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

Annual Report 2011

Corporate Profile

Listed in Hong Kong since 1972, Henderson Investment Limited is a subsidiary of Henderson Land Development Company Limited, a leading property group in Hong Kong. Following the reorganisation to streamline the group structure in 2007, when Henderson Land Development Company Limited acquired all of the Company's businesses except the infrastructure business, the Company has been solely engaged in the infrastructure business in mainland China.

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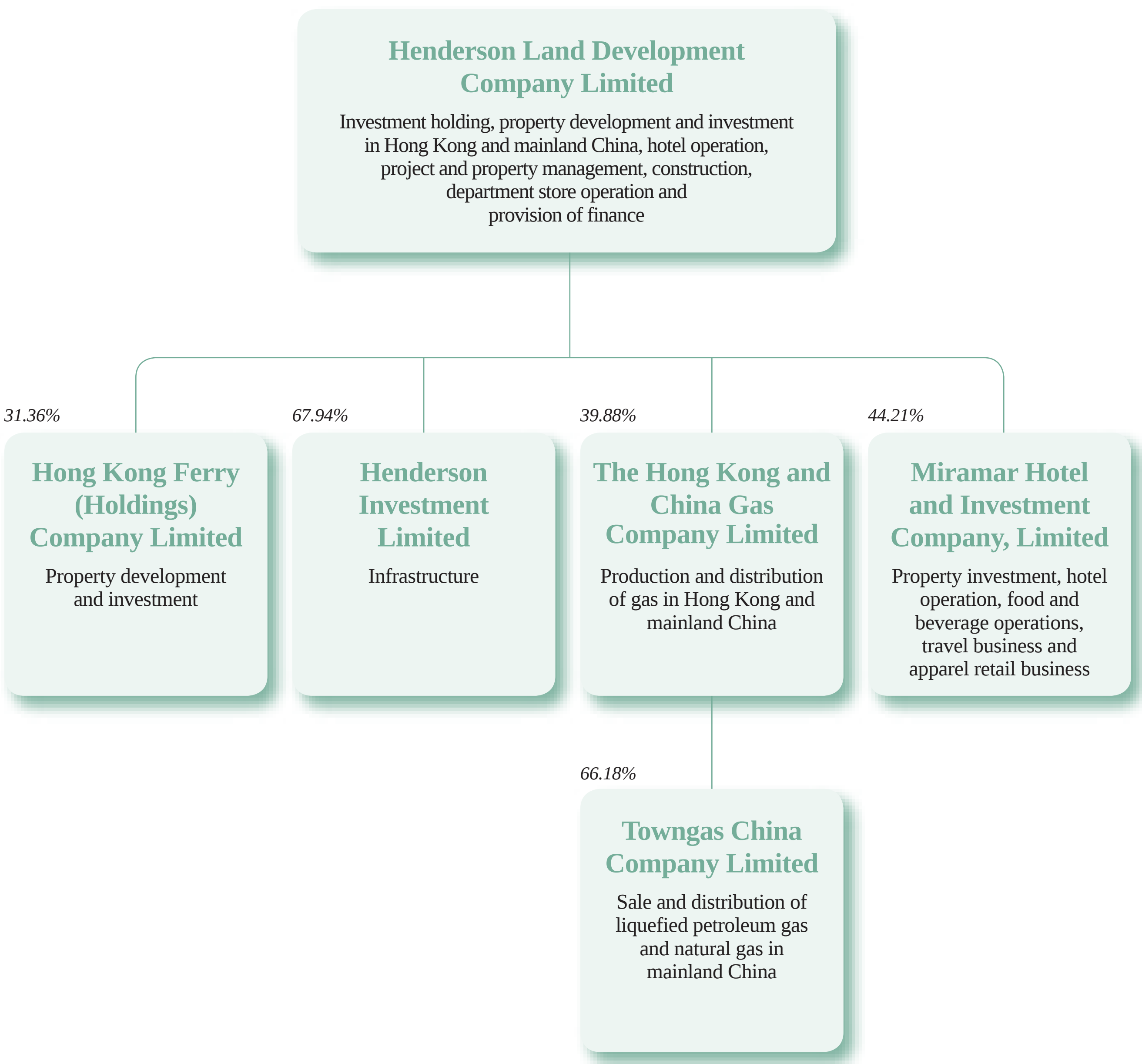
Henderson Land Group Structure

Market capitalization as at 31 December 2011
Henderson Land Development Company Limited: HK$91 billion
Six listed companies of Henderson Land Group: HK$253 billion



Note: all percentage shareholdings shown above were figures as of 31 December 2011.

Highlights of 2011 Final Results

	For the year ended 31 December **2011** **HK$ million**	 2010 HK$ million	Change
Turnover	**299**	317	-6%
Profit attributable to Shareholders	**108**	163	-34%
	HK cents	HK cents	
Earnings per share – basic and diluted	**3.5**	5.3	-34%
Dividends per share	**4.0**	4.0	–
	At **31 December** **2011** **HK$ million**	At 31 December 2010 HK$ million	
Net asset value – *Note*	**1,633**	1,615	+1%
	HK$	HK$	
Net asset value per share – *Note*	**0.54**	0.53	+2%

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

Chairman's Statement

Dear Shareholders

On behalf of your Board, I am pleased to present my report on the operations of the Group for the financial year ended 31 December 2011.

Profit and Net Assets Attributable to Shareholders

The Group profit attributable to equity shareholders for the year ended 31 December 2011 amounted to HK$108 million, representing a decrease of HK$55 million or 34% from HK$163 million for the year ended 31 December 2010. Earnings per share were HK 3.5 cents (HK 5.3 cents for the year ended 31 December 2010).

The decrease in profit was attributable to the fact that in the previous year, a total profit of HK$39 million was received from certain one-off items. Excluding the financial effects of these one-off items, the adjusted profit attributable to equity shareholders for the year ended 31 December 2010 amounted to HK$124 million. The Group profit attributable to equity shareholders of HK$108 million for the year ended 31 December 2011 represented a decrease of HK$16 million, or 13% from the adjusted profit attributable to equity shareholders for the year ended 31 December 2010.

At 31 December 2011, the net asset value attributable to equity shareholders amounted to approximately HK$1,633 million or HK$0.54 per share.

Dividends

Your Board recommends the payment of a final dividend of HK 2.0 cents per share to shareholders whose names appear on the Register of Members of the Company on Monday, 18 June 2012, and such final dividend will not be subject to any withholding tax in Hong Kong. Including the interim dividend of HK 2.0 cents per share already paid, the total dividend for the year ended 31 December 2011 will amount to HK 4.0 cents per share (2010: HK 4.0 cents per share). Final dividend will be distributed to shareholders on Tuesday, 26 June 2012.

Business Review

The Group is engaged in infrastructure business in mainland China. The core asset of the Group is its 60% interest in Hangzhou Qianjiang Third Bridge in Zhejiang Province, which 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.

During the year ended 31 December 2011, the Group's turnover decreased by 6% to HK$299 million as compared to HK$317 million for the year ended 31 December 2010 mainly due to the period-on-period decrease of approximately 25% in the average monthly traffic volume of the Qianjiang Third Bridge during the period from 1 July 2011 to 31 December 2011. This was due to (i) accidental damage to one of the link bridges of the toll bridge on 15 July 2011 which resulted in the four lane two-way traffic being temporarily reduced to two lanes of two-way traffic in the affected area of the toll bridge until the toll bridge was fully open to traffic, effective from 1 October 2011; and (ii) the implementation by Hangzhou Municipal Government of certain new policies which control the traffic flow of vehicles during certain peak hours each day, effective from 8 October 2011.

The Group has a 60% interest in Hangzhou Henderson Qianjiang Third Bridge Company Limited ("the Joint Venture Company") which has been granted the operating right of the above-mentioned Qianjiang Third Bridge for a period of 30 years from 20 March 1997 (commencement date of bridge operation). This project was approved by Hangzhou Foreign Economic Relations and Trade Commission (杭州市對外經濟貿易委員會) in 1997 and was further approved by National Development and Reform Commission (formerly known as State Development & Planning Committee) (發展和改革委員會(前稱為國家發展計劃委員

會)) in 1999. The General Office of the People's Government of Zhejiang Province notified Zhejiang Province Department of Communications and other relevant government authorities in 2003 to provisionally fix the period for entitlement to toll fee in respect of 39 toll roads and highways in the province. In the case of Qianjiang Third Bridge, which was also included in the list, the period was provisionally fixed at 15 years (from 20 March 1997 to 19 March 2012). The Joint Venture Company immediately took action for clarification and had obtained from the Hangzhou Municipal Bureau of Communications a written pledge that the operation period for 30 years would remain unchanged and they were also of the view that the operating right and the toll fee collection right should be for a same period. For the sake of reassurance, the Joint Venture Company wrote to the People's Government of Zhejiang Province and Zhejiang Province Department of Communications (collectively the "Authorities") in June 2011 requesting for their confirmation that both the operating right and the toll fee collection right last for a same period of 30 years. Since June 2011 when the Joint Venture Company wrote to the Authorities requesting for the confirmation, the Joint Venture Company has been chasing after the relevant government officials on several occasions, but no reply had been received from the Authorities for over six months. The Joint Venture Company therefore decided to take one further step and on 9 February 2012 filed with Legislative Affairs Office, the People's Government of Zhejiang Province an administrative reconsideration application. The application was to seek an order to oblige the Authorities to carry out their statutory duties to officially confirm that the toll fee collection right of the Qianjiang Third Bridge should be for a period of 30 years. Whilst the Group was still waiting for the result of the application, the Joint Venture Company on 20 March 2012 received a letter dated 18 March 2012 from 杭州市城市"四自"工程道路綜合收費管理處 (Hangzhou City "Sizi" Engineering & Highway General Toll Fee Administration Office) (the "Hangzhou Toll Office"), which is the relevant government body in Hangzhou to record the traffic flow and make payment of toll fee of the Qianjiang Third Bridge pursuant to the terms of an agreement dated 5 February 2004 (the "Collection Agreement") entered into between the Joint Venture Company and the Hangzhou Toll Office. In the letter, the Hangzhou Toll Office stated that, because the General Office of the People's Government of Zhejiang Province in 2003 provisionally fixed the period of entitlement to toll fee in respect of Qianjiang Third Bridge to end on 19 March 2012, they would, commencing from 20 March 2012, provisionally suspend payment of toll fee to the Joint Venture Company in respect of Qianjiang Third Bridge. The Hangzhou Toll Office also stated in the letter that they would, in accordance with the terms of the Collection Agreement, continue to record the traffic flow of Qianjiang Third Bridge and work with the Joint Venture Company. The Joint Venture Company has been instructed by the Company to write to the Hangzhou Toll Office to state that the action taken by the Hangzhou Toll Office has no legal or contractual basis and is unacceptable and to ask the Hangzhou Toll Office to clarify the basis of their action and to continue to perform their obligations under the Collection Agreement, failing which the Joint Venture Company would have no alternative but to take legal actions to protect its interest.

The Group has obtained legal opinion from an independent PRC law firm and has received firm advice that the toll fee collection right enjoyed by the Joint Venture Company should be for the same period of 30 years as the operating right enjoyed by the Joint Venture Company. Based on such advice, amortization and calculation of the recoverable amount of the intangible operating right in the preparation of the consolidated accounts of the Group for the year ended 31 December 2011 are on the basis that both the operating right and the toll fee collection right of the Bridge last for a period of 30 years expiring on 19 March 2027. There is, however, uncertainty as to the response of the Authorities and whether they would ultimately confirm that the toll fee collection right of the Qianjiang Third Bridge should be for a period of 30 years. The Group will continue to negotiate with the Authorities and take all necessary actions to protect its interest. If the Authorities confirm that the toll fee collection right of the Qianjiang Third Bridge should last for a period different from the period of the operating right and/or the Authorities negotiate other arrangements with the Group (such as buying out the Group's interest in Qianjiang Third Bridge or paying compensation to the Group), all of which are still uncertain, the Group would have to reconsider the remaining useful life and/or the recoverable amount of the intangible operating right.

