million	Toll highway operating right HK$ million	Total HK$ million
Cost			
At 1 July 2008			
As previously reported	—	283	283
Adoption of HK(IFRIC)-Int 12	861	—	861
As restated	861	283	1,144
Exchange adjustment	(1)	(1)	(2)
Additions	7	—	7
Transfer to assets classified as held for sale (note 28(a))	—	(282)	(282)
At 31 December 2009	867	—	867
Accumulated amortisation			
At 1 July 2008			
As previously reported	—	97	97
Adoption of HK(IFRIC)-Int 12	298	—	298
As restated	298	97	395
Charge for the period	61	8	69
Transfer to assets classified as held for sale (note 28(a))	—	(105)	(105)
At 31 December 2009	359	—	359
Carrying amount			
At 31 December 2009	508	—	508

The Group has been granted the operating right of Hangzhou Qianjing Third Bridge (the "Bridge") by the People's Government of Zhejiang Province (浙江省人民政府) for a period of 29 years, during which the Group has the rights of management and maintenance of the Bridge.

The Group has been granted the operating right of Maanshan City Ring Road (the "Highway") by the People's Government of Anhui Province (安徽省人民政府) for a period of 25 years, during which the Group has the rights of management and maintenance of the Highway and the toll-collection right thereof.

During the period, the toll highway operating right was transferred to assets classified as held for sale, further details of which are set out in note 28(a).

At 30 June 2008 and 31 December 2009, the toll highway operating right was pledged to secure the Group's bank loans.

The amortisation charge for the period is included in "direct costs" in the consolidated profit and loss account.

19 Investments in subsidiaries

	The Company	
	At 31 December 2009 HK$ million	At 30 June 2008 HK$ million
Unlisted shares, at cost	**351**	355

Details of the principal subsidiaries at 31 December 2009 are set out on pages 79 to 80.

20 Other non-current assets

	The Group	
	At 31 December 2009 HK$ million	At 30 June 2008 HK$ million
Non-current receivable	**66**	99

Non-current receivable represents the non-current portion of the balance of consideration receivable (stated at present value) in relation to the disposal of the Group's toll collection rights of certain toll bridges during the year ended 30 June 2004.

At 31 December 2009, the total balance of the consideration receivable is RMB103 million (equivalent to HK$117 million) (30 June 2008: RMB115 million or equivalent to HK$131 million) which will be settled by instalments of RMB28 million (equivalent to HK$32 million) per annum for the period from 1 June 2003 to 27 October 2010 and RMB16 million (equivalent to HK$18 million) per annum for the period from 28 October 2010 to 20 July 2015. At 31 December 2009, the current portion of the consideration receivable of HK$51 million (30 June 2008: HK$32 million) is included in "Trade and other receivables" (see note 21).

21 Trade and other receivables

	The Group		The Company	
	At 31 December 2009 HK$ million	At 30 June 2008 HK$ million	**At 31 December 2009 HK$ million**	At 30 June 2008 HK$ million
Trade debtors	**37**	539	**—**	—
Deposits, prepayments and other receivables	**12**	9	**4**	4
Consideration receivable (note 20)	**51**	32	**—**	—
	100	580	**4**	4

The carrying amount at 31 December 2009 excludes an amount of HK$10 million which is attributable to Maanshan Highway JV (as such term is defined in note 28(a)) and which amount is classified as held for sale (see note 28(a)).

21 Trade and other receivables (continued)

The ageing analysis of trade debtors of the Group at the balance sheet date is as follows:

	At 31 December 2009 HK$ million	At 30 June 2008 HK$ million
Current or less than 1 month overdue	28	21
1 to 3 months overdue	3	45
More than 3 months overdue but less than 6 months overdue	2	60
More than 6 months overdue	4	413
	37	539

The trade debtors at 31 December 2009 which amounted to RMB33 million (equivalent to HK$37 million) (30 June 2008: RMB474 million or equivalent to HK$539 million) represent the toll income receivable from Hangzhou Henderson Qianjiang Third Bridge Company, Limited (the "Third Bridge JV"), a 60% owned subsidiary of the Group which is engaged in the operation of a toll bridge in Hangzhou, mainland China. As detailed in note 5(a), the toll income is collected on behalf of the Group by the Hangzhou Government Body. During the period, amounts totalling RMB811 million (equivalent to HK$920 million) were received by the Third Bridge JV from the Hangzhou Government Body resulting in the toll income receivable at 30 June 2008 having been fully recovered.

