恒基兆業發展有限公司
HENDERSON INVESTMENT LIMITED
Incorporated in Hong Kong with limited liability
(Stock Code : 97)

2008/2009 SECOND INTERIM RESULTS ANNOUNCEMENT

The second unaudited interim results for the twelve months ended 30 June 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. In accordance with the direction granted by the Registrar of Companies under S.127(2) of the Companies Ordinance (Chapter 32, the Laws of Hong Kong), no audited accounts will be submitted to the annual general meeting to be held in the calendar year of 2009.

SECOND INTERIM RESULTS AND DIVIDEND

The Board of Directors announces that, for the twelve months ended 30 June 2009, the unaudited Group profit attributable to equity shareholders amounted to HK$102 million compared to HK$35,392 million (restated) for the same period a year ago. Earnings per share were HK$0.03 (Financial year 2008: HK$11.61).

The decrease in profit was mainly attributable to a one-off gain of HK$35,265 million from the divestment of its 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 Group profit attributable to equity shareholders from continuing operations for the twelve months ended 30 June 2009 amounting to HK$102 million represented a decrease of HK$25 million or 20% as compared with that of HK$127 million (restated) for the financial year ended 30 June 2008, reflecting a decline in bank interest income earned by the Group.

The Board has resolved to pay a second interim dividend of HK$0.02 per share to Shareholders whose names appear on the Register of Members of the Company on 3 December 2009. Including the first interim dividend of HK$0.02 per share already paid, the total distribution for the twelve months ended 30 June 2009 will amount to HK$0.04 per share (Financial year 2008: HK$0.04 per share).

CLOSING OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Friday, 27 November 2009 to Thursday, 3 December 2009, both days inclusive, during which period no requests for the transfer of shares will be accepted. In order to qualify for the second 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, 26 November 2009. Warrants for the second interim dividend will be sent to Shareholders on Friday, 4 December 2009.

Business Results
Consolidated Profit and Loss Account

	Note	For the twelve months ended 30 June 2009 (unaudited) HK$ million	2008 (restated) HK$ million
Continuing operations:			
Turnover	6	**299**	272
Direct costs		**(65)**	(70)
		234	202
Other income/other gains		**23**	72
Administrative expenses		**(19)**	(48)
Profit for the period of disposal group		**7**	5
Net gain on disposal of disposal group		**-**	21
Profit from operations		**245**	252
Finance costs	7(a)	**(2)**	(5)
Profit before taxation	7	**243**	247
Income tax	8	**(60)**	(34)
Profit for the period / year from continuing operations		**183**	213
Discontinued operations:			
Profit for the period / year from discontinued operations	4	**-**	35,265
Profit for the period / year		**183**	35,478
Attributable to:			
Equity shareholders of the Company			
- Continuing operations		**102**	127
- Discontinued operations	4	**-**	35,265
		102	35,392
Minority interests			
- Continuing operations		**81**	86
- Discontinued operations		**-**	-
		81	86
Profit for the period / year		**183**	35,478

Consolidated Profit and Loss Account (continued)

	Note	For the twelve months ended 30 June 2009 (unaudited) HK$ million	2008 (restated) HK$ million
Dividends payable to equity shareholders of the Company attributable to the period / year	9(a)		
Interim dividend declared during the period / year		**61**	61
Interim dividend declared after the balance sheet date		**61**	-
Distributions approved and paid during the period / year		**-**	50,262
Final dividend proposed after the balance sheet date		**-**	61
		122	50,384
		HK$	HK$
Earnings per share – basic and diluted	10		
From continuing operations		**0.03**	0.04
From discontinued operations		**-**	11.57
		0.03	11.61

Consolidated Balance Sheet

	Note	**At 30 June 2009 (unaudited) HK$ million**	At 30 June 2008 (restated) HK$ million
Non-current assets			
Property, plant and equipment		**1**	4
Intangible operating rights		**529**	749
Other non-current assets		**77**	99
		607	852
Current assets			
Trade and other receivables	11	**71**	580
Amounts due from affiliates		**-**	82
Cash and cash equivalents		**1,408**	836
		1,479	1,498
Assets classified as held for sale	3	**198**	-
		1,677	1,498
Current liabilities			
Bank loans		**50**	11
Trade and other payables	12	**50**	72
Amounts due to affiliates		**83**	142
Current taxation		**56**	74
		239	299
Liabilities associated with assets classified as held for sale	3	**51**	-
		290	299
Net current assets		**1,387**	1,199
Total assets less current liabilities		**1,994**	2,051

Consolidated Balance Sheet (continued)