Currently, the operating assets of the Group comprise its interest in the Qianjiang Third Bridge. If the Group ceases to have an economic interest in the Qianjiang Third Bridge, the directors would, if appropriate opportunity arises, identify suitable investments for the Group. In the event that no suitable investments are identified and acquired by the Group, its assets would consist substantially of cash. As a result, The Stock Exchange of Hong Kong Limited may consider that the Company does not have a sufficient level of operations or sufficient assets to warrant the continued listing of the Company's shares and may suspend dealings in or cancel the listing of the shares.

Prospects

As mentioned above, the Group will continue to negotiate with the Authorities about the toll fee collection right of the Qianjiang Third Bridge and take all necessary actions to protect its interest.

Appreciation

I would like to take this opportunity to express my gratitude to my fellow directors for their support and wise counsel, and to thank all our staff for their dedication and hard work.

Lee Shau Kee

Chairman

Hong Kong, 21 March 2012

Management discussion and analysis

The following discussions should be read in conjunction with the Company's audited consolidated accounts for the year ended 31 December 2011.

Material acquisitions and disposals

The Group did not undertake any significant acquisition or disposal of subsidiaries or assets during the year ended 31 December 2011.

Results of operations

During the year ended 31 December 2011, the Group was engaged in the infrastructure business in mainland China, being the operating right of a toll bridge in Hangzhou, Zhejiang Province. Turnover for the year ended 31 December 2011 amounted to HK$299 million (2010: HK$317 million), representing a decrease of HK$18 million, or 6%, from that for the corresponding year ended 31 December 2010. Such decrease in turnover is mainly attributable to the period-on-period decrease in the average monthly traffic volume of the toll bridge in Hangzhou, being approximately 2,012,600 vehicles during the period from 1 July 2011 to 31 December 2011 which represents a decrease of 25% when compared with approximately 2,698,300 vehicles during the corresponding period from 1 July 2010 to 31 December 2010, for the reasons of (i) the outbreak of certain damage to one of the link bridges of the toll bridge on 15 July 2011 (the "Damage") and as a result of which the four lanes two-way traffic was temporarily reduced to a two lanes two-way traffic in the affected area of the toll bridge until the toll bridge was fully open to traffic effective from 1 October 2011; and (ii) the implementation by Hangzhou Municipal Government of certain new policies which control the traffic flow of vehicles during certain peak hours each day, effective from 8 October 2011.

Profit attributable to equity shareholders for the year ended 31 December 2011 amounted to HK$108 million (2010: HK$163 million), representing a decrease of HK$55 million, or 34%, from that for the corresponding year ended 31 December 2010. In this regard, during the corresponding year ended 31 December 2010, the Group recorded (i) a profit after tax attributable to equity shareholders of HK$2 million from a toll highway in Maanshan, Anhui Province which was disposed of in February 2010 (the "Disposal"); (ii) a net gain on the Disposal attributable to equity shareholders of HK$26 million; and (iii) a dividend income of HK$11 million received by the Group in relation to a project which was completed in 2004 and in which the Group had an 8% interest. Excluding the financial effects of the aforementioned one-off items, the adjusted profit attributable to equity shareholders for the corresponding year ended 31 December 2010 amounted to HK$124 million. On the other hand, for the year ended 31 December 2011, the Group's attributable share after tax of the one-off repairing cost of the Damage and the cost of general repairing works on the toll bridge during its closure period amounted to HK$16 million and excluding the financial effect of such one-off repairing costs, the adjusted profit attributable to equity shareholders for the year ended 31 December 2011 amounted to HK$124 million. The Group's adjusted profit attributable to equity shareholders for the year ended 31 December 2011 of HK$124 million is equal to the adjusted profit attributable to equity shareholders of HK$124 million for the corresponding year ended 31 December 2010.

Financial resources, liquidity and loan maturity profile

At 31 December 2011, the Group had no bank borrowings (2010: Nil). As a result, the Group had net cash and cash equivalents of HK$1,355 million at 31 December 2011 (2010: HK$1,489 million).

During the year ended 31 December 2011, the Group did not recognize any finance costs (2010: HK$56,000).

Based on the Group's net cash and cash equivalents of HK$1,355 million at 31 December 2011, 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. During the year ended 31 December 2011, the Group did not enter into any derivative financial instruments for speculative or hedging purposes. The Group monitors closely its interest rate exposure (in the event that the Group shall enter into new bank borrowings) and foreign exchange rate exposure (the latter being its investments in the infrastructure business in mainland China which is denominated in Renminbi and is not hedged) and will consider hedging these exposures should the need arise.

Apart from the foregoing, the Group did not have any material exposures to interest rates or foreign exchange rates at 31 December 2011.

Charge on assets

Assets of the Group were not charged to any parties at 31 December 2011 and 31 December 2010.

Capital commitments

At 31 December 2011 and 31 December 2010, the Group did not have any capital commitments.

Contingent liabilities

At 31 December 2011 and 31 December 2010, the Group did not have any contingent liabilities.

Employees and remuneration policy

At 31 December 2011, the Group had 64 (2010: 64) full-time employees. The remuneration of the employees is in line with the market and commensurate 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 year ended 31 December 2011 amounted to HK$9 million (2010: HK$8 million), which comprised staff costs (other than directors' remuneration) for the year of HK$8 million (2010: HK$7 million) and directors' remuneration for the year of HK$1 million (2010: HK$1 million).

Five Year Financial Summary

	Note	Year ended 30 June 2007 HK$ million	2008 HK$ million	18-month period ended 31 December 2009 (note 1) HK$ million	Year ended 31 December 2010 HK$ million	2011 HK$ million
Profit for the year/period	2	5,391	35,392	156	163	108
		HK cents	HK cents	HK cents	HK cents	HK cents
Earnings per share	2	177.0	1,161.0	5.1	5.3	3.5
Dividends per share	2&3	28.0	4.0	6.0	4.0	4.0

	Note	At 30 June 2007 HK$ million	2008 HK$ million	At 31 December 2009 (note 1) HK$ million	2010 HK$ million	2011 HK$ million
Property, plant and equipment, and investment properties		596	4	1	2	1
Intangible operating rights		179	749	508	479	454
Interest in associates		14,444	–	–	–	–
Net asset value	2	16,962	1,594	1,564	1,615	1,633
		HK$	HK$	HK$	HK$	HK$
Net asset value per share	2	5.57	0.52	0.51	0.53	0.54

Notes:

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

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

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

Corporate Governance Report

The Board of Directors of the Company (the "Board") is pleased to present the Corporate Governance Report of the Company for the year ended 31 December 2011.

A) Commitment to Corporate Governance

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

B) Corporate Governance Practices

During the year ended 31 December 2011, the Company applied all those principles as set out in the Code on Corporate Governance Practices (the "Code") in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") and complied with the relevant code provisions in the Code, with the exception of one deviation as set out under the paragraphs on "Board of Directors" below. The application of the relevant principles is stated in the following paragraphs.

The Hong Kong Stock Exchange has recently amended the Listing Rules (the "Revised Listing Rules") and the Code (the "Revised Code") with various implementation dates. In such respect, the Company has taken measures to comply with the Revised Listing Rules and Revised Code.

C) Board of Directors

a) Responsibilities of and Support for Directors

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

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

Every Director ensures that he gives sufficient time and attention to the affairs of the Company. Each Director shall disclose to the Company at the time of his appointment the directorships held in listed companies or nature of offices held in public organizations and other significant commitment, with the identity of such listed companies or organizations. The Company has also requested Directors to provide in timely manner any change on such information. Each Director is also required to disclose to the Company their time commitment.

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

b) Corporate Governance Function

The Board has undertaken the corporate governance function as required under the Revised Code. The terms of reference of the corporate governance as set out in the Revised Code have been approved by the Board for adoption. The terms of reference of Corporate Governance Function are available on the Company's website.

c) Board Composition

The Board currently comprises twelve members, as detailed below:

Executive Directors	**Non-executive Director**	**Independent Non-executive Directors**
Lee Shau Kee *(Chairman and Managing Director)*	Leung Hay Man	Kwong Che Keung, Gordon
Lee Ka Kit *(Vice Chairman)*		Ko Ping Keung
Lam Ko Yin, Colin *(Vice Chairman)*		Wu King Cheong
Lee Ka Shing *(Vice Chairman)*		
Lee Tat Man		
Lee King Yue		
Kwok Ping Ho, Patrick		
Wong Ho Ming, Augustine		

The biographical details of the Directors are set out on pages 25 to 27 of this Annual Report. In particular, Dr Lee Shau Kee is the father of Lee Ka Kit and Lee Ka Shing and the brother of Lee Tat Man. Save as aforesaid, none of the members of the Board is related to one another.

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

During the year ended 31 December 2011, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three Independent Non-executive Directors with at least one Independent Non-executive Director possessing appropriate professional qualifications, or accounting or related financial management expertise.

The appointment of Independent Non-executive Directors strictly adheres to the guidelines for assessing independence set out in Rule 3.13 of the Listing Rules. The Company has received confirmation in writing of their independence from each of the Independent Non-executive Directors and considers them to be independent of the management and free of any relationship that could materially interfere with the exercise of their independent judgment. The Board considers that each of the Non-executive Directors and Independent Non-executive Directors brings his own relevant expertise to the Board. Arrangement will be made by the Company to have speakers delivering speeches and presentations to Directors of the Company at certain meetings or luncheon meetings on relevant topics with emphasis on the roles, functions and duties of directors of the Company.

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

d) Appointment and Re-election of Directors

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

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

Mr Suen Kwok Lam and Mr Lau Yum Chuen, Eddie retired as Directors at the annual general meeting held on 9 June 2011. In addition, Mr Yuen Pak Yiu, Philip resigned as Director on 26 August 2011.

e) Board Meetings

i) *Number of Meetings and Directors' Attendance*

The Board meets from time to time to discuss and exchange ideas on the affairs of the Company. During the year ended 31 December 2011, the Board held four meetings to approve interim/final results announcements and interim/annual reports, to determine the level of dividends, to discuss significant issues and the general operation of the Company and to approve matters and transactions specifically reserved to the Board for its decision. The attendance of the Directors is set out in the table on page 15.

ii) *Practices and Conduct of Meetings*

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

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

f) Conflict of Interest

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

g) Director's and Officer's Liability Insurance

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

D) Board Committees

The Board has four main Board Committees, namely, the Standing Committee, the Audit Committee, the Remuneration Committee and the Nomination Committee, for overseeing particular aspects of the Company's affairs. The Standing Committee of the Board operates as a general management committee with delegated authority from the Board. To comply with the Revised Code, revised terms of reference of the Audit Committee and the Remuneration Committee have been approved and adopted. In December 2011, the Nomination Committee was set up with the terms of reference as set out in the Revised Code.

