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.