	Note	**At 30 June 2009 (unaudited) HK$ million**	At 30 June 2008 (restated) HK$ million
Non-current liabilities			
Bank loans		**-**	29
Deferred tax liabilities		**17**	14
		17	43
NET ASSETS		**1,977**	2,008
Capital and reserves			
Share capital		**609**	609
Reserves		**962**	985
Total equity attributable to equity shareholders of the Company		**1,571**	1,594
Minority interests		**406**	414
TOTAL EQUITY		**1,977**	2,008

NOTES

1 Basis of preparation

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

The interim results set out in this announcement do not constitute the Group's condensed interim financial statements for the twelve months ended 30 June 2009 but are extracted from those accounts.

Pursuant to a resolution of the Board of Directors ("the Board") 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"). Accordingly, the current financial period will cover a period of eighteen months from 1 July 2008 to 31 December 2009. These condensed interim financial statements now presented cover a period of twelve months from 1 July 2008 to 30 June 2009. The comparative figures presented for the consolidated profit and loss account and related notes cover the financial year from 1 July 2007 to 30 June 2008.

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, 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 28 August 2009.

These condensed interim financial statements have been prepared in accordance with the same accounting policies adopted in the Group's accounts for the year ended 30 June 2008 ("2008 annual accounts"), except for the adoption of HK(IFRIC) – Int 12 "Service concession arrangements" that are expected to be reflected in the Group's accounts for the period ending 31 December 2009. Further details are set out in note 2.

The measurement basis used in the preparation of the accounts is the historical cost basis.

2 Significant 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. 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.

2 Significant accounting policies (continued)

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

	At 30 June 2009	At 30 June 2008
	HK$ million	HK$ million
Balance sheet		
Increase in intangible operating rights	**529**	563
Decrease in property, plant and equipment	**(563)**	(599)
Decrease in retained profits	**(34)**	(36)

	For the twelve months ended 30 June	
	2009	2008
	HK$ million	HK$ million
Profit and loss account		
Increase in amortisation charge for the period / year	**41**	38
Decrease in depreciation charge for the period / year	**(43)**	(40)

The Group is in the process of making an assessment of what the impact of amendments, new standards and new interpretations, which are not yet effective for the accounting period ending 31 December 2009 and which have not been adopted in these condensed interim financial statements, 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 or financial position.

3 Disposal of a subsidiary

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$138 million). At the date of authorisation for issue of these condensed interim financial statements, the transaction had yet to be completed.

At 30 June 2009, the assets and liabilities associated with the operations of Maanshan Highway JV, including the toll highway operating right, had been classified as held for sale.

After the disposal, the Group’s principal activity will remain as infrastructure business in mainland China.

4 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 profits less losses of associates	1,484
Net gain on disposal of the Group's two wholly-owned subsidiaries holding the Group's interest in HKCG and related shareholder's loans	33,781
	35,265

5 Segmental information

No segmental information for the year ended 30 June 2008 and for the twelve months ended 30 June 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$299 million during the period (2008: HK$272 million) and the segment results of which amounted to HK$223 million during the period (2008 (restated): HK$195 million).

6 Turnover

Turnover recognised during the period / year is analysed as follows:

	For the twelve months ended 30 June	
	2009	2008
	HK$ million	HK$ million
Continuing operations		
Toll fee income	**299**	272

7 Profit before taxation

Profit before taxation in respect of continuing operations is arrived at after charging/(crediting):

	For the twelve months ended 30 June	
	2009	2008 (restated)
	HK$ million	HK$ million
(a) Finance costs		
Bank loans and overdrafts	**2**	2
Other borrowings wholly repayable within five years	**-**	3
	2	5
(b) Other items		
Amortisation	**49**	49
Depreciation	**1**	1
Interest income	**(16)**	(59)

8 Income tax

	For the twelve months ended 30 June	
	2009	2008
	HK$ million	HK$ million
Continuing operations		
Current tax		
– mainland China	**50**	35
– under-provision in respect of prior years	**7**	1
Deferred taxation		
– origination and reversal of temporary differences	**(4)**	(2)
– withholding tax on undistributed profits	**7**	-
	60	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.

8 Income tax (continued)

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 is gradually accelerated to the 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 January 2008 to 31 December 2008 and the six months ended 30 June 2009 were 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 5% or 10%. The applicable withholding tax rate for the twelve months ended 30 June 2009 was 5%.