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

a) Audit Committee

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

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

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

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

The Audit Committee held three meetings during the year ended 31 December 2011. The major work performed by the Audit Committee in respect of the year ended 31 December 2011 included reviewing and recommending the re-appointment of external auditor, approving the terms of engagement (including the remuneration) of the external auditor and the audit plan, reviewing the unaudited interim report and interim results announcement for the six months period ended 30 June 2011, reviewing the audited accounts and final results announcement for the year ended 31 December 2010, reviewing the work of the Group's internal audit department and assessing the effectiveness of the Group's systems of risk management, corporate governance and cost control. The Audit Committee also discussed with the management to ensure that the Company is having adequate resources, qualified and experienced staff of the accounting and financial reporting function, and training programmes and budget.

b) Remuneration Committee

The Remuneration Committee which was established in January 2005 comprises:

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

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

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

During the year ended 31 December 2011, the Remuneration Committee held two meetings to review the salary structure of the employees of the Company as well as the remuneration of senior management staff. The Committee also reviews the remuneration of the Directors with reference to the remuneration level of directors of comparable listed companies.

Particulars of the Directors' remuneration disclosed pursuant to Section 161 of the Hong Kong Companies Ordinance and Appendix 16 of the Listing Rules are set out in note 8 to the accounts on pages 50 to 51. The Directors' fee is fixed at the rate of HK$20,000 per annum for each Director and in case of each member of the Audit Committee an additional remuneration at the rate of HK$180,000 per annum until the Company in general meetings otherwise determines. Other emoluments shall from time to time be determined with reference to the Directors' duties and responsibilities and subject to a review by the Remuneration Committee.

c) Nomination Committee

The Nomination Committee which was established in December 2011 comprises:

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

Each member is sufficiently experienced and is appropriately skilled in the issues of the nomination of directors to the Board. The Company has provided the Nomination Committee with sufficient resources to perform its duties. Nomination Committee may seek independent professional advice, at the Company's expense, to perform its responsibilities.

The written terms of reference include the specific duties of reviewing of the structure, size, composition of the Board and to make recommendation on any proposed changes to the Board to complement the Company's corporate policy. The terms of reference of the Nomination Committee are available on the Company's website.

d) Attendance Record at Board, Audit and Remuneration Committees' Meetings and Annual General Meeting

The attendance of the individual Director at the meetings of the Board, the Audit Committee and the Remuneration Committee and Annual General Meeting during the year ended 31 December 2011 is set out in the following table:

	No. of meetings attended / No. of meetings held			
	Board	Audit Committee	Remuneration Committee	Annual General Meeting
Executive Directors:				
Lee Shau Kee *(Chairman)*	4/4	N/A	2/2	1/1
Lee Ka Kit	4/4	N/A	N/A	1/1
Lam Ko Yin, Colin	4/4	N/A	2/2	1/1
Lee Ka Shing	4/4	N/A	N/A	1/1
Lee Tat Man	4/4	N/A	N/A	1/1
Suen Kwok Lam	[1]1/1	N/A	N/A	1/1
Lee King Yue	4/4	N/A	N/A	1/1
Lau Yum Chuen, Eddie	[1]1/1	N/A	N/A	1/1
Kwok Ping Ho, Patrick	4/4	N/A	N/A	1/1
Wong Ho Ming, Augustine	4/4	N/A	N/A	1/1
Non-executive Directors:				
Yuen Pak Yiu, Philip	[2]3/3	N/A	N/A	1/1
Leung Hay Man	4/4	3/3	N/A	1/1
Independent Non-executive Directors:				
Kwong Che Keung, Gordon	4/4	3/3	2/2	1/1
Ko Ping Keung	4/4	3/3	2/2	1/1
Wu King Cheong	4/4	3/3	2/2	1/1

Remarks: 1. *Antecedent to Mr Suen Kwok Lam and Mr Lau Yum Chuen, Eddie's resignation upon retirement on 9 June 2011, there was only one Board meeting held.*

2. *Antecedent to Mr Yuen Pak Yiu, Philip's resignation on 26 August 2011, there were only three Board meetings held.*

Since the Nomination Committee was newly formed, no meeting was held during 2011.

E) Directors' Responsibility for the Financial Statements

The Directors acknowledge their responsibility for preparing the financial statements for the year ended 31 December 2011, which give a true and fair view of the state of affairs of the Company and of the Group at that date and of the Group's results and cash flows for the year then ended and are properly prepared on the going concern basis in accordance with the statutory requirements and applicable accounting standards.

The statement of the Auditor of the Company about their reporting responsibilities on the financial statements of the Company is set out in the Auditor's Report on page 30.

F) Auditor's Remuneration

For the year ended 31 December 2011, the Auditor(s) of the Company and its subsidiaries received approximately HK$0.8 million for audit and audit related services (2010: HK$0.8 million) and HK$0.1 million for non-audit services (2010: HK$0.1 million). The non-audit services rendered were to review the financial information in relation to the Group's consolidated interim accounts for the six months period ended 30 June 2011.

G) Model Code

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

H) Internal Controls

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

The Internal Audit Department of the Company, which reports directly to the Audit Committee and is independent of the Company's daily operations, is responsible for conducting regular audit on the major activities of the Company. Its objective is to ensure that all material controls, including financial, operational and compliance controls and risk management functions are in place and functioning effectively. During the year ended 31 December 2011, the Board has reviewed through the Audit Committee the effectiveness of the Group's internal control systems, and the adequacy of resources, staff qualifications and experience, training programmes and budget of the accounting and financial reporting function in order to ensure that they meet with the dynamic and ever changing business environment.

I) Company Secretary

The company secretary is to support the Board by ensuring good information flow with the Board as well as the board policy and procedures being followed. The company secretary is responsible for advising the Board through the Chairman on governance matters and also facilitates the induction and professional development of Directors.

Under the Revised Listing Rules, the company secretary is required to take no less than 15 hours of relevant professional training each financial year.

J) Shareholder Rights and Investor Relations

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

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

The chairmen of Audit Committee, Remuneration Committee and Nomination Committee are invited to attend the AGM. Auditor is also invited to attend the AGM to answer questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and auditor independence.

Under the Hong Kong Companies Ordinance, shareholders holding not less than one-twentieth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company are entitled to send a request to the Company to convene an extraordinary general meeting. Such requisition must state the objects of the meeting and must be signed by the shareholders and deposited at the registered office of the Company.

The Company has also maintained a shareholders' communication policy to handle enquires put to the Board and contact details have been provided so as to enable such enquires be properly directed.

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

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

Report of the Directors

The Directors have pleasure in submitting to shareholders their annual report together with the audited accounts for the year ended 31 December 2011.

Principal Activities

The Company is an investment holding company and the principal activities of its subsidiaries during the year were investment holding and infrastructure business.

Subsidiaries

Particulars of the principal subsidiaries of the Company as at 31 December 2011 are set out on page 68.

Group Profit

The profit of the Group for the year ended 31 December 2011 and the state of affairs of the Company and the Group at that date are set out in the accounts on pages 31 to 68.

Dividends

An interim dividend of HK$0.02 per share was paid on 28 September 2011. The Directors have recommended the payment of a final dividend of HK$0.02 per share to shareholders whose names appear on the Register of Members of the Company on Monday, 18 June 2012, and such dividend will not be subject to any withholding tax in Hong Kong. Final dividend will be distributed to shareholders on Tuesday, 26 June 2012.

Property, Plant and Equipment

Particulars of the movements in property, plant and equipment during the year are set out in note 15 to the accounts on page 56.

Bank Loans

As at 31 December 2011, the Group has no bank borrowings.

Reserves

Particulars of the movements in reserves during the year are set out in note 27 to the accounts on pages 63 to 66.

Share Capital

Details of the Company's share capital are set out in note 27 to the accounts on page 65.

Group Financial Summary

The results, assets and liabilities of the Group for the last two years ended 30 June 2008, the 18-month period ended 31 December 2009 and the last two years ended 31 December 2011 are summarized on page 9.

Directors' Remuneration

Particulars of the Directors' remuneration disclosed pursuant to Section 161 of the Companies Ordinance and Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited are set out in note 8 to the accounts on pages 50 and 51.

Directors

The Directors of the Company during the financial year and up to the date of this report are:

Executive Directors

Dr the Hon. Lee Shau Kee
(Chairman and Managing Director)
Lee Ka Kit
(Vice Chairman)
Lam Ko Yin, Colin
(Vice Chairman)
Lee Ka Shing
(Vice Chairman)
Lee Tat Man
Suen Kwok Lam
(resigned upon retirement on 9 June 2011)
Lee King Yue
Lau Yum Chuen, Eddie
(resigned upon retirement on 9 June 2011)
Kwok Ping Ho, Patrick
Wong Ho Ming, Augustine

Non-executive Directors

Yuen Pak Yiu, Philip
(resigned on 26 August 2011)
Leung Hay Man

Independent Non-executive Directors

Kwong Che Keung, Gordon
Professor Ko Ping Keung
Wu King Cheong

Mr Suen Kwok Lam and Mr Lau Yum Chuen, Eddie retired as Directors at the annual general meeting held on 9 June 2011. Also, Mr Yuen Pak Yiu, Philip resigned as Director on 26 August 2011. The Directors would like to express gratitude to them for their support, valuable service and contribution.

Mr Lam Ko Yin, Colin, Mr Lee Tat Man, Mr Lee King Yue, Mr Kwok Ping Ho, Patrick, Mr Wong Ho Ming, Augustine and Mr Leung Hay Man will retire by rotation at the forthcoming annual general meeting in accordance with Article 116 of the Company's Articles of Association and Code on Corporate Governance Practices and with the exception of Mr Lee King Yue, Mr Kwok Ping Ho, Patrick and Mr Wong Ho Ming, Augustine, being eligible, offer themselves for re-election.

Mr Lee King Yue, Mr Kwok Ping Ho, Patrick and Mr Wong Ho Ming, Augustine do not offer themselves for re-election and will retire from the Board at the conclusion of the forthcoming annual general meeting.

Disclosure of Interests

Directors' Interests in Shares

As at 31 December 2011, the interests and short positions of each Director of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept under Section 352 of the SFO or which were notified to the Company or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Companies were as follows:

Ordinary Shares (unless otherwise specified)

Long Positions

Name of Company	Name of Director	Note	Personal Interests	Family Interests	Corporate Interests	Other Interests	Total	% Interest
Henderson Investment Limited	Lee Shau Kee	1	34,779,936		2,080,495,007		2,115,274,943	69.41
	Lee Ka Kit	1				2,076,089,007	2,076,089,007	68.13
	Lee Ka Shing	1				2,076,089,007	2,076,089,007	68.13
	Lee Tat Man	2	6,666				6,666	0.00
	Lee King Yue	3	1,001,739				1,001,739	0.03
Henderson Land Development Company Limited	Lee Shau Kee	4	7,521,743		1,451,589,606		1,459,111,349	61.59
	Lee Ka Kit	4				1,450,649,395	1,450,649,395	61.24
	Lee Ka Shing	4				1,450,649,395	1,450,649,395	61.24
	Lee Tat Man	5	113,048				113,048	0.00
	Lee King Yue	6	257,208		20,188		277,396	0.01
Henderson Development Limited	Lee Shau Kee	7			8,190 (Ordinary A Shares)		8,190 (Ordinary A Shares)	100.00
	Lee Shau Kee	8			3,510 (Non-voting B Shares)		3,510 (Non-voting B Shares)	100.00
	Lee Shau Kee	9	35,000,000 (Non-voting Deferred Shares)		15,000,000 (Non-voting Deferred Shares)		50,000,000 (Non-voting Deferred Shares)	100.00
	Lee Ka Kit	7				8,190 (Ordinary A Shares)	8,190 (Ordinary A Shares)	100.00
	Lee Ka Kit	8				3,510 (Non-voting B Shares)	3,510 (Non-voting B Shares)	100.00
	Lee Ka Kit	9				15,000,000 (Non-voting Deferred Shares)	15,000,000 (Non-voting Deferred Shares)	30.00

Ordinary Shares (unless otherwise specified) (continued)

Long Positions

Name of Company	Name of Director	Note	Personal Interests	Family Interests	Corporate Interests	Other Interests	Total	% Interest
	Lee Ka Shing	7				8,190 (Ordinary A Shares)	8,190 (Ordinary A Shares)	100.00
	Lee Ka Shing	8				3,510 (Non-voting B Shares)	3,510 (Non-voting B Shares)	100.00
	Lee Ka Shing	9				15,000,000 (Non-voting Deferred Shares)	15,000,000 (Non-voting Deferred Shares)	30.00
Drinkwater Investment Limited	Leung Hay Man	10			5,000		5,000	4.49
Henfield Properties Limited[Δ]	Lee Ka Kit	11			4,000	6,000	10,000	100.00
Heyield Estate Limited	Lee Shau Kee	12			100		100	100.00
	Lee Ka Kit	12				100	100	100.00
	Lee Ka Shing	12				100	100	100.00
Pettystar Investment Limited	Lee Shau Kee	13			3,240		3,240	80.00
	Lee Ka Kit	13				3,240	3,240	80.00
	Lee Ka Shing	13				3,240	3,240	80.00

Δ *in members' voluntary winding up*

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

Share Option Schemes

The Company and its subsidiaries have no share option schemes.

