



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

Stock Code 股份代號：97

中期報告
INTERIM REPORT 2010

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Highlights of 2010 Interim Results

	For the six months ended 30 June		Change
	2010 unaudited HK\$ million	2009 unaudited HK\$ million	
Turnover	148	143	+3%
Profit attributable to Shareholders	84	41	+105%
	HK\$	HK\$	
Earnings per share – basic and diluted	0.03	0.01	+200%
Interim dividend per share	0.02	0.02	–
	At 30 June 2010 HK\$ million	At 31 December 2009 HK\$ million	
Net asset value <i>Note</i>	1,578	1,564	+1%
	HK\$	HK\$	
Net asset value per share <i>Note</i>	0.52	0.51	+2%

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

Interim Results and Dividend

The Board of Directors announces that, for the six months ended 30 June 2010, the unaudited Group profit attributable to equity Shareholders amounted to HK\$84 million, representing an increase of HK\$43 million or 105% over the amount of HK\$41 million for the six months ended 30 June 2009. Earnings per share were HK\$0.03 (2009: HK\$0.01).

The significant increase in profit was mainly attributable to a net gain on disposal of the Group's entire interest in a toll road in Anhui Province and the increased profit contribution from its infrastructure operation in Zhejiang Province.

The Board has resolved to pay an interim dividend of HK\$0.02 per share (2009: HK\$0.02 per share) to Shareholders whose names appear on the Register of Members of the Company on 14 September 2010.

Closing of Register of Members

The Register of Members of the Company will be closed from Friday, 10 September 2010 to Tuesday, 14 September 2010, both days inclusive, during which period no requests for the transfer of shares will be accepted. In order to qualify for the interim dividend, all transfers of shares accompanied by the relevant share certificates and transfer forms 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 Thursday, 9 September 2010. Interim dividend will be distributed to Shareholders on Tuesday, 28 September 2010.

Management Discussion and Analysis

Business Review

The Group is primarily engaged in infrastructure business in mainland China. The core asset in the Group's portfolio is its 60% interest in Hangzhou Qianjiang Third Bridge in Zhejiang Province.

The Group entered into an agreement to sell its entire interest in Maanshan City Ring Road, a toll road situated in Anhui Province in March 2009. With completion of the transaction on 26 February 2010, a net gain on disposal attributable to equity Shareholders of HK\$26 million was recognized in the six months ended 30 June 2010.

Henderson Investment Limited

During the period under review, the Group's turnover grew 3.5% to HK\$148 million as compared to that for the same period in 2009. Excluding the turnover from Maanshan City Ring Road which was recognized in the Group's turnover for the corresponding period of six months ended 30 June 2009, the Group's turnover rose 13.8% to HK\$148 million (2009: HK\$130 million), reflecting the increase in traffic volume of Hangzhou Qianjiang Third Bridge during the period under review when compared to the same period a year ago. The breakdown of the Group's turnover is shown in the table below:

	Toll Revenue		
	(For the six months ended 30 June)		
	2010	2009	Change
HK\$ million	HK\$ million		
Hangzhou Qianjiang Third Bridge	148	130	+13.8%
Maanshan City Ring Road	-	13 [^]	
Total	148	143	+3.5%

[^] Only the toll revenue from 1 January 2009 to 31 March 2009 was included as turnover.

Benefiting from the increase in profit contribution from Hangzhou Qianjiang Third Bridge and the net gain attributable to equity Shareholders from the disposal of its entire interest in Maanshan City Ring Road, the Group's profit attributable to equity Shareholders for the six months ended 30 June 2010 surged 105% to HK\$84 million (2009: HK\$41 million).

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

Prospects

For the first half of 2010, mainland China's economy continued to experience sound and fast development, with a year-on-year growth rate in GDP of 11.1%, 3.7 percentage points higher than that in the same period a year ago. This reflected the timely implementation of effective policies and measures introduced by the Central Government in response to the global financial crisis. Considering the growth momentum of the economy on the mainland to be very likely maintained and the prime location of Hangzhou Qianjiang Third Bridge in Zhejiang Province, the Group believes that the return from its core asset will continue to be satisfactory in the second half of the year.