Included in the trade debtors of HK$37 million above and the consideration receivable of HK$51 million above were an amount of RMB9 million (equivalent to HK$10 million) and an amount of RMB25 million (equivalent to HK$29 million), respectively, which related to amounts overdue since 1 January 2009 but were not impaired. Based on past experience, management considers that no impairment allowance is necessary as there has not been a significant change in credit quality and such amounts are considered to be fully recoverable.

22 Amounts due from affiliates

	The Group		The Company	
	At 31 December 2009 HK$ million	At 30 June 2008 HK$ million	At 31 December 2009 HK$ million	At 30 June 2008 HK$ million
Amounts due from subsidiaries	—	—	956	733
Amounts due from minority shareholders	137	82	—	—
	137	82	956	733

The carrying amount at 31 December 2009 excludes an amount of HK$3 million which is attributable to Maanshan Highway JV (as such term is defined in note 28(a)) and which amount is classified as held for sale (see note 28(a)).

Amounts due from affiliates are unsecured, interest-free and repayable on demand.

At 31 December 2009, the amounts due from minority shareholders include an amount of RMB110 million (equivalent to HK$125 million), being 90% of the cash consideration of the disposal (see note 28(a)) received by a minority shareholder on behalf of the Group from Maanshan Highway JV Partner (as defined in note 28(a)) during the period.

23 Cash and cash equivalents

	The Group		The Company	
	At 31 December 2009 HK$ million	At 30 June 2008 HK$ million	**At 31 December 2009 HK$ million**	At 30 June 2008 HK$ million
Deposits with banks	**1,246**	771	**—**	—
Cash at bank and in hand	**26**	65	**—**	2
Cash and cash equivalents in the balance sheets	**1,272**	836	**—**	2
Cash and cash equivalents attributable to Maanshan Highway JV (as such term is defined in note 28(a)) and which amount is classified as held for sale (see note 28(a))	**6**	—		
Cash and cash equivalents in the consolidated cash flow statement	**1,278**	836		

Included in the cash and cash equivalents at 31 December 2009 were (i) an amount of HK$388 million (30 June 2008: HK$Nil) relating to cash deposits denominated in United States dollars, being a currency other than the functional currency of the entity to which they relate; and (ii) a total sum being the equivalent of HK$383 million (30 June 2008: HK$69 million) which was maintained in mainland China and is subject to foreign exchange control regulations.

24 Bank loans

	At 31 December 2009 HK$ million	At 30 June 2008 HK$ million
Bank loans of the Group in respect of:		
— disposal group	**22**	—
— others	**—**	40
	22	40

At 31 December 2009, the bank loans of HK$22 million were attributable to Maanshan Highway JV (as such term is defined in note 28(a)) and were grouped under “Liabilities associated with assets classified as held for sale” (see note 28(a)).

At 30 June 2008 and 31 December 2009, the bank loans were secured by the Group’s toll highway operating right (see note 18).

24 Bank loans (continued)

At 31 December 2009, bank loans of the Group were repayable as follows:

	At 31 December 2009 HK$ million	At 30 June 2008 HK$ million
Within 1 year	**11**	11
After 1 year but within 2 years	**11**	18
After 2 years but within 5 years	**—**	11
	11	29
	22	40

25 Trade and other payables

	The Group		**The Company**	
	At 31 December 2009 HK$ million	At 30 June 2008 HK$ million	**At 31 December 2009 HK$ million**	At 30 June 2008 HK$ million
Trade creditors	**8**	27	**—**	—
Accrued expenses and other payables	**45**	45	**6**	7
	53	72	**6**	7

The carrying amount at 31 December 2009 excludes an amount of HK$15 million which is attributable to Maanshan Highway JV (as such term is defined in note 28(a)) and which amount is grouped under "Liabilities associated with assets classified as held for sale" (see note 28 (a)).