Arrangements to Purchase Shares or Debentures

On 2 June 2010, Henderson Land Development Company Limited ("HL"), the holding company of the Company, issued to HL shareholders a total of 429,348,478 units of bonus warrants for the subscription of HL shares at a subscription price of HK$58 per share of HL on or before 1 June 2011 (on the basis of one warrant for every five HL shares held). Certain Directors of the Company were taken to be interested in HL bonus warrants (as per details described in HL's 2010 annual report and 2011 interim report) during the year under review. All HL bonus warrants remaining unexercised lapsed after the close of business on 1 June 2011.

Save as disclosed above, at no time during the year ended 31 December 2011 was the Company or any of its holding companies, subsidiary companies or fellow subsidiaries a party to any arrangement to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Substantial Shareholders' and Others' Interests

As at 31 December 2011, the interests and short positions of every person, other than Directors of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO were as follows:

Long Positions

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

Notes:

1. *Of these shares, Dr Lee Shau Kee was the beneficial owner of 34,779,936 shares, and the remaining 2,080,495,007 shares, (i) 802,854,200 shares, 602,398,418 shares, 363,328,900 shares, 217,250,000 shares and 84,642,341 shares were respectively owned by Banshing Investment Limited, Markshing Investment Limited, Covite Investment Limited, Gainwise Investment Limited and Darnman Investment Limited, all of which were wholly-owned subsidiaries of Kingslee S.A. which was 100% held by Henderson Land Development Company Limited ("HL") which in turn was 67.94% held by Henderson Development Limited ("HD"); (ii) 5,615,148 shares were owned by Fu Sang Company Limited ("Fu Sang"); and (iii) 3,000,000 shares and 1,406,000 shares were respectively owned by Tako Assets Limited and Thommen Limited, both were wholly-owned subsidiaries of Hong Kong Ferry (Holdings) Company Limited ("HKF") in which Dr Lee Shau Kee together with HL held 33.55%. Hopkins (Cayman) Limited ("Hopkins") as trustee of a unit trust (the "Unit Trust") owned all the issued ordinary shares of HD and Fu Sang. Rimmer (Cayman) Limited ("Rimmer") and Riddick (Cayman) Limited ("Riddick"), as trustees of respective discretionary trusts, held units in the Unit Trust. The entire issued share capital of Hopkins, Rimmer and Riddick were owned by Dr Lee Shau Kee. Dr Lee Shau Kee was taken to be interested in these shares by virtue of the SFO. As Directors of the Company and discretionary beneficiaries of two discretionary trusts holding units in the Unit Trust, Mr Lee Ka Kit and Mr Lee Ka Shing were taken to be interested in these shares by virtue of the SFO.*

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

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

4. *Of these shares, Dr Lee Shau Kee was the beneficial owner of 7,521,743 shares, and for the remaining 1,451,589,606 shares, (i) 698,976,789 shares were owned by HD; (ii) 179,543,353 shares were owned by Cameron Enterprise Inc.; 366,175,416 shares were owned by Believegood Limited which was wholly-owned by South Base Limited; 73,964,970 shares were owned by Prosglass Investment Limited which was wholly-owned by Jayasia Investments Limited; 68,060,406 shares were owned by Fancy Eye Limited which was wholly-owned by Mei Yu Ltd.; 56,912,301 shares were owned by Spreadral Limited which was wholly-owned by World Crest Ltd.; and Cameron Enterprise Inc., South Base Limited, Jayasia Investments Limited, Mei Yu Ltd. and World Crest Ltd. were wholly-owned subsidiaries of Yamina Investment Limited which in turn was 100% held by HD; (iii) 5,602,600 shares were owned by Superfun Enterprises Limited, a wholly-owned subsidiary of The Hong Kong and China Gas Company Limited ("China Gas") which was 39.88% held by HL, which in turn was taken to be 61.18% held by HD; and (iv) 1,413,560 shares were owned by Fu Sang; and (v) 640,180 shares and 300,031 shares were respectively owned by Tako Assets Limited and Thommen Limited, both were wholly-owned subsidiaries of HKF in which Dr Lee Shau Kee together with HL held 33.55%. Dr Lee Shau Kee was taken to be interested in HD and Fu Sang as set out in Note 1, China Gas and HL by virtue of the SFO. As Directors of the Company and discretionary beneficiaries of two discretionary trusts holding units in the Unit Trust, Mr Lee Ka Kit and Mr Lee Ka Shing were taken to be interested in these shares by virtue of the SFO.*

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

6. *Of these shares, Mr Lee King Yue was the beneficial owner of 257,208 shares, and the remaining 20,188 shares were held by Ngan Hei Development Company Limited which was 50% each owned by Mr Lee King Yue and his wife.*

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

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

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

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

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

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

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

Directors' Interests in Competing Business

For the year ended 31 December 2011, none of the Directors of the Company has interests in businesses which might compete with the Group.

Service Contracts

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

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year.

Major Customers and Suppliers

For the year ended 31 December 2011:

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

(2) the aggregate amount of turnover attributable to the Group's five largest customers accounted for 100% of the Group's total turnover and the amount of turnover attributable to the largest customer included therein accounted for 100% of the Group's total turnover. During the year under review, none of the directors of the Company or any of their associates or any shareholders of the Company (which to the knowledge of the directors, owned more than 5% of the Company's issued share capital) had any beneficial interest in such customer(s) of the Group.

Management Discussion and Analysis

A management discussion and analysis of the Group's annual results is shown on pages 7 and 8.

Retirement Benefits Scheme

Details of the retirement benefits schemes participated by the Group's employees are shown in note 26 to the accounts on page 62.

Public Float

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

Auditor

A resolution for the re-appointment of PricewaterhouseCoopers as Auditor of the Company is to be proposed at the forthcoming annual general meeting.

Corporate Governance

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

On behalf of the Board

Lee Shau Kee

Chairman

Hong Kong, 21 March 2012

Biographical Details of Directors and Senior Management

Executive Directors

Dr the Hon. LEE Shau Kee, *GBM, DBA (Hon), DSSc (Hon), LLD (Hon)*, aged 83, is the founder of the Company. He has been the Chairman and Managing Director of the Company since 1975 and has been engaged in property development in Hong Kong for more than 55 years. He is also the chairman of the Nomination Committee and a member of the Remuneration Committee of the Company. He is the founder and the chairman and managing director of Henderson Land Development Company Limited ("Henderson Land"), the chairman of The Hong Kong and China Gas Company Limited, Miramar Hotel and Investment Company, Limited, the vice chairman of Sun Hung Kai Properties Limited as well as a director of Hong Kong Ferry (Holdings) Company Limited and The Bank of East Asia, Limited, all of which are listed companies. Dr Lee was awarded Grand Bauhinia Medal by the Government of the Hong Kong Special Administrative Region in 2007. Dr Lee is a director of Rimmer (Cayman) Limited, Riddick (Cayman) Limited, Hopkins (Cayman) Limited, Henderson Development Limited, Henderson Land, Banshing Investment Limited, Markshing Investment Limited, Covite Investment Limited and Gainwise Investment Limited which have discloseable interests in the Company under the provisions of the Securities and Futures Ordinance. Dr Lee is the brother of Mr Lee Tat Man and the father of Mr Lee Ka Kit and Mr Lee Ka Shing.

LEE Ka Kit, *JP*, aged 48, a Member of the National Committee of the Chinese People's Political Consultative Conference and a Vice Chairman of the Subcommittee for Economic Affairs of the National Committee, has been an Executive Director and Vice Chairman of the Company since 1993. He was educated in the United Kingdom and has been primarily responsible for the development of the business of Henderson Land Group in the People's Republic of China since 1985. Mr Lee is the vice chairman of Henderson Development Limited ("Henderson Development"). He is also the vice chairman of Henderson Land Development Company Limited ("Henderson Land"), as well as a director of The Hong Kong and China Gas Company Limited and Intime Department Store (Group) Company Limited, all of which are listed companies. He was appointed as a Justice of the Peace by the Government of the Hong Kong Special Administrative Region and awarded an Honorary University Fellowship by The University of Hong Kong in 2009 respectively. Mr Lee is a director of Henderson Development and Henderson Land which have discloseable interests in the Company under the provisions of the Securities and Futures Ordinance. He is the son of Dr Lee Shau Kee and the brother of Mr Lee Ka Shing.

LAM Ko Yin, Colin, *FCILT, FHKIoD*, aged 60, has been an Executive Director of the Company since 1988 and Vice Chairman since 1993. He is also a member of the Remuneration Committee and the Nomination Committee of the Company. He holds a B.Sc. (Honours) degree from The University of Hong Kong and has over 38 years' experience in banking and property development. He is also the chairman of Hong Kong Ferry (Holdings) Company Limited, the vice chairman of Henderson Land Development Company Limited ("Henderson Land") as well as a director of The Hong Kong and China Gas Company Limited and Miramar Hotel and Investment Company, Limited, all of which are listed companies. He is a member of the Court of The University of Hong Kong, a Director of The University of Hong Kong Foundation for Educational Development and Research Limited, and a Director of Fudan University Education Development Foundation. Mr Lam was awarded an Honorary University Fellowship by The University of Hong Kong in 2008. He is a Fellow of The Chartered Institute of Logistics and Transport in Hong Kong and a Fellow of The Hong Kong Institute of Directors. Mr Lam is a director of Rimmer (Cayman) Limited, Riddick (Cayman) Limited, Hopkins (Cayman) Limited, Henderson Development Limited, Henderson Land, Banshing Investment Limited, Markshing Investment Limited, Covite Investment Limited and Gainwise Investment Limited which have discloseable interests in the Company under the provisions of the Securities and Futures Ordinance.