Condensed Interim Financial Statements

Consolidated Income Statement – unaudited

	Note	For the six months ended 30 June	
		2010 HK\$ million	2009 HK\$ million
Turnover	3	148	143
Direct costs		(24)	(30)
		124	113
Other income/other gains		16	10
Administrative expenses		(9)	(8)
Profit for the period of disposal group	12	4	7
Net gain on disposal of disposal group	12	47	–
Profit from operations		182	122
Finance costs	4(a)	–	–
Profit before taxation	4	182	122
Income tax	5	(42)	(41)
Profit for the period		140	81
Attributable to:			
Equity shareholders of the Company		84	41
Non-controlling interests		56	40
Profit for the period		140	81
Earnings per share – basic and diluted	6	HK\$0.03	HK\$0.01

Details of dividends payable to equity shareholders of the Company are set out in note 7.

The notes on pages 11 to 20 form part of these condensed interim financial statements.

Condensed Interim Financial Statements

Consolidated Statement of Comprehensive Income – unaudited

	For the six months ended 30 June	
	2010 HK\$ million	2009 HK\$ million
Profit for the period	140	81
Other comprehensive income for the period:		
Exchange difference on translation of financial statements of subsidiaries outside Hong Kong	8	–
Exchange reserve reclassified from equity to profit or loss on disposal of a subsidiary	(21)	–
	(13)	–
Total comprehensive income for the period	127	81
Attributable to:		
Equity shareholders of the Company	75	41
Non-controlling interests	52	40
Total comprehensive income for the period	127	81

The notes on pages 11 to 20 form part of these condensed interim financial statements.

Condensed Interim Financial Statements

Consolidated Balance Sheet

	Note	At 30 June 2010 (unaudited) HK\$ million	At 31 December 2009 (audited) HK\$ million
Non-current assets			
Property, plant and equipment		1	1
Intangible operating rights		491	508
Other non-current assets		60	66
		552	575
Current assets			
Trade and other receivables	8	110	100
Amounts due from affiliates		12	137
Cash and cash equivalents	9	1,366	1,272
		1,488	1,509
Assets classified as held for sale	12	-	199
		1,488	1,708
Current liabilities			
Trade and other payables	10	45	53
Amounts due to affiliates	11	6	199
Current taxation		21	27
		72	279
Liabilities associated with assets classified as held for sale	12	-	39
		72	318
Net current assets		1,416	1,390
Total assets less current liabilities		1,968	1,965
Non-current liabilities			
Deferred tax liabilities		28	25
NET ASSETS		1,940	1,940

Condensed Interim Financial Statements

Consolidated Balance Sheet (continued)

	At 30 June 2010 (unaudited) HK\$ million	At 31 December 2009 (audited) HK\$ million
Note		
CAPITAL AND RESERVES		
Share capital	609	609
Reserves	969	955
Total equity attributable to equity shareholders of the Company	1,578	1,564
Non-controlling interests	362	376
TOTAL EQUITY	1,940	1,940

The notes on pages 11 to 20 form part of these condensed interim financial statements.

Condensed Interim Financial Statements

Consolidated Statement of Changes in Equity – unaudited

	Note	Attributable to equity shareholders of the Company					Non-controlling interests	Total equity
		Share capital	Capital reserve	Exchange reserve	Retained profits	Total		
		HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million		
Balance at 1 January 2009		609	13	117	852	1,591	441	2,032
Changes in equity for the six months ended 30 June 2009:								
Total comprehensive income for the period		-	-	-	41	41	40	81
Dividend declared and paid in respect of the previous period	7(b)	-	-	-	(61)	(61)	-	(61)
Dividends paid to non-controlling interests		-	-	-	-	-	(75)	(75)
Balance at 30 June 2009		609	13	117	832	1,571	406	1,977
Balance at 1 January 2010		609	13	117	825	1,564	376	1,940
Changes in equity for the six months ended 30 June 2010:								
Total comprehensive income for the period		-	-	(9)	84	75	52	127
Dividend approved and paid in respect of the previous period	7(b)	-	-	-	(61)	(61)	-	(61)
Dividend paid to non-controlling interests		-	-	-	-	-	(20)	(20)
Disposal of a subsidiary		-	-	-	-	-	(46)	(46)
Balance at 30 June 2010		609	13	108	848	1,578	362	1,940

The notes on pages 11 to 20 form part of these condensed interim financial statements.