The ageing analysis of trade creditors of the Group at the balance sheet date is as follows:

	At 31 December 2009 HK$ million	At 30 June 2008 HK$ million
Due within 1 month or on demand	**1**	—
Due after 1 month but within 3 months	**5**	13
Due after 3 months but within 6 months	**—**	12
Due after 6 months	**2**	2
	8	27

26 Amounts due to affiliates

	The Group		The Company	
	At 31 December 2009 HK$ million	At 30 June 2008 HK$ million	**At 31 December 2009 HK$ million**	At 30 June 2008 HK$ million
Amounts due to subsidiaries	**—**	—	**116**	18
Amount due to a fellow subsidiary	**55**	16	**—**	—
Amounts due to minority shareholders	**144**	126	**—**	—
	199	142	**116**	18

Amounts due to affiliates are unsecured, interest-free and repayable on demand except for the amount due to a fellow subsidiary which bears interest by reference to Hong Kong Interbank Offered Rate.

At 31 December 2009, the amounts due to minority shareholders include an amount of RMB110 million (equivalent to HK$125 million), details of which are referred to in note 22.

27 Deferred tax liabilities

(a) The Group

The components of deferred tax liabilities of the Group recognised in the consolidated balance sheet and the movements during the period/year are as follows:

Deferred taxation arising from:	Consideration receivable on disposal of toll collection right of toll bridges HK$ million	Others HK$ million	Total HK$ million
At 1 July 2007	14	—	14
Exchange adjustment	2	—	2
Credited to profit and loss account	(2)	—	(2)
At 30 June 2008	14	—	14
At 1 July 2008	**14**	**—**	**14**
Charged to profit and loss account	**6**	**5**	**11**
At 31 December 2009	**20**	**5**	**25**

(b) The Company

No deferred taxation has been recognised as the Company did not have significant temporary differences at 30 June 2008 and at 31 December 2009.

28 Disposal groups

(a) Disposal of Maanshan Huan Tong Highway Development Limited

On 12 March 2009, Hong Kong Vigorous Limited ("Vigorous"), a 70%-owned subsidiary of the Company, entered into an agreement (the "Agreement") with 馬鞍山市過境公路建設開發有限公司 (Maanshan City Cross Border Highway Construction Development Company Limited) ("Maanshan Highway JV Partner"), a state-owned enterprise which has a 30% beneficial interest in Maanshan Huan Tong Highway Development Limited ("Maanshan Highway JV", being the joint venture engaged in the operation of Maanshan City Ring Road), in relation to the sale by Vigorous of its entire 70% interest in Maanshan Highway JV to Maanshan Highway JV Partner for a cash consideration of RMB122 million (equivalent to HK$139 million). At 31 December 2009, the transaction had yet to be completed.

The results associated with the operations of Maanshan Highway JV for the period since it was classified as a disposal group are presented below:

	HK$ million
Revenue	55
Expenses	(26)
Profit for the period	29

At 31 December 2009, the major classes of assets and liabilities associated with the operations of Maanshan Highway JV are as follows:

	HK$ million
Assets	
Property, plant and equipment (note 17)	3
Toll highway operating right (note 18)	177
Trade and other receivables (note 21)	10
Amount due from a minority shareholder (note 22)	3
Cash and cash equivalents (note 23)	6
	199
Liabilities	
Bank loans (note 24)	(22)
Trade and other payables (note 25)	(15)
Current taxation	(2)
	(39)
Net assets classified as held for sale	160

The cumulative income recognised directly in the Group's equity attributable to equity shareholders of the Company relating to the Maanshan Highway JV amounted to HK$15 million at 31 December 2009 (30 June 2008: HK$15 million).

28 Disposal groups (continued)

(b) Disposal of interests in Ningbo Subsidiaries

The Group previously entered into a sale and purchase agreement with Fenghua Transportation Investment Co., Ltd 奉化市交通投資公司, a minority shareholder of Ningbo Subsidiaries (as defined below), to dispose of its entire interests in Ningbo Nickwell Highway Development Company Limited, Ningbo Wise Link Highway Development Company Limited and Ningbo Rayter Highway Development Company Limited (collectively referred to as the "Ningbo Subsidiaries") at a cash consideration of RMB70 million (approximately HK$75 million). During the year ended 30 June 2008, the transaction was completed and a net gain on disposal of approximately HK$21 million was recognised.

The results associated with the operations of Ningbo Subsidiaries for the year ended 30 June 2008 up to the completion date of the disposal were as follows:

	HK$ million
Revenue	8
Expenses	(3)
Profit for the year	5

The cumulative income recognised directly in the Group's equity relating to the Ningbo Subsidiaries amounted to HK$14 million immediately before the completion of the Group's disposal of its interest therein.