LEE Ka Shing, aged 40, a Committee Member of the 10th Guangxi Zhuangzu Zizhiqu Committee and of the 10th Foshan Committee of the Chinese People's Political Consultative Conference, PRC, has been an Executive Director of the Company since 1993 and Vice Chairman since 2005. He was educated in Canada. Mr Lee is the vice chairman of Henderson Development Limited ("Henderson Development"). He is also the vice chairman of Henderson Land Development Company Limited ("Henderson Land"), managing director of Miramar Hotel and Investment Company, Limited as well as a director of The Hong Kong and China Gas Company Limited, all of which are listed companies. Mr Lee is a director of Henderson Development, Henderson Land, Kingslee S.A., Banshing Investment Limited, Markshing Investment Limited, Covite Investment Limited and Gainwise Investment Limited which have discloseable interests in the Company under the provisions of the Securities and Futures Ordinance. He is the son of Dr Lee Shau Kee and the brother of Mr Lee Ka Kit.

LEE Tat Man, aged 74, has been an Executive Director of the Company since 1972. He has been engaged in property development in Hong Kong for more than 35 years and is also a director of Henderson Land Development Company Limited ("Henderson Land"), a listed company. Mr Lee is a director of Rimmer (Cayman) Limited, Riddick (Cayman) Limited, Hopkins (Cayman) Limited, Henderson Development Limited and Henderson Land which have discloseable interests in the Company under the provisions of the Securities and Futures Ordinance. He is the brother of Dr Lee Shau Kee.

LEE King Yue, aged 85, has been an Executive Director of the Company since 1972. He joined Henderson Development Limited, the ultimate holding company of the Company on its incorporation in 1973 and has been engaged with the Chairman in property development for over 55 years. He is also an executive director of Henderson Land Development Company Limited ("Henderson Land"), a listed company. Mr Lee is a director of Henderson Land, Kingslee S.A., Banshing Investment Limited, Markshing Investment Limited, Covite Investment Limited and Gainwise Investment Limited which have discloseable interests in the Company under the provisions of the Securities and Futures Ordinance.

KWOK Ping Ho, Patrick, *BSc, MSc, Post-Graduate Diploma in Surveying, ACIB*, aged 59, has been an Executive Director since 1988. He holds a B.Sc. (Engineering) degree, an M.Sc. (Administrative Sciences) degree as well as a Post-Graduate Diploma in Surveying (Real Estate Development). Mr Kwok is an Associate Member of The Chartered Institute of Bankers of the United Kingdom and he had worked in the international banking field for more than 11 years with postings in London, Chicago, Kuala Lumpur, Singapore as well as in Hong Kong before joining the Company. He is also an executive director of Henderson Land Development Company Limited ("Henderson Land"), a listed company and a non-executive director of Henderson Sunlight Asset Management Limited, the manager of the publicly-listed Sunlight Real Estate Investment Trust. Mr Kwok is a director of Henderson Land, Kingslee S.A., Banshing Investment Limited, Markshing Investment Limited, Covite Investment Limited and Gainwise Investment Limited which have discloseable interests in the Company under the provisions of the Securities and Futures Ordinance.

WONG Ho Ming, Augustine, *JP, MSc, MEcon, FHKIS, MRICS, MCIArb, RPS (GP)*, aged 51, has been an Executive Director of the Company since 1997. He joined Henderson Land Group in 1996. He is also an executive director of Henderson Land Development Company Limited ("Henderson Land"), a listed company. He is a registered professional surveyor and has over 27 years' experience in property appraisal, dealing and development. He was appointed as Justice of the Peace by the Government of the Hong Kong Special Administrative Region in 2008. Henderson Land has discloseable interests in the Company under the provisions of the Securities and Futures Ordinance.

Non-executive Director

LEUNG Hay Man, *FRICS, FCIArb, FHKIS*, aged 77, has been a Director of the Company since 1977 and was re-designated as Non-executive Director in 2004. He is also a member of the Audit Committee of the Company. Mr Leung is a Chartered Surveyor. He is also a director of Henderson Land Development Company Limited ("Henderson Land"), Hong Kong Ferry (Holdings) Company Limited and The Hong Kong and China Gas Company Limited, all of which are listed companies. Henderson Land has discloseable interests in the Company under the provisions of the Securities and Futures Ordinance.

Independent Non-executive Directors

KWONG Che Keung, Gordon, *FCA*, aged 62, has been an Independent Non-executive Director of the Company since 2004. He is also the chairman of the Audit Committee and a member of the Remuneration Committee and the Nomination Committee of the Company. He graduated from The University of Hong Kong with a bachelor's degree in social sciences in 1972 and qualified as a chartered accountant in England in 1977. He was a partner of Pricewaterhouse from 1984 to 1998 and an independent member of the Council of The Stock Exchange of Hong Kong from 1992 to 1997. He is an Independent Non-executive Director of Henderson Land Development Company Limited, Agile Property Holdings Limited, China Chengtong Development Group Limited, China COSCO Holdings Company Limited, China Power International Development Limited, Chow Tai Fook Jewellery Group Limited, CITIC Telecom International Holdings Limited, Global Digital Creations Holdings Limited, NWS Holdings Limited, OP Financial Investments Limited and Quam Limited, all of which are listed companies. Mr Kwong previously served as an Independent Non-executive Director of Ping An Insurance (Group) Company of China, Ltd. for two terms of three years to June 2009 and an Independent Non-executive Director of Tianjin Development Holdings Limited until 26 May 2010, China Oilfield Services Limited until 28 May 2010, Frasers Property (China) Limited until 14 January 2011, COSCO International Holdings Limited until 9 June 2011 and Beijing Capital International Airport Company Limited until 15 June 2011.

Professor KO Ping Keung, *PhD, FIEEE, JP*, aged 61, has been an Independent Non-executive Director of the Company since 2004. He is also a member of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Company. Professor Ko holds a Bachelor of Science (Honours) degree from The University of Hong Kong, a Doctor of Philosophy degree and a Master of Science degree from the University of California at Berkeley. He is an Adjunct Professor of Beijing and Tsinghua University and Emeritus Professor of Electrical & Electronic Engineering and the former Dean of the School of Engineering of The Hong Kong University of Science and Technology. He was the Vice Chairman of Electrical Engineering and Computer Science Department of the University of California at Berkeley in 1991 – 1993 and a member of Technical staff, Bell Labs, Holmdel, in 1982 – 1984. Professor Ko is an Independent Non-executive Director of Henderson Land Development Company Limited ("Henderson Land"), a listed company. He also served as an Independent Non-executive Director of a listed company, China Resources Microelectronics Limited, until its privatisation in November 2011. Henderson Land has discloseable interests in the Company under the provisions of the Securities and Future Ordinance.

WU King Cheong, *BBS, JP*, aged 61, has been an Independent Non-executive Director of the Company since 2005. He is also the Chairman of the Remuneration Committee and a member of the Audit Committee and the Nomination Committee of the Company. Mr Wu is the Life Honorary Chairman of The Chinese General Chamber of Commerce, the Honorary Permanent President of the Chinese Gold & Silver Exchange Society and the Permanent Honorary President of the Hong Kong Securities Association Ltd. He is an executive director of Lee Cheong Gold Dealers Limited. He is also an Independent Non-executive Director of Yau Lee Holdings Limited, Henderson Land Development Company Limited ("Henderson Land"), Hong Kong Ferry (Holdings) Company Limited and Miramar Hotel and Investment Company, Limited, all of which are listed companies. Mr Wu previously served as an Independent Non-executive Director of Chevalier Pacific Holdings Limited, a listed company, until 27 October 2011. Henderson Land has discloseable interests in the Company under the provisions of the Securities and Futures Ordinance.

Senior Management

LIU Cheung Yuen, Timon, *BEc, FCPA, CA (Aust), FCS, FCIS*, aged 54, joined the Henderson Land Group in 2005 and is presently the Company Secretary of the Group. Mr Liu graduated from Monash University, Australia with a bachelor's degree in Economics. He is a fellow of both the Hong Kong Institute of Certified Public Accountants and The Hong Kong Institute of Chartered Secretaries, and an associate of The Institute of Chartered Accountants in Australia. He has many years' experience in accounting, auditing, corporate finance, corporate investment and development, and company secretarial practice.

WONG Wing Kee, Christopher, *BSc (Econ), ACA*, aged 49, joined the Henderson Land Group in June 2007 and is presently the General Manager of Accounts Department. Mr Wong graduated from The London School of Economics and Political Science, University of London and is an associate member of the Institute of Chartered Accountants in England & Wales. He has over 20 years of experience in accounting, auditing, investment banking and corporate finance in the United Kingdom and in Hong Kong. Prior to joining the Henderson Land Group, Mr Wong was the Chief Financial Officer of Kerry Properties Limited between December 2004 and May 2007.

Accounts

Independent Auditor's Report

羅兵咸永道

To the shareholders of Henderson Investment Limited

(incorporated in Hong Kong with limited liability)

We have audited the consolidated accounts of Henderson Investment Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 31 to 68, which comprise the consolidated and company balance sheets as at 31 December 2011, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Accounts

The directors of the Company are responsible for the preparation of consolidated accounts that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants, and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated accounts that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

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

Opinion

In our opinion, the consolidated accounts give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2011, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

Emphasis of Matter

We draw attention to notes 3(a) and 16 to the consolidated accounts which describe the uncertainty related to whether the People's Government of Zhejiang Province and Zhejiang Province Department of Communications would ultimately confirm that both the operating right and the toll fee collection right of Hangzhou Qianjiang Third Bridge last for a period of 30 years expiring on 19 March 2027. Our opinion is not qualified in respect of this matter.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 21 March 2012

Consolidated Income Statement

for the year ended 31 December 2011

	Note	2011 HK$ million	2010 HK$ million
Turnover	5	**299**	317
Direct costs		**(86)**	(49)
		213	268
Other income/other gains	6	**48**	46
Administrative expenses		**(27)**	(18)
Profit for the year of disposal group	25	**–**	4
Net gain on disposal of disposal group	25	**–**	47
Profit from operations		**234**	347
Finance costs	7(a)	**–**	–
Profit before taxation	7	**234**	347
Income tax	10(a)	**(62)**	(80)
Profit for the year		**172**	267
Attributable to:			
Equity shareholders of the Company		**108**	163
Non-controlling interests		**64**	104
Profit for the year		**172**	267
		HK cents	HK cents
Earnings per share – basic and diluted	14	**3.5**	5.3

The notes on pages 36 to 68 form part of these accounts. Details of dividends payable to equity shareholders of the Company attributable to the profit for the year are set out in note 13.

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2011

	2011 HK$ million	2010 HK$ million
Profit for the year	**172**	267
Other comprehensive income for the year:		
Exchange difference on translation of accounts of subsidiaries outside Hong Kong	**49**	37
Exchange reserve reclassified from equity to profit or loss on disposal of a subsidiary	**–**	(21)
	49	16
Total comprehensive income for the year	**221**	283
Attributable to:		
Equity shareholders of the Company	**140**	173
Non-controlling interests	**81**	110
Total comprehensive income for the year	**221**	283

The notes on pages 36 to 68 form part of these accounts.