Condensed Interim Financial Statements

Condensed Consolidated Cash Flow Statement – unaudited

	For the six months ended 30 June	
	2010 HK\$ million	2009 HK\$ million
Net cash generated from operating activities		
Profit before taxation	182	122
Amortisation of intangible operating rights	21	23
Net gain on disposal of disposal group	(47)	-
(Increase)/decrease in trade and other receivables	(3)	465
Decrease in trade and other payables	(8)	(18)
Tax paid – outside Hong Kong	(45)	(70)
Other operating cash flows	1	(8)
	101	514
Net cash generated from investing activities		
Interest received	8	5
Additions to intangible operating rights	-	(1)
Net proceeds from disposal of disposal group	125	-
Decrease in amounts due from affiliates	125	3
Other investing cash flows	-	(1)
	258	6
Net cash used in financing activities		
Dividends paid to shareholders	(61)	(61)
Dividends paid to non-controlling interests	(20)	(75)
Repayment to a fellow subsidiary	(49)	(6)
Repayment to non-controlling interests	(144)	(2)
Proceeds from new bank loans	-	50
Repayment of bank loans	-	(11)
	(274)	(105)
Net increase in cash and cash equivalents	85	415
Cash and cash equivalents at 1 January	1,278	1,005
Effect of foreign exchange rate changes	3	-
Cash and cash equivalents at 30 June	1,366	1,420

The notes on pages 11 to 20 form part of these condensed interim financial statements.

Notes to the Unaudited Condensed Interim Financial Statements

1 Basis of preparation

These condensed interim financial statements comprise Henderson Investment Limited (“the Company”) and its subsidiaries (together referred to as “the Group”).

These condensed interim financial statements have been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), including compliance with Hong Kong Accounting Standard (“HKAS”) 34, *Interim financial reporting* issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). They were authorised for issuance on 26 August 2010.

These condensed interim financial statements have been prepared in accordance with the same accounting policies adopted in the Company’s consolidated financial statements for the eighteen months ended 31 December 2009 (“the 2009 financial statements”) except for the accounting policy changes that are expected to be reflected in the consolidated financial statements for the year ending 31 December 2010. Details of these changes in accounting policies are set out in note 2.

The preparation of the condensed interim financial statements in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis.

These condensed interim financial statements contain condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2009 financial statements. The condensed interim financial statements and notes thereon do not include all of the information required for the preparation of full set of financial statements in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA.

The condensed interim financial statements are unaudited but have been reviewed by PricewaterhouseCoopers (“PwC”) in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity* issued by the HKICPA. PwC’s review report to the Board of Directors is set out on page 30. In addition, these condensed interim financial statements have been reviewed by the Company’s Audit Committee.

The financial information relating to the eighteen months ended 31 December 2009 that is included in these condensed interim financial statements as being previously reported information does not constitute the Company’s statutory consolidated financial statements for that period but is derived from those financial statements. The 2009 financial statements are available from the Company’s registered office. The auditor has expressed an unqualified opinion on those financial statements in their report dated 30 March 2010.

Notes to the Unaudited Condensed Interim Financial Statements

2 Changes in accounting policies

The HKICPA has issued one new HKFRS, a number of amendments to HKFRSs and new Interpretations that are first effective for the current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group's financial statements:

HKAS 1 (Revised)	Presentation of financial statements
HKAS 27 (Revised)	Consolidated and separate financial statements
HKFRS 3 (Revised)	Business combinations
HKFRS 7 (Amendments)	Financial instruments: Disclosures
HKFRS 8	Operating segments
HKFRSs (Amendments 2008)	Improvements to HKFRSs (2008)
HKFRSs (Amendments 2009)	Improvements to HKFRSs (2009)

Except as described below, the adoption of the above developments have no material impact on these condensed interim financial statements.

(a) HKAS 1 (Revised), Presentation of financial statements

As a result of the adoption of HKAS 1 (Revised), details of changes in equity during the period arising from transactions with equity shareholders in their capacity as such have been presented separately from all other income and expenses in a revised consolidated statement of changes in equity. All other items of income and expenses are presented in the consolidated income statement, if they are recognised as part of profit or loss for the period, or otherwise in a new primary statement, the consolidated statement of comprehensive income. The new format for the consolidated statement of comprehensive income and the consolidated statement of changes in equity have been adopted in these condensed interim financial statements and corresponding amounts have been restated to conform to current period's presentation. This change in presentation has no effect on reported profit or loss, total income and expense or net assets for any of the periods presented.