29 Employee retirement benefits

The Group's employees employed under the jurisdiction of the Hong Kong Employment Ordinance participate in the Group's Mandatory Provident Fund Scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance (the "MPFO"). The MPF Scheme is a defined contribution retirement plan administered by an independent trustee. Under the MPF Scheme, the Group and the employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$20,000. Such contributions to the MPF Scheme vest immediately. In addition to the abovementioned minimum contribution, the Group provides certain voluntary top-up benefits to employees participating in the MPF Scheme, subject to a vesting scale. The portion of the employer's contributions to which the employees are not entitled and which has been forfeited can be used by the Group to reduce the future contributions. No forfeited contributions were utilised during the current period and the prior year.

Employees of the subsidiaries in mainland China are members of the central pension scheme operated by the government of the People's Republic of China. The Group is required to contribute a certain percentage of employees' remuneration to the central pension scheme to fund the benefits. The only obligation for the Group with respect to the central pension scheme is the associated required contribution under the central pension scheme. Contributions to the scheme vest immediately.

30 Capital and reserves

(a) The Group

	Attributable to equity shareholders of the Company							
	Share capital	Share premium	Capital reserve	Exchange reserve	Retained profits (restated)	Total (restated)	Minority interests	Total equity (restated)
	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million
At 1 July 2007								
As previously reported	609	4,216	13	62	12,062	16,962	565	17,527
Adoption of HK(IFRIC)-Int 12	—	—	—	—	(38)	(38)	—	(38)
As restated	609	4,216	13	62	12,024	16,924	565	17,489
Final dividend approved in respect of the previous financial year (note 15(b))	—	—	—	—	(457)	(457)	—	(457)
Exchange difference on translation of accounts of subsidiaries outside Hong Kong	—	—	—	66	—	66	41	107
Realisation of exchange reserve on disposal of subsidiaries	—	—	—	(8)	—	(8)	(6)	(14)
Reduction of share premium (note (d))	—	(4,216)	—	—	4,216	—	—	—
Profit for the year (as restated)	—	—	—	—	35,392	35,392	86	35,478
Dividends declared in respect of the current financial year (note 15(a))								
— interim dividend	—	—	—	—	(61)	(61)	—	(61)
— distributions	—	—	—	—	(50,262)	(50,262)	—	(50,262)
Dividends paid to minority shareholders	—	—	—	—	—	—	(16)	(16)
Increase in shareholding in a subsidiary	—	—	—	—	—	—	(148)	(148)
Disposal of subsidiaries	—	—	—	—	—	—	(108)	(108)
At 30 June 2008 (restated)	609	—	13	120	852	1,594	414	2,008

30 Capital and reserves (continued)

(a) The Group (continued)

	Attributable to equity shareholders of the Company						
	Share capital HK$ million	Capital reserve HK$ million	Exchange reserve HK$ million	Retained profits HK$ million	Total HK$ million	Minority interests HK$ million	Total equity HK$ million
At 1 July 2008							
As previously reported	609	13	120	888	1,630	414	2,044
Adoption of HK(IFRIC)-Int 12	—	—	—	(36)	(36)	—	(36)
As restated	609	13	120	852	1,594	414	2,008
Final dividend approved in respect of the previous financial year (note 15(b))	—	—	—	(61)	(61)	—	(61)
Exchange difference on translation of accounts of subsidiaries outside Hong Kong	—	—	(3)	—	(3)	(1)	(4)
Profit for the period	—	—	—	156	156	132	288
Interim dividends declared in respect of the current financial period (note 15(a))	—	—	—	(122)	(122)	—	(122)
Dividends paid to minority shareholders	—	—	—	—	—	(169)	(169)
At 31 December 2009	609	13	117	825	1,564	376	1,940