9 Dividends

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

	For the twelve months ended 30 June	
	2009	2008
	HK\$ million	HK\$ million
Interim dividend declared for 2007/08 of HK2 cents per share	**-**	61
First interim dividend declared for 2008/09 of HK2 cents per share	**61**	-
Second interim dividend declared for 2008/09 after the balance sheet date of HK2 cents per share	**61**	-
Distributions approved and paid during the period / year of HK\$Nil (2008: HK\$16.4938) per share	**-**	50,262
Final dividend proposed for 2007/08 after the balance sheet date of HK2 cents per share	**-**	61
	122	50,384

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 two wholly-owned subsidiaries holding the Group's interest in HKCG as detailed in note 4 (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 second interim dividend declared for 2008/09 and the final dividend proposed for 2007/08 after their respective balance sheet dates have not been recognised as liabilities at their respective balance sheet dates.

9 Dividends (continued)

(b) Dividend attributable to the previous financial year, approved and paid during the period / year

	For the twelve months ended 30 June	
	2009	2008
	HK$ million	HK$ million
Final dividend in respect of the previous financial year, approved and paid during the period / year, of HK2 cents (2008: HK15 cents) per share	**61**	457

10 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$102 million (2008 (restated): HK$127 million) and the weighted average number of ordinary shares of 3,047,327,395 (2008: 3,047,327,395) in issue during the period / year.

(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.

11 Trade and other receivables

	At 30 June 2009	At 30 June 2008
	HK$ million	HK$ million
Trade debtors	**28**	539
Deposits, prepayments and other receivables	**6**	9
Consideration receivable	**37**	32
	71	580

11 Trade and other receivables (continued)

The ageing analysis of trade debtors of the Group at 30 June 2009 was as follows:

	At 30 June 2009 HK$ million	At 30 June 2008 HK$ million
Current or less than 1 month overdue	**24**	21
1 to 3 months overdue	**3**	45
More than 3 months overdue but less than 6 months overdue	**1**	60
More than 6 months overdue	**-**	413
	28	539

The trade debtors at 30 June 2009 which amounted to RMB25 million (equivalent to HK$28 million) (2008: RMB474 million, equivalent to HK$539 million) represented 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. The toll income 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 Third Bridge JV and the Hangzhou Government Body. During the twelve months ended 30 June 2009, amounts totalling RMB696 million (equivalent to HK$790 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.

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.

The Group maintains a defined credit policy and the exposure to credit risk is monitored on an ongoing basis. Regular review and follow-up actions are carried out on the overdue amounts. Adequate impairment losses have been made for the estimated irrecoverable amounts.

12 Trade and other payables

	At 30 June 2009 HK$ million	At 30 June 2008 HK$ million
Trade creditors	**26**	27
Accrued expenses and other payables	**24**	45
	50	72

12 Trade and other payables (continued)

The ageing analysis of trade creditors of the Group at 30 June 2009 was as follows:

	At 30 June 2009 HK$ million	At 30 June 2008 HK$ million
Due within 1 month or on demand	**-**	-
Due after 1 month but within 3 months	**13**	13
Due after 3 months but within 6 months	**-**	12
Due after 6 months	**13**	2
	26	27

13 Review of results

The condensed interim financial statements are unaudited and have been reviewed with no disagreement by the Audit Committee of the Company.

OTHER INFORMATION

Review of Second Interim Results

The second unaudited interim results for the twelve months ended 30 June 2009 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.

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 2009 and reviewed the systems of internal control and compliance and the second interim report for the twelve months ended 30 June 2009.

Code on Corporate Governance Practices

During the twelve months ended 30 June 2009, 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.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Following the completion of the divestment of its 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.

During the period under review, the Company decided to realize its investment in Maanshan City Ring Road by selling its entire interest in the toll road at a reasonable price. As announced on 12 March 2009, a 70%-owned subsidiary of the Company 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 of its 70% equity interest in Maanshan Highway JV to the joint venture partner of Maanshan Highway JV for a consideration of RMB122 million. At the date of this announcement, the transaction had yet to be completed.

In spite of the global economic downturn, the Group's operations continued to post stable growth for the twelve months ended 30 June 2009. Toll revenue from Hangzhou Qianjiang Third Bridge amounted to HK$256 million, representing an increase of 19% as compared to the same period a year ago. The increase was primarily driven by the increase in traffic volume of the toll bridge and the 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 subsequent to the sale. Toll revenue generated from Maanshan City Ring Road during the period from 1 July 2008 to the date of sale 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 condensed consolidated profit and loss account for the twelve months ended 30 June 2009. The breakdown of the Group's turnover is shown in the table below:

HK$ million	**Toll Revenue** (For the twelve months ended 30 June)		Change
	2009	2008	
Hangzhou Qianjiang Third Bridge	**256**	216	+19%
Maanshan City Ring Road	**43^**	56	-23%
Total	**299**	272	+10%

^Only the toll revenue from 1 July 2008 to the date of sale was included as turnover.