Balance Sheets

at 31 December 2011

	Note	The Group 2011 HK$ million	The Group 2010 HK$ million	The Company 2011 HK$ million	The Company 2010 HK$ million
Non-current assets					
Property, plant and equipment	15	**1**	2	**–**	–
Intangible operating right	16	**454**	479	**–**	–
Investments in subsidiaries	17	**–**	–	**351**	351
Other non-current assets	18	**42**	54	**–**	–
		497	535	**351**	351
Current assets					
Trade and other receivables	19	**74**	105	**6**	5
Amounts due from affiliates	20	**–**	13	**1,422**	1,080
Cash and cash equivalents	21	**1,355**	1,489	**–**	–
		1,429	1,607	**1,428**	1,085
Current liabilities					
Trade and other payables	22	**43**	45	**6**	6
Amounts due to affiliates	23	**–**	5	**304**	302
Current taxation		**23**	25	**–**	–
		66	75	**310**	308
Net current assets		**1,363**	1,532	**1,118**	777
Total assets less current liabilities		**1,860**	2,067	**1,469**	1,128
Non-current liability					
Deferred tax liabilities	24	**21**	32	**–**	–
NET ASSETS		**1,839**	2,035	**1,469**	1,128
CAPITAL AND RESERVES	27				
Share capital	27(c)	**609**	609	**609**	609
Reserves		**1,024**	1,006	**860**	519
Total equity attributable to equity shareholders of the Company		**1,633**	1,615	**1,469**	1,128
Non-controlling interests		**206**	420	**–**	–
TOTAL EQUITY		**1,839**	2,035	**1,469**	1,128

Approved and authorised for issue by the Board of Directors on 21 March 2012.

Lee Shau Kee
Lee Tat Man
Directors

The notes on pages 36 to 68 form part of these accounts.

Consolidated Statement of Changes in Equity

for the year ended 31 December 2011

	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	Non-controlling interests HK$ million	Total equity HK$ million
At 1 January 2010	609	13	117	825	1,564	376	1,940
Changes in equity for the year ended 31 December 2010:							
Total comprehensive income for the year	–	–	10	163	173	110	283
Final dividend approved in respect of the previous financial period (note 13(b))	–	–	–	(61)	(61)	–	(61)
Interim dividend declared in respect of the current financial year (note 13(a))	–	–	–	(61)	(61)	–	(61)
Dividends paid to non-controlling interests	–	–	–	–	–	(20)	(20)
Disposal of a subsidiary	–	–	–	–	–	(46)	(46)
At 31 December 2010	609	13	127	866	1,615	420	2,035
At 1 January 2011	**609**	**13**	**127**	**866**	**1,615**	**420**	**2,035**
Changes in equity for the year ended 31 December 2011:							
Total comprehensive income for the year	**–**	**–**	**32**	**108**	**140**	**81**	**221**
Final dividend approved in respect of the previous financial year (note 13(b))	**–**	**–**	**–**	**(61)**	**(61)**	**–**	**(61)**
Interim dividend declared in respect of the current financial year (note 13(a))	**–**	**–**	**–**	**(61)**	**(61)**	**–**	**(61)**
Dividends paid to non-controlling interests	**–**	**–**	**–**	**–**	**–**	**(293)**	**(293)**
Advance to non-controlling interests	**–**	**–**	**–**	**–**	**–**	**(2)**	**(2)**
At 31 December 2011	**609**	**13**	**159**	**852**	**1,633**	**206**	**1,839**

The notes on pages 36 to 68 form part of these accounts.

Consolidated Cash Flow Statement

for the year ended 31 December 2011

	Note	2011 HK$ million	2010 HK$ million
Operating activities			
Profit before taxation		**234**	347
Adjustments for:			
Interest income		**(29)**	(21)
Dividend income and distribution from unlisted investments		**(9)**	(12)
Amortisation of intangible operating right		**44**	43
Depreciation		**1**	–
Net foreign exchange gain		**(7)**	–
Net gain on disposal of disposal group		**–**	(47)
Operating profit before changes in working capital		**234**	310
Decrease in trade and other receivables		**44**	18
(Decrease)/increase in trade and other payables		**(1)**	5
Cash generated from operations		**277**	333
Tax paid – outside Hong Kong		**(75)**	(78)
Net cash generated from operating activities		**202**	255
Investing activities			
Dividend income and distribution from unlisted investments		**9**	12
Interest received		**34**	17
Additions to property, plant and equipment		**–**	(4)
Net proceeds from disposal of disposal group		**–**	125
Net cash generated from investing activities		**43**	150
Financing activities			
Dividends paid to shareholders		**(122)**	(122)
Dividends paid to non-controlling interests		**(293)**	(20)
Repayment to a fellow subsidiary		**(5)**	(50)
Repayment from/(to) non-controlling interests, net		**11**	(19)
Proceeds from new bank loans		**–**	60
Repayment of bank loans		**–**	(60)
Net cash used in financing activities		**(409)**	(211)
Net (decrease)/increase in cash and cash equivalents		**(164)**	194
Cash and cash equivalents at 1 January		**1,489**	1,278
Effect of foreign exchange rate changes		**30**	17
Cash and cash equivalents at 31 December	21	**1,355**	1,489

The notes on pages 36 to 68 form part of these accounts.

Notes to the Accounts

for the year ended 31 December 2011

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 year 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.

(b) Changes in accounting policies

The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the Group and the Company. Of these, HKAS 24 (Revised) "*Related party disclosures*" and the amendments to HKFRS 7 and HKAS 1 included in Improvements to HKFRSs (2010) are relevant but do not have significant impact on these accounts.

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 year ended 31 December 2011 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 them is unlikely to have a significant impact on the Group's results of operations and financial position.

(c) Basis of preparation of the accounts

The consolidated accounts for the year ended 31 December 2011 comprise the Company and its subsidiaries.

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

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.

2 Significant accounting policies (continued)

(c) Basis of preparation of the accounts (continued)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized 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 3.

(d) Subsidiaries and non-controlling 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.

Non-controlling interests represent the equity in subsidiaries not attributable directly or indirectly to the Company, 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. For each business combination, the Group can elect to measure any non-controlling interest either at fair value or at their proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated balance sheet within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated income statement and the consolidated statement of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognized.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognized in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognized at fair value and this amount is regarded as the fair value on initial recognition of a financial asset.

In the Company's balance sheet, an investment in a subsidiary is stated at cost less impairment losses (see note 2(h)).

2 Significant accounting policies (continued)

(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 derecognized.

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 recognized 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 five 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 right

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

Amortisation is provided to write off the cost of the toll bridge operating right using the straight-line method over its remaining life.

Intangible operating right is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. 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 recognized in profit or loss when the asset is derecognized.

(g) Trade and other receivables

Trade and other receivables are initially recognized 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 recognized. 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 recognized, 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 recognized 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 recognized no longer exists or may have decreased:

– property, plant and equipment;

– intangible operating right; and

– investments in subsidiaries.

2 Significant accounting policies (continued)

(h) Impairment of assets (continued)

(ii) Impairment of other assets (continued)

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).

– Recognition of impairment losses

An impairment loss is recognized 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 recognized 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 recognized in prior years. Reversals of impairment losses are credited to profit or loss in the period or periods in which the reversals are recognized.

(i) Interest-bearing borrowings

Interest-bearing borrowings are recognized 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 recognized and redemption value being recognized 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 recognized 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.

2 Significant accounting policies (continued)

(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 year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognized in profit or loss except to the extent that they relate to items recognized in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognized in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, 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.

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 recognized. 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 the 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 recognized 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.

2 Significant accounting policies (continued)

(m) Income tax (continued)

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.

(n) Provisions and contingent liabilities

Provisions are recognized 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 recognized in profit or loss as follows:

(i) Toll fee income
Toll fee income is recognized when services are provided.

(ii) Interest income
Interest income is recognized as it accrues using the effective interest method.

(iii) Dividend income and distribution from unlisted investments
Dividend income and distribution from unlisted investments are recognized when the shareholder's right to receive payment is established.

2 Significant accounting policies (continued)

(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 year 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 recognized 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 recognized in other comprehensive income and accumulated separately in equity in the exchange reserve.

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 recognized.

(q) Borrowing costs

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

2 Significant accounting policies (continued)

(r) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a) above.

(vii) A person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

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

3 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) Uncertainty related to the toll fee collection right period

As detailed in note 16 to the accounts, as at the date of issue of these accounts, the Group is waiting for the People's Government of Zhejiang Province (浙江省人民政府) and the Zhejiang Province Department of Communications (浙江省交通運輸廳) (collectively, the "Authorities") to confirm that both the operating right and the toll fee collection right of Hangzhou Qianjiang Third Bridge (the "Bridge") last for a same period of 30 years.

As supported by an independent legal opinion dated 29 February 2012, the Group considers that both the operating right and the toll fee collection right of the Bridge last for a period of 30 years expiring on 19 March 2027, and this is the basis of amortisation and calculation of the recoverable amount of the intangible operating right in the preparation of the consolidated accounts. If the Authorities ultimately confirm that the toll fee collection right of the Bridge lasts for a period different from the period of the operating right, the Group would have to re-estimate the remaining useful life and the recoverable amount of the intangible operating right depending on the ultimate decisions of and the outcome of negotiation with the relevant government bodies. The consolidated accounts do not include any adjustment on the carrying amount of the intangible operating right that would result if the Authorities ultimately confirm that the toll fee collection right of the Bridge lasts for a period different from the period of the operating right.

(b) Impairment of receivables

If circumstances indicate that the carrying amounts of receivables may not be recoverable, an impairment loss may be recognized. 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.

(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 recognized on an accrual basis, and the provision for withholding income tax has been made in the Group's accounts accordingly. Where a different basis is adopted by the tax authorities in mainland China 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 for withholding income tax made in the Group's accounts.

4 Financial risk management and fair values

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 debtors comprise toll income receivable which has been collected on behalf of the Group by 杭州市城市"四自"工程道路綜合收費管理處 (Hangzhou City "Sizi" Engineering & Highway General Toll Fee Administration Office) (the "Hangzhou Toll Office"), which is the relevant government body in Hangzhou to record the traffic flow and make payment of the toll fee of the Bridge, pursuant to the terms of an agreement dated 5 February 2004 (the "Collection Agreement") entered into between the Group and the Hangzhou Toll Office. 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.

Included in non-current receivable and trade and other receivables was the balance of consideration receivable (stated at present value) in relation to the disposal of the Group's toll fee collection rights of certain toll bridges during the year ended 30 June 2004. In respect of the other non-current assets and the amounts due from affiliates (the latter in relation to the balance at 31 December 2010), 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 guarantee which exposes the Group to credit risk.

4 Financial risk management and fair values (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, 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 outflows (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:

	2011 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**
Trade and other payables	**43**	**–**	**–**	**43**	**43**

	2010 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
Trade and other payables	45	–	–	45	45
Amount due to a fellow subsidiary	5	–	–	5	5
	50	–	–	50	50

4 Financial risk management and fair values (continued)

(c) Interest rate risk

At 31 December 2011, the Group did not have any borrowings or liabilities which exposed the Group to significant interest rate risk. The Group monitors closely its interest rate exposure and will consider hedging significant interest rate exposure should the need arise. During the year, the Group did not enter into any interest rate hedging instruments.

At 31 December 2010, the amount due to a fellow subsidiary of HK$5 million (see note 23) bore floating interest rate with an effective interest rate of 0.31%.

At 31 December 2010, it was estimated that with a general increase in interest rate of 100 basis points and a decrease in interest rate of a magnitude which equalled the effective interest rate of 0.31% 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 reasonably possible changes in interest rates during the period from the balance sheet date until the next annual balance sheet date.

(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 of the investment and the related returns to be generated therefrom.

At 31 December 2011, 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 31 December 2011 and 2010.