(b) HKAS 27 (Revised), Consolidated and separate financial statements

HKAS 27 (Revised) has removed the requirement that dividends out of pre-acquisition profits should be recognised as a reduction in the carrying amount of the investment in the investee, rather than as income. As a result, as from 1 January 2010 all dividends receivable from subsidiaries, whether out of pre-or post-acquisition profits, will be recognised in the Company's profit or loss and the carrying amount of the investment in the investee will not be reduced unless that carrying amount is assessed to be impaired as a result of the investee declaring the dividend. In such cases, in addition to recognising the dividend income in the profit or loss, the Company would recognise an impairment loss. In accordance with the transitional provisions, this new policy is applied prospectively to any dividends receivable in the current or future periods and previous periods have not been restated.

HKAS 27 (Revised) also provides that when changes in a parent's ownership interest in a subsidiary do not result in a loss of control, this will be accounted for as equity transactions which will no longer result in goodwill, or gain or loss. When the changes result in a parent losing control over a subsidiary, this will be accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any remaining interest would be recognised at fair value as if reacquired and the difference between the fair value and the carrying amount is recognised in profit or loss. This new policy is applied prospectively in accordance with the transitional provisions and there has been no effect on reported profit or loss and net assets for the period.

Notes to the Unaudited Condensed Interim Financial Statements

2 Changes in accounting policies (continued)

(c) HKFRS 3 (Revised), Business combinations

As a result of the adoption of HKFRS 3 (Revised), where a business combination is achieved in stages (other than that for existing subsidiary), the existing interest in the acquiree should be re-measured at fair value at each acquisition date and any resulting gain or loss is recognised in profit or loss. Previously, such gain or loss would be offset against goodwill. HKFRS 3 (Revised) has been applied prospectively for the transactions after 1 January 2010 and the adoption of HKFRS 3 (Revised) had no significant impact on the financial statements of the Group for the period.

The HKICPA has issued certain new standards, interpretations and amendments to standards which are not yet effective for the Group in relation to the year ending 31 December 2010. The Group has not early adopted any of these new or revised HKFRSs. The Group is in the process of making an assessment of the impact of these standards on the Group's results of operations and financial position.

3 Turnover

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

No segment information for the six months ended 30 June 2009 and 2010 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\$148 million during the period (2009: HK\$143 million) and the segment results of which amounted to HK\$128 million during the period (2009: HK\$109 million).

4 Profit before taxation

Profit before taxation is arrived at after charging/(crediting):

	For the six months ended 30 June	
	2010 HK\$ million	2009 HK\$ million
(a) Finance costs		
Bank loans and overdrafts	-	-
Other borrowings wholly repayable within five years	-	-
	-	-
(b) Other items		
Amortisation	21	23
Depreciation	-	-
Interest income	(8)	(5)

Notes to the Unaudited Condensed Interim Financial Statements

5 Income tax

	For the six months ended 30 June	
	2010 HK\$ million	2009 HK\$ million
Current tax – mainland China		
– charge for the period	39	25
– under-provision in respect of prior years	–	10
	39	35
Deferred tax		
– origination and reversal of temporary differences	–	(1)
– withholding tax on undistributed profits	3	7
	3	6
	42	41

No provision for Hong Kong Profits Tax has been made as there is no assessable profit subject to Hong Kong Profits Tax for both the current and prior periods.

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 rate for the period is 22% (2009: 20%).

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 both the current and prior periods is 5%.

Notes to the Unaudited Condensed Interim Financial Statements

6 Earnings per share – basic and diluted

The calculation of basic and diluted earnings per share is based on the profit attributable to equity shareholders of the Company of HK\$84 million (2009: HK\$41 million) and 3,047,327,395 (2009: 3,047,327,395) ordinary shares, being the number of ordinary shares in issue throughout the periods.