Hangzhou Qianjiang Third Bridge 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 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.

FINANCIAL REVIEW

The following discussions should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements for the twelve months ended 30 June 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$138 million). At 30 June 2009, the transaction had yet to be completed and the assets and liabilities associated with the operations of Maanshan Highway JV had been classified as held for sale.

Save as disclosed above, the Group did not undertake any significant acquisition or other significant disposal of subsidiaries or assets during the twelve months ended 30 June 2009.

Results of operations

The Group's operations comprise 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 twelve months ended 30 June 2009 amounted to HK$299 million (2008: HK$272 million), representing an increase of HK$27 million, or 10%, over that for the financial year ended 30 June 2008. The increase was primarily driven by the increase in traffic volume of the toll bridge and in exchange gain upon conversion of Renminbi to Hong Kong dollars during the period when compared with the financial year ended 30 June 2008.

Profit attributable to equity shareholders for the twelve months ended 30 June 2009 amounted to HK$102 million (2008 (restated) : HK$35,392 million), representing a decrease of HK$35,290 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 (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. The profit attributable to equity shareholders of HK$102 million for the twelve months ended 30 June 2009 represented a decrease of HK$25 million, or 20%, from the financial year ended 30 June 2008. This was mainly attributable to the fact that, despite an increase in profit contribution from the Group's infrastructure business during the period, the Group earned less bank interest income during the period for the reasons that the Group maintained a lower average cash balance during the period when compared with the financial year ended 30 June 2008 subsequent to the Group's cash distribution to equity shareholders of HK$3,687 million (or HK$1.21 per share) in January 2008 out of the proceeds from the Transaction, and that the average bank deposit interest rates were lower during the period when compared with those for the financial year ended 30 June 2008.

Financial resources, liquidity and loan maturity profile

At 30 June 2009, the aggregate amount of the Group's bank borrowings was HK$79 million (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 30 June 2009* HK$ million**	*At 30 June 2008* HK$ million
Cash and bank balances	**1,420**	836
Less: Bank borrowings repayable		
- Within 1 year	**68**	11
- After 1 year but within 2 years	**11**	18
- After 2 years but within 5 years	**-**	11
Total bank borrowings	**79**	40
Net cash and bank balances	**1,341**	796
Gearing ratio	**Nil**	Nil

Finance costs for the twelve months ended 30 June 2009 amounted to HK$2 million (2008: HK$5 million) which were immaterial to the Group's operations.

Based on the Group's net cash and bank balances of HK$1,341 million at 30 June 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. The Group's bank borrowings bear floating interest rates and are denominated in Renminbi to finance its infrastructure business in mainland China. 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 30 June 2009.

Charge on assets

Assets of the Group were not charged to any third parties at 30 June 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 30 June 2009, the outstanding balance of the Group's secured bank loans was HK$29 million (2008 : HK$40 million).

Capital commitments

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

Contingent liabilities

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

Employees and remuneration policy

At 30 June 2009, the Group had approximately 200 (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 twelve months ended 30 June 2009 amounted to HK$10 million (2008 : HK$13 million).

PROSPECTS

China's economy has exhibited signs of recovery in the first half of the year, with GDP growing at 6.1% in the first quarter and 7.9% in the second quarter as compared with the corresponding periods in 2008. According to China's National Bureau of Statistics, the investment in infrastructures (excluding electricity) went up by more than 57% year-on-year for the first six months in 2009. Looking ahead, the Group believes that its investment in Hangzhou Qianjiang Third Bridge would continue to provide a satisfactory return given its prime location in Hangzhou and the Central Government's measures to promote sound and fast economic growth on the mainland. Leveraging on its strong financial position, the Group is well-placed to capitalize on sound investment opportunities which may emerge in the market-place.

By Order of the Board
Timon LIU Cheung Yuen
Company Secretary

Hong Kong, 28 August 2009

As at the date of this announcement, 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, Li Ning, Patrick Kwok Ping Ho, Augustine Wong Ho Ming and Sit Pak Wing; (2) non-executive directors: Woo Po Shing, Philip Yuen Pak Yiu, Leung Hay Man and Jackson Woo Ka Biu (as alternate to Woo Po Shing); and (3) independent non-executive directors: Gordon Kwong Che Keung, Ko Ping Keung and Wu King Cheong.