30 Capital and reserves (continued)

(b) The Company

	Share capital HK$ million	Share premium HK$ million	Capital reserve HK$ million	Retained profits HK$ million	Total equity HK$ million
At 1 July 2007	609	4,216	3	2,824	7,652
Final dividend approved in respect of the previous financial year (note 15(b))	—	—	—	(457)	(457)
Reduction of share premium (note (d))	—	(4,216)	—	4,216	—
Profit for the year (note 14)	—	—	—	44,197	44,197
Dividends declared in respect of the current financial year (note 15(a))					
— interim dividend	—	—	—	(61)	(61)
— distributions	—	—	—	(50,262)	(50,262)
At 30 June 2008	609	—	3	457	1,069
At 1 July 2008	**609**	**—**	**3**	**457**	**1,069**
Final dividend approved in respect of the previous financial year (note 15(b))	**—**	**—**	**—**	**(61)**	**(61)**
Profit for the period (note 14)	**—**	**—**	**—**	**303**	**303**
Interim dividends declared in respect of the current financial period (note 15(a))	**—**	**—**	**—**	**(122)**	**(122)**
At 31 December 2009	**609**	**—**	**3**	**577**	**1,189**

(c) Share capital

	At 31 December 2009 HK$ million	At 30 June 2008 HK$ million
Authorised:		
5,000,000,000 (30 June 2008: 5,000,000,000) ordinary shares of HK$0.2 each	**1,000**	1,000
Issued and fully paid:		
3,047,327,395 (30 June 2008: 3,047,327,395) ordinary shares of HK$0.2 each	**609**	609

30 Capital and reserves (continued)

(d) Reduction of share premium

Pursuant to a special resolution passed at the extraordinary general meeting of the Company held on 7 December 2007 and an order of the High Court of the Hong Kong Special Administrative Region dated 16 January 2008, the Company's entire share premium of approximately HK$4,216 million was reduced on 17 January 2008 and the same amount was credited to the Company's retained profits in accordance with the provisions of the Hong Kong Companies Ordinance.

(e) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the accounts of foreign operations. The reserve is dealt with in accordance with the accounting policy set out in note 2(p).

(f) Distributability of reserves

At 31 December 2009, the aggregate amount of reserves available for distribution to equity shareholders of the Company was HK$577 million (30 June 2008: HK$457 million). After the balance sheet date, the directors proposed a final dividend of HK2 cents (Year ended 30 June 2008: HK2 cents) per share, amounting to HK$61 million (Year ended 30 June 2008: HK$61 million). This dividend has not been recognised as a liability at the balance sheet date.

(g) Capital management

The Group's primary objective for capital management is to safeguard the Group's ability to continue as a going concern so that the Group can continue to provide financial returns to shareholders, and by securing access to financing sources at reasonable costs.

The Group regularly reviews and manages its capital structure under the policy of prudent financial management. The Group maintains a financially sound capital position and, where appropriate, makes adjustments to its capital structure in the light of remarkable changes in the financial and capital markets and in economic conditions.

The Group monitors its capital structure on the basis of gearing ratio, which is one of the most commonly adopted measurement standards for capital management by companies engaged in investments in infrastructure projects. Gearing ratio is calculated based on the net bank borrowings and shareholders' funds of the Group at the balance sheet date. At 31 December 2009, the Group maintained net cash and bank balances (after deducting the Group's total bank borrowings of HK$22 million (30 June 2008: HK$40 million)) of HK$1,256 million (30 June 2008: HK$796 million) and therefore the Group's gearing ratio was nil (30 June 2008: Nil).

Neither the Company nor any of its subsidiaries was subject to externally imposed capital requirements during the period and at the balance sheet date.

31 Disposal of subsidiaries

Details of the subsidiaries disposed of (see notes 12 and 28(b)) during the year ended 30 June 2008 are set out below:

	Note	HK$ million
Property, plant and equipment		4
Toll highway operating right		430
Interest in associates		16,483
Cash and cash equivalents		1
Amounts due to affiliates		(259)
Net assets of the subsidiaries disposed of		16,659
Minority interests		(108)
		16,551
Release of exchange reserve		(14)
		16,537
Net gain on disposal of subsidiaries	12	33,781
Net gain on disposal of disposal group	28(b)	21
Total consideration		50,339
Satisfied by:		
Cash — disposal of subsidiaries		6,828
— disposal of disposal group	28(b)	75
Share entitlement note and all rights thereunder		43,436
		50,339
Analysis of net inflow of cash and cash equivalents in respect of the disposal of subsidiaries:		
Cash consideration received		6,903
Cash and cash equivalents disposed of		(1)
		6,902

32 Commitments

At 31 December 2009, the Group did not have any commitment not provided for in these accounts (30 June 2008: HK$Nil).