7 Dividends

(a) Dividend payable to equity shareholders of the Company attributable to the interim period

	For the six months ended 30 June	
	2010	2009
	HK\$ million	HK\$ million
Interim dividend (2009: second interim dividend) declared after the balance sheet date of HK2 cents (2009: HK2 cents) per share	61	61

The interim dividend declared 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 period, approved/declared and paid during the interim period

	For the six months ended 30 June	
	2010	2009
	HK\$ million	HK\$ million
Final dividend (2009: first interim dividend) in respect of the previous period, approved/declared and paid during the period, of HK2 cents (2009: HK2 cents) per share	61	61

Notes to the Unaudited Condensed Interim Financial Statements

8 Trade and other receivables

	At 30 June 2010 (unaudited) HK\$ million	At 31 December 2009 (audited) HK\$ million
Trade debtors	39	37
Deposits, prepayments and other receivables	10	12
Consideration receivable	61	51
	110	100

The ageing analysis of trade debtors of the Group at 30 June 2010 is as follows:

	At 30 June 2010 (unaudited) HK\$ million	At 31 December 2009 (audited) HK\$ million
Current or less than 1 month past due	28	28
More than 1 month past due and up to 3 months past due	–	3
More than 3 months past due and up to 6 months past due	1	2
More than 6 months past due	10	4
	39	37

Trade debtors represent toll income receivable from the toll bridge 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, mainland China (the “Hangzhou Government Body”) in accordance with the terms of an agreement entered into between the Group and the Hangzhou Government Body.

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.

Included in the consideration receivable of HK\$61 million above was an amount of RMB13 million (equivalent to HK\$15 million), which related to an amount overdue for more than six months but was 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 amount is considered to be fully recoverable.

Notes to the Unaudited Condensed Interim Financial Statements

9 Cash and cash equivalents

	At 30 June 2010 (unaudited) HK\$ million	At 31 December 2009 (audited) HK\$ million
Deposits with banks	1,341	1,246
Cash at banks and in hand	25	26
Cash and cash equivalents in the consolidated balance sheet	1,366	1,272
Cash and cash equivalents classified as held for sale	–	6
Cash and cash equivalents in the condensed consolidated cash flow statement	1,366	1,278

Included in the cash and cash equivalents at 30 June 2010 were (i) an amount of HK\$389 million (31 December 2009: HK\$388 million) 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\$494 million (31 December 2009: HK\$383 million) which was maintained in mainland China and is subject to foreign exchange control regulations.

Notes to the Unaudited Condensed Interim Financial Statements

10 Trade and other payables

	At 30 June 2010 (unaudited) HK\$ million	At 31 December 2009 (audited) HK\$ million
Trade creditors	8	8
Accrued expenses and other payables	37	45
	45	53

The ageing analysis of trade creditors of the Group at 30 June 2010 is as follows:

	At 30 June 2010 (unaudited) HK\$ million	At 31 December 2009 (audited) HK\$ million
Due within 1 month or on demand	–	1
Due after 1 month but within 3 months	6	5
Due after 3 months but within 6 months	–	–
Due after 6 months	2	2
	8	8

11 Amounts due to affiliates

	At 30 June 2010 (unaudited) HK\$ million	At 31 December 2009 (audited) HK\$ million
Amount due to a fellow subsidiary	6	55
Amounts due to non-controlling interests	–	144
	6	199

Amount due to a fellow subsidiary is unsecured, bears interest by reference to Hong Kong Interbank Offered Rate and is repayable on demand. Amounts due to non-controlling interests are unsecured, interest-free and repayable on demand.

Notes to the Unaudited Condensed Interim Financial Statements

12 Disposal group

On 12 March 2009, Hong Kong Vigorous Limited (“Vigorous”), a 70%-owned subsidiary of the Company, entered into an 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”) in relation to the sale by Vigorous of its entire 70% interest in Maanshan Huan Tong Highway Development Limited (“Maanshan Highway JV”) to Maanshan Highway JV Partner for a cash consideration of RMB122 million (equivalent to HK\$139 million). The transaction was completed on 26 February 2010 and a net gain on disposal of HK\$47 million was recognised in the consolidated income statement for the six months ended 30 June 2010. The net gain on disposal attributable to equity shareholders of the Company amounted to HK\$26 million.

Immediately before the completion of the disposal, the results associated with the operations of Maanshan Highway JV recognised in the consolidated income statement for the six months ended 30 June 2010 are as follows:

	For the six months ended 30 June	
	2010	2009
	HK\$ million	HK\$ million
Revenue	7	16
Expenses	(3)	(9)
Profit for the period	4	7

The cumulative income recognised directly in the Group’s equity attributable to equity shareholders of the Company relating to Maanshan Highway JV amounted to HK\$15 million immediately before the completion of the Group’s disposal of its interest therein.

At 31 December 2009, included in assets classified as held for sale was toll highway operating right with carrying amount of HK\$177 million which was pledged to secure the Group’s bank loans of HK\$22 million grouped under “Liabilities associated with assets classified as held for sale”.