5 Turnover

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

6 Other income/other gains

	2011 HK$ million	2010 HK$ million
Bank interest income	**25**	15
Other interest income	**4**	6
Dividend income and distribution from unlisted investments	**9**	12
Government subsidies	**2**	8
Net foreign exchange gain	**7**	–
Sundry income	**1**	5
	48	46

7 Profit before taxation

Profit before taxation is arrived at after charging:

		2011 HK$ million	2010 HK$ million
(a)	**Finance costs:**		
	Bank loans and overdrafts	**–**	–
(b)	**Directors' remuneration:**		
	Directors' fees, salaries, emoluments, other allowances and benefits	**1**	1
	Details of the directors' remuneration are set out in note 8.		
(c)	**Staff costs (other than directors' remuneration):**		
	Salaries, wages and other benefits	**8**	7
(d)	**Other items:**		
	Amortisation of intangible operating right	**44**	43
	Repairing cost of the toll bridge	**36**	2
	Depreciation	**1**	–
	Auditors' remuneration – audit service	**1**	1

8 Directors' remuneration

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

	2011				
	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 *	10	–	–	–	10
Lee King Yue	20	–	–	–	20
Eddie Lau Yum Chuen*	10	–	–	–	10
Patrick Kwok Ping Ho	20	–	–	–	20
Augustine Wong Ho Ming	20	–	–	–	20
Non-executive Directors					
Philip Yuen Pak Yiu **	13	–	–	–	13
Leung Hay Man	20	180	–	–	200
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	273	720	–	–	993

* *retired by rotation at the Company's annual general meeting held on 9 June 2011.*

** *resigned with effect from 26 August 2011.*

8 Directors' remuneration (continued)

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

	2010				
	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 *	8	–	–	–	8
Patrick Kwok Ping Ho	20	–	–	–	20
Augustine Wong Ho Ming	20	–	–	–	20
Sit Pak Wing *	8	–	–	–	8
Non-executive Directors					
Sir Po-shing Woo *	9	–	–	–	9
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	325	720	–	–	1,045

* *retired by rotation at the Company's annual general meeting held on 1 June 2010.*

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

9 Individuals with highest emoluments

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

	2011 HK$ million	2010 HK$ million
Salaries, emoluments, other allowances and benefits	**3**	3
Discretionary bonuses	**–**	–
Retirement scheme contributions	**–**	–
	3	3

Their emoluments are within the following bands:

	Number of individuals	
	2011	2010
HK$Nil – HK$1,000,000	**4**	5
HK$1,000,001 – HK$2,000,000	**1**	–
	5	5

10 Income tax

(a) Income tax in the consolidated income statement represents:

	2011 HK$ million	2010 HK$ million
Current tax – mainland China		
– provision for the year	**73**	73
Deferred taxation		
– Origination and reversal of temporary differences	**(19)**	–
– withholding tax on undistributed profits	**8**	7
	(11)	7
	62	80

No provision for Hong Kong Profits Tax has been made as there is no assessable profit for the 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 five years starting from 1 January 2008. The applicable principal income tax rates for the years ended 31 December 2010 and 2011 were 22% and 24%, 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 year and the prior year is 5%.

10 Income tax (continued)

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

	2011 HK$ million	2010 HK$ million
Profit before taxation	**234**	347
Notional tax on profit before taxation, calculated at the Hong Kong Profits Tax rate of 16.5% (2010: 16.5%)	**39**	57
Tax effect of non-deductible expenses	**3**	3
Effect of different tax rates of subsidiaries operating in other jurisdictions	**17**	16
Tax effect of non-taxable income	**(5)**	(3)
Withholding tax on undistributed profits	**8**	7
Income tax	**62**	80

11 Segmental information

No segmental information for the years ended 31 December 2011 and 2010 is presented as the Group's turnover and trading results for the abovementioned years are generated solely from its infrastructure business in mainland China, the turnover of which amounted to HK$299 million during the year (2010: HK$317 million) and the reportable segment results of which amounted to HK$197 million during the year (2010: HK$271 million).

12 Profit attributable to equity shareholders of the Company

The consolidated profit attributable to equity shareholders of the Company includes a profit of HK$463 million (2010: HK$61 million) which has been dealt with in the accounts of the Company.

13 Dividends

(a) Dividends payable to equity shareholders of the Company attributable to the profit for the year

	2011 HK$ million	2010 HK$ million
Interim dividend declared of HK2 cents (2010: HK2 cents) per share	**61**	61
Final dividend proposed after the balance sheet date of HK2 cents (2010: HK2 cents) per share	**61**	61
	122	122

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

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

	2011 HK$ million	2010 HK$ million
Final dividend in respect of the previous financial year/period, approved and paid during the year of HK2 cents (2010: HK2 cents) per share	**61**	61

14 Earnings per share – basic and diluted

The calculation of basic and diluted earnings per share is based on the profit attributable to equity shareholders of the Company of HK$108 million (2010: HK$163 million) and 3,047,327,395 (2010: 3,047,327,395) ordinary shares, being the number of ordinary shares in issue throughout the year.

15 Property, plant and equipment

The Group

	Leasehold improvements, furniture, fixtures and motor vehicles	
	2011 HK$ million	2010 HK$ million
Cost:		
At 1 January	**7**	10
Additions	**–**	1
Disposals	**–**	(4)
At 31 December	**7**	7
Accumulated depreciation:		
At 1 January	**5**	9
Charge for the year	**1**	–
Disposals	**–**	(4)
At 31 December	**6**	5
Net book value:		
At 31 December	**1**	2

16 Intangible operating right

The Group

	Toll bridge operating right	
	2011 HK$ million	2010 HK$ million
Cost:		
At 1 January	**893**	867
Exchange adjustment	**38**	26
At 31 December	**931**	893
Accumulated amortisation:		
At 1 January	**414**	359
Charge for the year	**44**	43
Exchange adjustment	**19**	12
At 31 December	**477**	414
Carrying amount:		
At 31 December	**454**	479

16 Intangible operating right (continued)

The toll bridge represents the Bridge located in Zhejiang Province, mainland China.

The Group was granted the operating right of the Bridge by the Hangzhou Foreign Economic Relations and Trade Commission (杭州市對外經濟貿易委員會) in 1997 and was further approved by National Development and Reform Commission (formerly known as State Development & Planning Committee) (發展和改革委員會(前稱為國家發展計劃委員會)) in 1999 for a period of 30 years from 20 March 1997 (commencement date of the Bridge's operation) to 19 March 2027 during which the Group has the rights of management and maintenance of the Bridge.

The General Office of the People's Government of Zhejiang Province notified Zhejiang Province Department of Communications and other relevant government authorities in 2003 to provisionally fix the period for entitlement to toll fee in respect of 39 toll roads and highways in the province. In the case of the Bridge, which was also included in the list, the period was provisionally fixed at 15 years (from 20 March 1997 to 19 March 2012).

Hangzhou Henderson Qianjiang Third Bridge Company, Limited (the "Joint Venture Company") had obtained from the Hangzhou Municipal Bureau of Communications (杭州市交通局) a written pledge on 31 December 2003 regarding the operating period of the Bridge of 30 years and they were of the view that the operating right and the toll fee collection right should be for a same period. For the sake of reassurance, in June 2011, the Joint Venture Company wrote to the People's Government of Zhejiang Province and Zhejiang Province Department of Communications requesting for their confirmation that both the operating right and toll fee collection right of the Bridge last for a same period of 30 years, the reply from whom is pending at the date of issue of these accounts. In this regard, as referred to in the Company's announcement dated 9 February 2012, the Joint Venture Company filed with Legislative Affairs Office of the People's Government of Zhejiang Province (浙江省人民政府法制辦公室) an administrative reconsideration application for the purpose of seeking an order to oblige the People's Government of Zhejiang Province and Zhejiang Province Department of Communications to carry out their statutory duties to officially confirm that the toll fee collection right of the Bridge should be for a period of 30 years.

Whilst the Group is still waiting for the result of the application, on 20 March 2012, the Joint Venture Company received a letter dated 18 March 2012 from the Hangzhou Toll Office which stated that, because the General Office of the People's Government of Zhejiang Province in 2003 provisionally fixed the period of entitlement to toll fee in respect of the Bridge to end on 19 March 2012, they would, commencing from 20 March 2012, provisionally suspend payment of toll fee to the Joint Venture Company in respect of the Bridge. The Hangzhou Toll Office also stated in the letter that they would, in accordance with the terms of the Collection Agreement, continue to record the traffic flow of the Bridge and work with the Joint Venture Company. The Joint Venture Company has been instructed by the Company to write to the Hangzhou Toll Office to state that the action taken by the Hangzhou Toll Office has no legal or contractual basis and is unacceptable and to ask the Hangzhou Toll Office to clarify the basis of their action and to continue to perform their obligations under the Collection Agreement, failing which the Joint Venture Company would have no alternative but to take legal actions to protect its interest.

The amortisation charge for the year is included in "Direct costs" in the consolidated income statement.

17 Investments in subsidiaries

	The Company	
	2011 HK$ million	2010 HK$ million
Unlisted shares, at cost	**351**	351

Details of the principal subsidiaries at 31 December 2011 are set out on page 68.

18 Other non-current assets

	The Group	
	2011 HK$ million	2010 HK$ million
Non-current receivable	**42**	54

As referred to in note 4(a), 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 fee collection rights of certain toll bridges during the year ended 30 June 2004.

At 31 December 2011, the total balance of the consideration receivable is RMB66 million (equivalent to HK$82 million) (2010: RMB100 million (equivalent to HK$117 million)) which will be settled by instalments of RMB28 million (equivalent to HK$35 million) per annum for the period from 1 June 2003 to 27 October 2010 and RMB16 million (equivalent to HK$20 million) per annum for the period from 28 October 2010 to 20 July 2015. At 31 December 2011, the current portion of the consideration receivable of HK$40 million (2010: HK$63 million) is included in "Trade and other receivables" (see note 19).

19 Trade and other receivables

	The Group		The Company	
	2011 HK$ million	2010 HK$ million	**2011 HK$ million**	2010 HK$ million
Trade debtors	**26**	31	**–**	–
Deposits, prepayments and other receivables	**8**	11	**6**	5
Consideration receivable (note 18)	**40**	63	**–**	–
	74	105	**6**	5

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

	2011 HK$ million	2010 HK$ million
Current or less than 1 month overdue	**26**	31
1 to 3 months overdue	**–**	–
More than 3 months overdue but less than 6 months overdue	**–**	–
More than 6 months overdue	**–**	–
	26	31

As referred to in note 4(a), trade debtors represent toll income receivable from the Bridge which has been collected on behalf of the Group by the Hangzhou Toll Office in accordance with the terms of the Collection Agreement entered into between the Group and the Hangzhou Toll Office.

Included in the consideration receivable of HK$40 million (2010: HK$63 million) above was an amount of RMB15 million (equivalent to HK$19 million) (2010: RMB17 million (equivalent to HK$20 million)) which related to an amount overdue for more than six months but was not impaired. Based on past experience, management considers that no impairment allowance is necessary as there has not been a significant change in credit quality and such amount is considered to be fully recoverable.

20 Amounts due from affiliates

	The Group		The Company	
	2011 HK$ million	2010 HK$ million	**2011 HK$ million**	2010 HK$ million
Amounts due from subsidiaries	**–**	–	**1,422**	1,080
Amounts due from non-controlling interests	**–**	13	**–**	–
	–	13	**1,422**	1,080

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

21 Cash and cash equivalents

	The Group		The Company	
	2011 HK$ million	2010 HK$ million	**2011 HK$ million**	2010 HK$ million
Deposits with banks	**1,322**	1,454	**–**	–
Cash at bank and in hand	**33**	35	**–**	–
Cash and cash equivalents in the balance sheets and the consolidated cash flow statement	**1,355**	1,489	**–**	–

Included in the cash and cash equivalents at 31 December 2011 were (i) an amount of HK$395 million (2010: HK$391 million) relating to cash deposits denominated in United States dollars and an amount of HK$467 million (2010: HK$Nil) relating to cash deposits denominated in Renminbi, being the currencies other than the functional currency of the entities to which they relate; and (ii) a total sum being the equivalent of HK$183 million (2010: HK$669 million) which was maintained in mainland China and is subject to foreign exchange control regulations.

