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

Incorporated in Hong Kong with limited liability  
(Stock Code : 97)

## **PROFIT WARNING**

The Board would like to provide an update regarding the toll fee collection right of Qianjiang Third Bridge. Despite repeated requests for a formal proposal of compensation, up to the date of this announcement, Hangzhou Municipal Bureau of Communications on behalf of 杭州市人民政府 (Hangzhou Municipal People's Government) still failed to put forward any formal proposal or compensation offer regarding the toll fee collection right of the Qianjiang Third Bridge. As disclosed in the Company's announcement dated 21 March 2012, the Group does not believe that the provisional suspension of payment of toll fee from the Hangzhou Toll Office to the Joint Venture Company commencing from 20 March 2012 has legal or contractual basis as the Group has obtained a legal opinion from the independent PRC law firm that the toll fee collection right of Qianjiang Third Bridge 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. However, consequential upon the failure of the relevant authority to put forward any formal proposal or compensation offer mentioned above, for the sake of prudence, the toll fee income from 20 March 2012 (being the commencement date for the provisional suspension of the toll fee payment from the Hangzhou Toll Office to the Joint Venture Company) onwards will not be recognized in the accounts of the Group.

Excluding such toll fee income, there would be a substantial decrease in the consolidated profit attributable to equity shareholders of the Company for the six months ended 30 June 2012 when compared with that of HK\$56 million for the corresponding period of six months ended 30 June 2011.

References are made to the following announcements of the Company:

- a) the announcement dated 9 February 2012 regarding the administrative reconsideration application filed by the Joint Venture Company against the Authorities for the purpose of seeking an order to oblige the Authorities to carry out their statutory duties to officially confirm that the toll fee collection right of Qianjiang Third Bridge should be for a period of 30 years;
- b) the announcement dated 20 March 2012 regarding the letter dated 18 March 2012 from the Hangzhou Toll Office informing the Joint Venture Company of the provisional suspension of the toll fee payment of Qianjiang Third Bridge to the Joint Venture Company commencing from 20 March 2012;
- c) the announcement dated 21 March 2012 drawing the attention of the shareholders and potential investors of the Company to the relevant paragraphs in the "Business Review" section of the Company's results announcement dated 21 March 2012 regarding the toll fee collection right of Qianjiang Third Bridge; and

- d) the announcement dated 6 June 2012 regarding the Joint Venture Company having on 6 June 2012 received a letter (the “Letter”) from 杭州市交通運輸局 (Hangzhou Municipal Bureau of Communications) which stated that the Hangzhou Municipal Bureau of Communications had been confirmed and assigned by 杭州市人民政府 (Hangzhou Municipal People’s Government) to negotiate concretely with the Joint Venture Company and the Letter also stated that the corresponding compensation matters proposed by the Joint Venture Company would also be dealt with in due course.

Terms defined in the aforesaid announcements shall have the same meanings when used in this announcement unless otherwise defined.

The board of the directors (the “Board”) of the Company would like to provide an update regarding the toll fee collection right of Qianjiang Third Bridge. Despite repeated requests for a formal proposal of compensation after the receipt of the Letter, the Board wishes to inform that up to the date of this announcement, Hangzhou Municipal Bureau of Communications on behalf of 杭州市人民政府 (Hangzhou Municipal People’s Government) still failed to put forward any formal proposal or compensation offer regarding the toll fee collection right of the Qianjiang Third Bridge. As disclosed in the Company’s announcement dated 21 March 2012, the Group does not believe that the provisional suspension of payment of toll fee from the Hangzhou Toll Office to the Joint Venture Company commencing from 20 March 2012 has legal or contractual basis as the Group has obtained a legal opinion from an independent PRC law firm that the toll fee collection right of Qianjiang Third Bridge 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. However, consequential upon the failure of the relevant authority to put forward any formal proposal or compensation offer mentioned above, for the sake of prudence, the toll fee income from 20 March 2012 (being the commencement date for the provisional suspension of the toll fee payment from the Hangzhou Toll Office to the Joint Venture Company) onwards will not be recognized in the accounts of the Group.

The toll fee income (after deduction of PRC business tax) to the Group during the period from 20 March 2012 to 30 June 2012 amounted to approximately RMB 74 million (equivalent to approximately HK\$91 million). Excluding such toll fee income, there would be a substantial decrease in the Group’s turnover for the six months ended 30 June 2012 when compared with that of HK\$160 million for the corresponding period of six months ended 30 June 2011, and a substantial decrease in the consolidated profit attributable to equity shareholders of the Company for the six months ended 30 June 2012 when compared with that of HK\$56 million for the corresponding period of six months ended 30 June 2011.

Despite the aforesaid non-recognition by the Group of the toll fee income from 20 March 2012 onwards, the operation of Qianjiang Third Bridge is being carried on by the Joint Venture Company as usual. The Group would assess the negotiations with the relevant PRC authority with the objective to achieve a settlement relating to the toll fee collection right of Qianjiang Third Bridge that is in the interest of the Company and its shareholders as a whole, failing which the Joint Venture Company would have no alternative but to take legal actions to protect its interest.

**Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.**

By Order of the Board  
**Timon LIU Cheung Yuen**  
Company Secretary

Hong Kong, 20 August 2012

*As at the date of this announcement, the Board comprises: (1) executive directors: Lee Shau Kee (Chairman), Lee Ka Kit, Lam Ko Yin, Colin, Lee Ka Shing, Lee Tat Man; (2) non-executive director: Leung Hay Man; and (3) independent non-executive directors: Kwong Che Keung, Gordon, Ko Ping Keung and Wu King Cheong.*