33 Contingent liabilities

At 31 December 2009, the Group did not have any contingent liabilities (30 June 2008: HK$Nil).

34 Material related party transactions

In addition to the transactions disclosed elsewhere in these accounts, the Group entered into the following material related party transactions during the period/year:

(a) Transaction with a fellow subsidiary

	Period from 1 July 2008 to 31 December 2009 HK$ million	Year ended 30 June 2008 HK$ million
Continuing operations		
Interest expense	—	3

(b) Key management personnel remuneration

Remuneration for key management personnel of the Group is set out in note 9.

35 Non-adjusting post balance sheet events

(a) After the balance sheet date, the directors proposed a final dividend. Further details are set out in note 15(a).

(b) On 26 February 2010, the transaction contemplated under the disposal by Vigorous of its entire 70% interest in Maanshan Highway JV to Maanshan Highway JV Partner (see note 28(a)) was completed. A net gain on disposal attributable to equity shareholders of approximately HK$26 million will be recognised in the Group's accounts for the year ending 31 December 2010.

36 Comparative figures

As a result of adopting HK(IFRIC)-Int 12 "Service concession arrangements", certain comparative figures have been restated. Details of the adoption of this new accounting policy are set out in note 3.

37 Parent and ultimate controlling party

At 31 December 2009, the directors consider that the Company's parent and ultimate controlling party are Kingslee S.A. (a private limited liability company incorporated in the Republic of Panama) and Henderson Development Limited (a private limited liability company incorporated in Hong Kong), respectively. These entities do not produce accounts available for public use.

The parent of Kingslee S.A. is HLD, a public limited liability company incorporated in Hong Kong with its shares listed on The Stock Exchange of Hong Kong Limited. HLD produces consolidated accounts, including those of the Group, which are available for public use.

Principal Subsidiaries

At 31 December 2009

Set out below are the particulars of the subsidiaries of the Company at 31 December 2009 which, in the opinion of the directors, principally affected the results and assets of the Group. All the principal subsidiaries are incorporated and operate in Hong Kong unless otherwise stated. None of the principal subsidiaries has debt securities in issue at the balance sheet date.

		Particulars of issued share capital		Percentage of shares held by the Company	
		Number of ordinary shares	Par value	Directly	Indirectly
A	**Investment holding**				
	China Investment Group Limited	300,000	HK$1,000	—	100
	Henderton Profits Limited	1	HK$1	—	100
	Luxrich Limited (incorporated and operates in the British Virgin Islands)	10	US$1	80	20
	Nation Team Development Limited	2	HK$1	—	100
	Prominence Development Limited	1	HK$1	—	100
	Hong Kong Vigorous Limited	10,000	HK$1	—	70
B	**Finance**				
	Henderson Investment Finance Limited	1,000	HK$100	100	—
	St. Helena Holdings Co. Limited (incorporated and operates in the British Virgin Islands)	3	US$1	100	—

Principal Subsidiaries

At 31 December 2009

		Note	Contributed capital RMB	Percentage of equity interest held by the Company Directly	Percentage of equity interest held by the Company Indirectly
C	**Infrastructure**				
	Hangzhou Henderson Qianjiang Third Bridge Company, Limited	(i), (iii)	200,000,000	—	60
	Maanshan Huan Tong Highway Development Limited	(ii), (iii)	99,450,000	—	49
	Tianjin Jinning Roads Bridges Construction Development Company Limited	(ii), (iii)	23,680,000	—	70
	Tianjin Wanqiao Project Development Company Limited	(ii), (iii)	20,000,000	—	70

Notes:

(i) *The company is registered as Sino-foreign equity joint venture enterprise and operates in mainland China.*

(ii) *These companies are registered as Sino-foreign co-operative joint venture enterprises and operate in mainland China. The Group can exercise control over these entities.*

(iii) *The percentage of the profit sharing by the subsidiaries is as follows:*

Hangzhou Henderson Qianjiang Third Bridge Company, Limited	—	*60%*
Maanshan Huan Tong Highway Development Limited	—	*first five years: 80%, second five years: 60% and remaining years: 70%*
Tianjin Jinning Roads Bridges Construction Development Company Limited	—	*first five years: 80%, second five years: 60% and remaining years: 70%*
Tianjin Wanqiao Project Development Company Limited	—	*70%*