13 Capital commitments

At 30 June 2010, the Group did not have any capital commitment not provided for in these condensed interim financial statements (31 December 2009: HK\$Nil).

Notes to the Unaudited Condensed Interim Financial Statements

14 Material related party transactions

Except for the transactions disclosed elsewhere in these condensed interim financial statements, no material related party transactions require disclosures in these condensed interim financial statements.

15 Non-adjusting post balance sheet event

Subsequent to the balance sheet date, the directors declared an interim dividend, further details of which are disclosed in note 7(a).

16 Comparative figures

As a result of the application of HKAS 1 (Revised), *Presentation of financial statements*, certain comparative figures have been adjusted to conform to current period's presentation and to provide comparative amounts in respect of items disclosed for the first time during the six months ended 30 June 2010. Further details of these developments are disclosed in note 2.

Financial Review

The following discussions should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements for the six months ended 30 June 2010.

Material acquisitions and disposals

On 26 February 2010, Hong Kong Vigorous Limited ("Vigorous"), a 70%-owned subsidiary of the Company, completed the disposal of its entire 70% interest in Maanshan Huan Tong Highway Development Limited to 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) (the "Disposal"). Further details of the Disposal are set out in note 12 to the Company's unaudited condensed consolidated interim financial statements for the six months ended 30 June 2010. As a result of the Disposal, the Group recognized a net gain on the Disposal attributable to equity shareholders of the Company of HK\$26 million for the six months ended 30 June 2010.

Save as disclosed above, the Group did not undertake any significant acquisition or other significant disposal of subsidiaries or assets during the six months ended 30 June 2010.

Results of operations

During the six months ended 30 June 2010, the Group was engaged in the infrastructure business in mainland China, which comprised (i) the operating right of a toll bridge in Hangzhou, Zhejiang Province; and (ii) the operating right of a toll highway in Maanshan, Anhui Province up to the completion of the Disposal on 26 February 2010 (as referred to in the paragraph headed "Material acquisitions and disposals" above). Turnover for the six months ended 30 June 2010 amounted to HK\$148 million (2009: HK\$143 million), representing an increase of HK\$5 million, or 3.5%, over that for the corresponding period of six months ended 30 June 2009. Nevertheless, excluding the turnover generated by the Group's operating right of a toll highway in Maanshan of HK\$13 million which amount was recognised in the Group's turnover for the corresponding period of six months ended 30 June 2009, the Group's turnover for the six months ended 30 June 2010 represents an increase of HK\$18 million, or 13.8%, over that for the corresponding period of six months ended 30 June 2009. The increase in the Group's turnover for the six months ended 30 June 2010 was mainly attributable to the increase in traffic volume of the toll bridge in Hangzhou during the period when compared with the corresponding period of six months ended 30 June 2009.

Profit attributable to equity shareholders for the six months ended 30 June 2010 amounted to HK\$84 million (2009: HK\$41 million), representing an increase of HK\$43 million, or 104.9%, over that for the corresponding period of six months ended 30 June 2009. Such an increase was attributable to (i) the increased profit contribution from the Group's operating right of a toll bridge in Hangzhou during the six months ended 30 June 2010 compared with the corresponding period of six months ended 30 June 2009; and (ii) the net gain on the Disposal attributable to equity shareholders of HK\$26 million (as referred to in the paragraph headed "Material acquisitions and disposals" above).

Financial resources, liquidity and loan maturity profile

At 30 June 2010, the Group had no bank borrowings (31 December 2009: HK\$22 million). The cash and bank balances, the maturity profile of the bank borrowings and the gearing ratio of the Group were as follows:

	At 30 June 2010 HK\$ million	At 31 December 2009 HK\$ million
Cash and bank balances	1,366	1,278
Less: Bank borrowings repayable:		
– Within 1 year	–	11
– After 1 year but within 2 years	–	11
Total bank borrowings	–	22
Net cash and bank balances	1,366	1,256
Gearing ratio	Nil	Nil

Finance costs for the six months ended 30 June 2010 amounted to HK\$Nil million (2009: HK\$Nil million).

Based on the Group's net cash and bank balances of HK\$1,366 million at 30 June 2010, 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 30 June 2010, the Group had no bank borrowings. During the six months ended 30 June 2010, 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 investment 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 exposure to interest rates or foreign exchange rates at 30 June 2010.