22 Trade and other payables

	The Group		The Company	
	2011 HK$ million	2010 HK$ million	**2011 HK$ million**	2010 HK$ million
Trade creditors	**21**	7	**–**	–
Accrued expenses and other payables	**22**	38	**6**	6
	43	45	**6**	6

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

	2011 HK$ million	2010 HK$ million
Due within 1 month or on demand	**1**	2
Due more than 1 month but within 3 months	**20**	5
Due more than 3 months but within 6 months	**–**	–
Due more than 6 months	**–**	–
	21	7

23 Amounts due to affiliates

	The Group		The Company	
	2011 HK$ million	2010 HK$ million	**2011 HK$ million**	2010 HK$ million
Amounts due to subsidiaries	**–**	–	**304**	302
Amount due to a fellow subsidiary	**–**	5	**–**	–
	–	5	**304**	302

Amounts due to affiliates are unsecured, interest-free and repayable on demand except for the amount due to a fellow subsidiary which bore interest by reference to Hong Kong Interbank Offered Rate. The amount due to a fellow subsidiary was fully settled during the year.

24 Deferred tax liabilities

(a) The Group

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

Deferred taxation arising from:	Consideration receivable on disposal of toll collection right of toll bridges HK$ million	Withholding tax HK$ million	Total HK$ million
At 1 January 2010	20	5	25
Charged to profit or loss	–	7	7
At 31 December 2010	20	12	32
At 1 January 2011	**20**	**12**	**32**
Credited to profit or loss	**(6)**	**(5)**	**(11)**
At 31 December 2011	**14**	**7**	**21**

(b) The Company

No deferred taxation has been recognized as the Company did not have significant temporary differences at 31 December 2011 and 2010.

25 Disposal group

On 12 March 2009, Hong Kong Vigorous Limited ("Vigorous"), a 70%-owned subsidiary of the Company, entered into an agreement with 馬鞍山市過境公路建設開發有限公司 (Maanshan City Cross Border Highway Construction Development Company Limited) ("Maanshan Highway JV Partner") in relation to the sale by Vigorous of its entire 70% interest in Maanshan Huan Tong Highway Development Limited ("Maanshan Highway JV") to Maanshan Highway JV Partner for a cash consideration of RMB122 million (equivalent to HK$139 million). The transaction was completed on 26 February 2010 and a net gain on disposal of HK$47 million was recognized in the consolidated income statement for the year ended 31 December 2010. The net gain on disposal attributable to equity shareholders of the Company amounted to HK$26 million.

Immediately before the completion of the disposal, the results associated with the operations of Maanshan Highway JV recognized in the consolidated income statement for the year ended 31 December 2010 are as follows:

	HK$ million
Revenue	7
Expenses	(3)
Profit for the year	4

26 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 year 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.

27 Capital and reserves

(a) The Group

	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	Non-controlling interests HK$ million	Total equity HK$ million
At 1 January 2010	609	13	117	825	1,564	376	1,940
Changes in equity for the year ended 31 December 2010:							
Profit for the year	–	–	–	163	163	104	267
Other comprehensive income for the year:							
Exchange difference							
– translation of accounts of subsidiaries outside Hong Kong	–	–	25	–	25	12	37
– reclassification from equity to profit or loss on disposal of a subsidiary	–	–	(15)	–	(15)	(6)	(21)
Total comprehensive income for the year	–	–	10	163	173	110	283
Final dividend approved in respect of the previous financial period (note 13(b))	–	–	–	(61)	(61)	–	(61)
Interim dividend declared in respect of the current financial year (note 13(a))	–	–	–	(61)	(61)	–	(61)
Dividends paid to non-controlling interests	–	–	–	–	–	(20)	(20)
Disposal of a subsidiary	–	–	–	–	–	(46)	(46)
At 31 December 2010	609	13	127	866	1,615	420	2,035

27 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	Non-controlling interests HK$ million	Total equity HK$ million
At 1 January 2011	**609**	**13**	**127**	**866**	**1,615**	**420**	**2,035**
Changes in equity for the year ended 31 December 2011:							
Profit for the year	**–**	**–**	**–**	**108**	**108**	**64**	**172**
Other comprehensive income for the year:							
Exchange difference – translation of accounts of subsidiaries outside Hong Kong	**–**	**–**	**32**	**–**	**32**	**17**	**49**
Total comprehensive income for the year	**–**	**–**	**32**	**108**	**140**	**81**	**221**
Final dividend approved in respect of the previous financial year (note 13(b))	**–**	**–**	**–**	**(61)**	**(61)**	**–**	**(61)**
Interim dividend declared in respect of the current financial year (note 13(a))	**–**	**–**	**–**	**(61)**	**(61)**	**–**	**(61)**
Dividends paid to non-controlling interests	**–**	**–**	**–**	**–**	**–**	**(293)**	**(293)**
Advance to non-controlling interests	**–**	**–**	**–**	**–**	**–**	**(2)**	**(2)**
At 31 December 2011	**609**	**13**	**159**	**852**	**1,633**	**206**	**1,839**

27 Capital and reserves (continued)

(b) The Company

	Share capital HK$ million	Capital reserve HK$ million	Retained profits HK$ million	Total equity HK$ million
At 1 January 2010	609	3	577	1,189
Final dividend approved in respect of the previous financial period (note 13(b))	–	–	(61)	(61)
Profit for the year (note 12)	–	–	61	61
Interim dividend declared in respect of the current financial year (note 13(a))	–	–	(61)	(61)
At 31 December 2010	609	3	516	1,128
At 1 January 2011	**609**	**3**	**516**	**1,128**
Final dividend approved in respect of the previous financial year (note 13(b))	**–**	**–**	**(61)**	**(61)**
Profit for the year (note 12)	**–**	**–**	**463**	**463**
Interim dividend declared in respect of the current financial year (note 13(a))	**–**	**–**	**(61)**	**(61)**
At 31 December 2011	**609**	**3**	**857**	**1,469**

(c) Share capital

	The Group and the Company	
	2011 HK$ million	2010 HK$ million
Authorised:		
5,000,000,000 (2010: 5,000,000,000) ordinary shares of HK$0.2 each	**1,000**	1,000
Issued and fully paid:		
3,047,327,395 (2010: 3,047,327,395) ordinary shares of HK$0.2 each	**609**	609

27 Capital and reserves (continued)

(d) 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).

(e) Distributability of reserves

At 31 December 2011, the aggregate amount of reserves available for distribution to equity shareholders of the Company was HK$857 million (2010: HK$516 million). As stated in note 13(a), after the balance sheet date, the directors proposed a final dividend of HK2 cents (2010: HK2 cents) per share, amounting to HK$61 million (2010: HK$61 million). This dividend has not been recognized as a liability at the balance sheet date.

(f) 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 2011, the Group maintained net cash and cash equivalents (after deducting the Group's total bank borrowings of HK$Nil (2010: HK$Nil)) of HK$1,355 million (2010: HK$1,489 million) and therefore the Group's gearing ratio was nil (2010: Nil).

The Group was not subject to externally imposed capital requirements during the year and at the balance sheet date.

28 Commitments

At 31 December 2011 and 2010, the Group did not have any commitment not provided for in these accounts.

29 Contingent liabilities

At 31 December 2011 and 2010, the Group did not have any contingent liabilities.

30 Material related party transactions

Save as disclosed elsewhere in these accounts, the Group had not entered into any material related party transactions during the year. Remuneration for key management personnel of the Group is set out in note 8.

31 Non-adjusting post balance sheet events

After the balance sheet date, the directors proposed a final dividend, further details of which are set out in note 13(a).

32 Parent and ultimate controlling party

At 31 December 2011, 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 Henderson Land Development Company Limited ("HLD"), a public limited liability company incorporated in Hong Kong with its shares listed on The Stock Exchange of Hong Kong Limited. HLD produces consolidated accounts, including those of the Group, which are available for public use.

Principal Subsidiaries

At 31 December 2011

Set out below are the particulars of the subsidiaries of the Company at 31 December 2011 which, in the opinion of the directors, principally affected the results or assets of the Group. All the principal subsidiaries are incorporated and operate in Hong Kong unless otherwise stated. None of the principal subsidiaries has debt securities in issue at the balance sheet date.

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

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

Notes:

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

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

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

Hangzhou Henderson Qianjiang Third Bridge Company, Limited	–	*60%*
Tianjin Jinning Roads Bridges Construction Development Company Limited	–	*70%*
Tianjin Wanqiao Project Development Company Limited	–	*70%*

Corporate Information

Board of Directors

Executive Directors

Dr the Hon. Lee Shau Kee, GBM
(Chairman and Managing Director)
Lee Ka Kit *(Vice Chairman)*
Lam Ko Yin, Colin *(Vice Chairman)*
Lee Ka Shing *(Vice Chairman)*
Lee Tat Man
Lee King Yue
Kwok Ping Ho, Patrick
Wong Ho Ming, Augustine

Non-executive Director

Leung Hay Man

Independent Non-executive Directors

Kwong Che Keung, Gordon
Professor Ko Ping Keung
Wu King Cheong

Audit Committee

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

Remuneration Committee

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

Nomination Committee

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

Company Secretary

Liu Cheung Yuen, Timon

Registered Office

72-76/F, Two International Finance Centre
8 Finance Street, Central
Hong Kong
Telephone : (852) 2908 8888
Facsimile : (852) 2908 8838
Internet : http://www.hilhk.com
E-Mail : henderson@hld.com

Registrar

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

Share Listing

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

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

Authorised Representatives

Lam Ko Yin, Colin
Liu Cheung Yuen, Timon

Auditor

PricewaterhouseCoopers

Solicitors

Woo, Kwan, Lee & Lo
Lo & Lo

Principal Bankers

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

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of the Company will be held at the Four Seasons Grand Ballroom, Four Seasons Hotel, 8 Finance Street, Central, Hong Kong on Monday, 11 June 2012 at 11:00 a.m. to transact the following business:

1. To receive and consider the Audited Accounts and the Reports of the Directors and Auditor for the year ended 31 December 2011.

2. To declare a Final Dividend.

3. To re-elect retiring Directors.

4. To re-appoint Auditor and authorise the Directors to fix Auditor's remuneration.

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

   (A) "THAT:

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

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

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

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

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

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

(B) "THAT:

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

(b) for the purposes of this Resolution:

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

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

(C) "THAT:

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

By Order of the Board
Timon LIU Cheung Yuen
Company Secretary

Hong Kong, 20 April 2012

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

Notes:

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

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

(3) *For the purpose of determining Shareholders who are entitled to attend and vote at the above Meeting, the Register of Members of the Company will be closed from Thursday, 7 June 2012 to Monday, 11 June 2012, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for attending the above Meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Registrar, Tricor Standard Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:00 p.m. on Wednesday, 6 June 2012.*

(4) *For the purpose of determining Shareholders who qualify for the proposed final dividend, the Register of Members of the Company will be closed from Friday, 15 June 2012 to Monday, 18 June 2012, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's Registrar, Tricor Standard Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:00 p.m. on Thursday, 14 June 2012. The proposed final dividend will be paid to Shareholders whose names appear on the Register of Members of the Company on Monday, 18 June 2012.*

(5) *An explanatory statement containing further details concerning Ordinary Resolution (A) of item 5 above will be sent to members together with the 2011 Annual Report of which this notice convening the above Meeting forms part.*

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

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