Corporate Information

Board of Directors

Executive Directors

Dr. the Hon. Lee Shau Kee, GBM
(Chairman and Managing Director)
Lee Ka Kit *(Vice Chairman)*
Colin Lam Ko Yin *(Vice Chairman)*
Lee Ka Shing *(Vice Chairman)*
Lee Tat Man
Suen Kwok Lam
Lee King Yue
Eddie Lau Yum Chuen
Li Ning
Patrick Kwok Ping Ho
Augustine Wong Ho Ming
Sit Pak Wing

Non-executive Directors

Sir Po-shing Woo
Philip Yuen Pak Yiu
Leung Hay Man
Jackson Woo Ka Biu
(Alternate Director to Sir Po-shing Woo)

Independent Non-executive Directors

Gordon Kwong Che Keung
Professor Ko Ping Keung
Wu King Cheong

Audit Committee

Gordon Kwong Che Keung
Professor Ko Ping Keung
Wu King Cheong
Leung Hay Man

Remuneration Committee

Wu King Cheong
Dr. the Hon. Lee Shau Kee, GBM
Colin Lam Ko Yin
Gordon Kwong Che Keung
Professor Ko Ping Keung

Company Secretary

Timon Liu Cheung Yuen

Registered Office

72-76/F, Two International Finance Centre
8 Finance Street, Central
Hong Kong

Telephone	:	(852) 2908 8888
Facsimile	:	(852) 2908 8838
Internet	:	http://www.hilhk.com
E-Mail	:	henderson@hld.com

Registrars

Tricor Standard Limited
26/F, Tesbury Centre
28 Queen's Road East, Wanchai
Hong Kong

Share Listing

The Stock Exchange of Hong Kong Limited (Stock Code: 97)

Shares are also traded in the United States through an
American Depositary Receipt Level 1 Programme
(Ticker Symbol: HDVTY
CUSIP Reference Number: 425070109)

Authorised Representatives

Colin Lam Ko Yin
Timon Liu Cheung Yuen

Auditors

PricewaterhouseCoopers

Solicitors

Woo, Kwan, Lee & Lo
Lo & Lo

Principal Bankers

The Hongkong and Shanghai Banking Corporation Limited
Hang Seng Bank Limited
Bank of China (Hong Kong) Limited

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of the Company will be held at the Harbour View Ballroom, Four Seasons Hotel, 8 Finance Street, Central, Hong Kong on Tuesday, 1 June 2010 at 11:00 a.m. to transact the following business:

1. To receive and consider the Audited Accounts and the Reports of the Directors and Auditors for the eighteen months ended 31 December 2009.

2. To declare a Final Dividend.

3. To re-elect retiring Directors.

4. To re-appoint Auditors and authorise the Directors to fix their remuneration.

5. To consider as special business and, if thought fit, pass the following resolutions as Ordinary Resolutions:

   (A) "THAT:

   (a) subject to paragraph (b) of this Resolution, the exercise by the Directors during the Relevant Period (as defined in paragraph (c) of this Resolution) of all the powers of the Company to repurchase ordinary shares of HK$0.20 each in the capital of the Company on The Stock Exchange of Hong Kong Limited ("Stock Exchange") or on any other stock exchange on which the shares of the Company may be listed and recognised by the Stock Exchange and the Securities and Futures Commission for this purpose, subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange or of any other stock exchange as amended from time to time be and is hereby generally and unconditionally approved;

   (b) the aggregate nominal amount of the shares of the Company to be repurchased pursuant to the approval in paragraph (a) above shall not exceed 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue as at the date of this Resolution and the said approval shall be limited accordingly; and

   (c) for the purposes of this Resolution, "Relevant Period" means the period from the passing of this Resolution until whichever is the earliest of:

   (i) the conclusion of the next Annual General Meeting of the Company;

   (ii) the expiration of the period within which the next Annual General Meeting of the Company is required by the Articles of Association of the Company or the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) to be held; and

   (iii) the date on which the authority set out in this Resolution is revoked or varied by an ordinary resolution of the Shareholders in general meeting."