Charge on assets

Assets of the Group were not charged to any third parties at 30 June 2010 (31 December 2009: certain project financing facilities extended by banks to a subsidiary of the Company engaged in infrastructure projects in mainland China, with an outstanding balance of HK\$22 million which was grouped under “Liabilities associated with assets classified as held for sale” at 31 December 2009, were secured by the Group’s toll highway operating right).

Capital commitments

At 30 June 2010, the Group did not have any capital commitments (31 December 2009: HK\$Nil).

Contingent liabilities

At 30 June 2010, the Group did not have any contingent liabilities (31 December 2009: HK\$Nil).

Employees and remuneration policy

At 30 June 2010, the Group had 63 (31 December 2009: 130) 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 six months ended 30 June 2010 amounted to HK\$3 million (2009: HK\$4 million).

Other Information

Review of Interim Results

The unaudited interim results for the six months ended 30 June 2010 have been reviewed by the auditors of the Company, PricewaterhouseCoopers in accordance with Hong Kong Standard on Review Engagements 2410 “Review of interim financial information performed by the independent auditor of the entity” issued by the Hong Kong Institute of Certified Public Accountants, the report of which is included on page 30.

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

During the period under review, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities.

Audit Committee

The Audit Committee met in August 2010 and reviewed the systems of internal control and compliance and the interim report for the six months ended 30 June 2010.

Code on Corporate Governance Practices

During the six months ended 30 June 2010, the Company has complied with the Code on Corporate Governance Practices (the “CGP Code”) as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), except that 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 CGP 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.

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code of the Listing Rules as the code for dealing in securities of the Company by the Directors (the “Model Code”). Having made specific enquiry, the Company confirmed that all Directors have complied with the required standard as set out in the Model Code.

Changes in the Information of Directors

Pursuant to Rule 13.51B(1) of the Listing Rules, changes in the information of Directors of the Company required to be disclosed are shown as follows:

Mr. Gordon Kwong Che Keung ceased to be a director of Tianjin Development Holdings Limited and China Oilfield Services Limited (both are listed companies) on 26 May 2010 and 28 May 2010 respectively. In addition, Mr. Wu King Cheong ceased to be a Member of Hong Kong Housing Authority on 31 March 2010.

During the period under review, the directors’ emoluments remained unchanged.

By Order of the Board
Timon LIU Cheung Yuen
Company Secretary

Hong Kong, 26 August 2010

As at the date of this report, the Board comprises: (1) executive directors: Lee Shau Kee (Chairman), Lee Ka Kit, Colin Lam Ko Yin, Lee Ka Shing, Lee Tat Man, Suen Kwok Lam, Lee King Yue, Eddie Lau Yum Chuen, Patrick Kwok Ping Ho and Augustine Wong Ho Ming; (2) non-executive directors: Philip Yuen Pak Yiu and Leung Hay Man; and (3) independent non-executive directors: Gordon Kwong Che Keung, Ko Ping Keung and Wu King Cheong.

Disclosure of Interests

Directors' Interests in Shares

As at 30 June 2010, 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:

(A) 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
	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	7,377,015		1,176,113,967		1,183,490,982	54.66
	Lee Ka Kit	4				1,176,113,967	1,176,113,967	54.32
	Lee Ka Shing	4				1,176,113,967	1,176,113,967	54.32
	Lee Tat Man	5	113,048				113,048	0.01
	Lee King Yue	6	252,263		19,800		272,063	0.01

(A) 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
Henderson Development Limited	Lee Chau Kee	7			8,190 (Ordinary A Shares)		8,190 (Ordinary A Shares)	100.00
	Lee Chau Kee	8			3,510 (Non-voting B Shares)		3,510 (Non-voting B Shares)	100.00
	Lee Chau Kee	9	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	7				8,190 (Ordinary A Shares)	8,190 (Ordinary A Shares)	100.00
	Lee Ka Kit	8				3,510 (Non-voting B Shares)	3,510 (Non-voting B Shares)	100.00
	Lee Ka Kit	9				15,000,000 (Non-voting Deferred Shares)	15,000,000 (Non-voting Deferred Shares)	30.00
	Lee Ka Shing	7				8,190 (Ordinary A Shares)	8,190 (Ordinary A Shares)	100.00
	Lee Ka Shing	8				3,510 (Non-voting B Shares)	3,510 (Non-voting B Shares)	100.00
	Lee Ka Shing	9				15,000,000 (Non-voting Deferred Shares)	15,000,000 (Non-voting Deferred Shares)	30.00

