

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.

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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		Change
	For the eighteen months ended 31 December 2009 HK\$ million	For the financial year ended 30 June 2008 HK\$ million	
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