(B) "THAT:

(a) a general mandate be and is hereby generally and unconditionally given to the Directors to exercise during the Relevant Period (as hereinafter defined) all the powers of the Company to allot, issue and deal with additional shares of the Company and to make or grant offers, agreements or options (including, without limitation, Rights Issue (as hereinafter defined), warrants, bonds, debentures, notes and other securities convertible into shares in the Company) which would or might require the exercise of such powers either during or after the Relevant Period, provided that the aggregate nominal amount of the share capital of the Company to be allotted, issued and dealt with pursuant to the general mandate herein, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined), or (ii) any option scheme or similar arrangement for the time being adopted for the grant or issue to the employees of the Company and/or any of its subsidiaries of shares or rights to acquire shares of the Company, or (iii) an issue of shares in the Company upon the exercise of the subscription rights or conversion rights attaching to any warrants or convertible notes which may be issued by the Company or any of its subsidiaries, or (iv) any scrip dividend pursuant to the Articles of Association of the Company from time to time, shall not exceed 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue as at the date of this Resolution and the said approval shall be limited accordingly; and

(b) for the purposes of this Resolution:

"Relevant Period" shall have the same meaning as assigned to it under Ordinary Resolution (A) of item no. 5 as set out in the notice convening this Meeting; and

"Rights Issue" means an offer of shares in the capital of the Company or issue of option, warrants or other securities giving the right to subscribe for shares of the Company, open for a period fixed by the Directors of the Company to holders of shares of the Company whose names appear on the Register of Members of the Company (and, where appropriate, to holders of other securities of the Company entitled to the offer) on a fixed record date in proportion to their then holdings of such shares (or, where appropriate, such other securities) as at that date (subject to such exclusions or other arrangements as the Directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in any territory outside Hong Kong)."

(C) "THAT:

the general mandate granted to the Directors and for the time being in force to exercise the powers of the Company to allot, issue and deal with additional shares of the Company pursuant to Ordinary Resolution (B) of item no. 5 as set out in the notice convening this Meeting be and is hereby extended by the addition to the aggregate nominal amount of share capital which may be allotted, issued and dealt with or agreed conditionally or unconditionally to be allotted, issued and dealt with by the Directors pursuant to such general mandate an amount representing the aggregate nominal amount of shares in the capital of the Company repurchased by the Company since the granting of the said general mandate pursuant to the exercise by the Directors of the powers of the Company to repurchase such shares under the authority granted pursuant to Ordinary Resolution (A) of item no. 5 as set out in the notice convening this Meeting provided that such amount shall not exceed 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue as at the date of this Resolution."

By Order of the Board
Timon LIU Cheung Yuen
Company Secretary

Hong Kong, 28 April 2010

Registered Office:
72-76/F, Two International Finance Centre
8 Finance Street, Central
Hong Kong

Notes:

(1) At the above Meeting, the Chairman will exercise his power under Article 80 of the Articles of Association to put each of the resolutions to be voted by way of a poll.

(2) A Member of the Company entitled to attend and vote at the above Meeting is entitled to appoint one or more proxies to attend and on a poll, to vote instead of him. A proxy need not be a Member. Form of proxy and the power of attorney or other authority, if any, under which it is signed (or a notarially certified copy of that power of authority) must be lodged at the registered office of the Company at 72-76/F., Two International Finance Centre, 8 Finance Street, Central, Hong Kong not less than 48 hours before the time appointed for holding the Meeting.

(3) The Register of Members of the Company will be closed from Tuesday, 25 May 2010 to Tuesday, 1 June 2010, both days inclusive, during which period no requests for transfer of shares will be accepted.

(4) In order to qualify for the proposed final dividend and attending the above Meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company's Registrars, Tricor Standard Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:00 p.m. on Monday, 24 May 2010.

(5) An explanatory statement containing further details concerning Ordinary Resolution (A) of item 5 above is sent to members together with the 2009 Annual Report of which this notice convening the above Meeting forms part.

(6) Concerning Ordinary Resolutions (B) and (C) of item 5 above, approval is being sought from Members, as a general mandate in compliance with Section 57B of the Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, that in the event it becomes desirable for the Company to issue any new shares of the Company, the Directors are given flexibility and discretion to allot and issue new shares up to 20 per cent. of the issued share capital plus the number of shares repurchased by the Company pursuant to the general mandate approved in Ordinary Resolution (A) of item 5 above. Save as disclosed (if any), the Directors have no immediate plans to issue any new shares of the Company under the said mandate being sought.

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Environmentally friendly paper has been used in the production of this annual report.

恒基兆業發展有限公司
HENDERSON INVESTMENT LIMITED