(A) 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
Drinkwater Investment Limited	Leung Hay Man	10			5,000		5,000	4.49
Henfield Properties Limited	Lee Ka Kit	11			4,000	6,000	10,000	100.00
Heyield Estate Limited	Lee Chau Kee	12			100		100	100.00
	Lee Ka Kit	12				100	100	100.00
	Lee Ka Shing	12				100	100	100.00
Pettystar Investment Limited	Lee Chau Kee	13			3,240		3,240	80.00
	Lee Ka Kit	13				3,240	3,240	80.00
	Lee Ka Shing	13				3,240	3,240	80.00

(B) Units of Warrants (Note 14)**Long Positions**

Name of Company	Name of Director	Note	Personal Interests	Family Interests	Corporate Interests	Other Interests	Total	% Interest
Henderson Land Development Company Limited	Lee Chau Kee	4	1,453,801		229,861,173		231,314,974	10.68
	Lee Ka Kit	4				229,861,173	229,861,173	10.62
	Lee Ka Shing	4				229,861,173	229,861,173	10.62
	Lee Tat Man	5	22,278				22,278	0.00
	Lee King Yue	6	50,452		3,960		54,412	0.00

Save as disclosed above, none of the Directors or the 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.

Henderson Investment Limited

Arrangements to Purchase Shares or Debentures

Save as disclosed above, at no time during the six months ended 30 June 2010 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 30 June 2010, 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
Person other than Substantial Shareholders:		
Gainwise Investment Limited (Note 1)	217,250,000	7.13

Notes:

- 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 taken to be 64.85% 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.
- Mr. Lee Tat Man was the beneficial owner of these shares.
- Mr. Lee King Yue was the beneficial owner of these shares.

4. Of these shares and warrants, Dr. Lee Shau Kee was the beneficial owner of 7,377,015 shares and 1,453,801 warrants, and for the remaining 1,176,113,967 shares and 229,861,173 warrants, (i) 579,224,391 shares and 114,148,760 warrants were owned by HD; (ii) 8,080,407 shares and 1,592,420 warrants were owned by Sandra Investment Limited which was a wholly-owned subsidiary of HD; (iii) 147,245,869 shares and 29,018,000 warrants were owned by Cameron Enterprise Inc.; 260,726,989 shares and 49,447,860 warrants were owned by Believegood Limited which was wholly-owned by South Base Limited; 62,212,876 shares and 12,260,400 warrants were owned by Prosglass Investment Limited which was wholly-owned by Jayasia Investments Limited; 55,817,236 shares and 11,000,000 warrants were owned by Fancy Eye Limited which was wholly-owned by Mei Yu Ltd.; 55,817,236 shares and 11,000,000 warrants 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 and 1,120,520 warrants 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 taken to be 64.85% held by HD; and (v) 1,386,363 shares and 273,213 warrants 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.
5. Mr. Lee Tat Man was the beneficial owner of these shares and warrants.
6. Of these shares and warrants, Mr. Lee King Yue was the beneficial owner of 252,263 shares and 50,452 warrants, and the remaining 19,800 shares and 3,960 warrants 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 held by Hopkins as trustee of the Unit Trust.
8. These shares were held by Hopkins as trustee of the Unit Trust.
9. 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.
10. These shares were held by Gilbert Investment Inc. which was wholly-owned by Mr. Leung Hay Man.
11. 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 Andco Limited which was wholly-owned by Henderson China Holdings Limited, an indirect wholly-owned subsidiary of HL.
12. 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.
13. 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.
14. The warrants of HL entitle the holders thereof to subscribe at any time during the period from 2 June 2010 to 1 June 2011 (both days inclusive) for fully paid shares of HL at an initial subscription price of HK\$58 per share (subject to adjustment).



羅兵咸永道會計師事務所

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**REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION
TO THE BOARD OF DIRECTORS OF HENDERSON INVESTMENT LIMITED**
(Incorporated in Hong Kong with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 5 to 20, which comprises the consolidated balance sheet of Henderson Investment Limited (the “Company”) as at 30 June 2010 and the related consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and condensed consolidated cash flow statement for the six months then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 26 August 2010



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