



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

Stock Code 股份代號：97

Interim Report 2011

中期報告

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Highlights of 2011 Interim Results

	For the six months ended 30 June		Change
	2011 unaudited HK\$ million	2010 unaudited HK\$ million	
Turnover	160	148	+8%
Profit attributable to Shareholders	56	84	-33%
	HK cents	HK cents	
Earnings per share – basic and diluted	1.8	2.8	-36%
Interim dividend per share	2.0	2.0	–
	At 30 June 2011 HK\$ million	At 31 December 2010 HK\$ million	
Net asset value <i>Note</i>	1,628	1,615	+1%
	HK\$	HK\$	
Net asset value per share <i>Note</i>	0.53	0.53	–
<i>Note: The net asset value referred to above was all attributable to equity Shareholders of the Company.</i>			

Interim Results and Dividend

The Board of Directors announces that, for the six months ended 30 June 2011, the unaudited Group profit attributable to equity shareholders amounted to HK\$56 million, representing a decrease of HK\$28 million or 33.3% from the amount of HK\$84 million for the six months ended 30 June 2010. Earnings per share were HK 1.8 cents (2010: HK 2.8 cents).

The decrease in profit was attributable to the fact that the Group recorded a profit after tax attributable to equity shareholders of HK\$2 million from a toll highway in Maanshan, Anhui Province which was disposed of by the Group in February 2010 and a net gain on such disposal attributable to equity shareholders of HK\$26 million for the six months ended 30 June 2010. Excluding the aforementioned financial effects of this disposal, the adjusted profit attributable to equity shareholders for the six months ended 30 June 2010 amounted to HK\$56 million. The Group's profit attributable to equity shareholders of HK\$56 million for the six months ended 30 June 2011 is the same as the adjusted profit attributable to equity shareholders for the six months ended 30 June 2010.

The Board has resolved to pay an interim dividend of HK 2.0 cents per share (2010: HK 2.0 cents per share) to Shareholders whose names appear on the Register of Members of the Company on Monday, 12 September 2011.

Closure of Register of Members

The Register of Members of the Company will be closed from Friday, 9 September 2011 to Monday, 12 September 2011, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the interim 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, 8 September 2011. The interim dividend will be distributed to shareholders on Wednesday, 28 September 2011.

Management Discussion and Analysis

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 period under review, the Group's turnover grew 8.1% to HK\$160 million as compared to that for the same period in 2010, reflecting the increase in traffic volume of Qianjiang Third Bridge.

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 in 1997 and was further approved by National Development and Reform Commission (formerly known as State Development & Planning Committee). 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 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 in June 2011 requesting for their confirmation that both the operating right and the toll fee right last for a same period of 30 years, and is now awaiting their reply.

On 15 July 2011, there was certain damage to one of the link bridges of Qianjiang Third Bridge. As a result of the damage, the normal flow of two-way traffic over four lanes was temporarily reduced to two lanes in the affected area of the bridge. This has led to a reduction of 40%, on average, in the current daily traffic volume of the bridge as compared to that before the damage. The cause of the incident is still under investigation and the full impact of the damage is yet to be assessed.

Prospects

It is anticipated that mainland China’s economy will continue to grow amid strong domestic demands. Nevertheless, the results of the Company for the second half of the year will experience a decline due to the temporary disruption in the normal operation of the bridge resulting from the above-mentioned incident.

Condensed Interim Financial Statements

Consolidated Income Statement – unaudited

	Note	For the six months ended 30 June	
		2011 HK\$ million	2010 HK\$ million
Turnover	3	160	148
Direct costs		(25)	(24)
		135	124
Other income/other gains		17	16
Administrative expenses		(18)	(9)
Profit for the period of disposal group		–	4
Net gain on disposal of disposal group		–	47
Profit from operations		134	182
Finance costs	4(a)	–	–
Profit before taxation	4	134	182
Income tax	5	(39)	(42)
Profit for the period		95	140
Attributable to:			
Equity shareholders of the Company		56	84
Non-controlling interests		39	56
Profit for the period		95	140
		HK cents	HK cents
Earnings per share – basic and diluted	6	1.8	2.8

Details of dividends payable to equity shareholders of the Company are set out in note 7.

The notes on pages 11 to 17 form part of these condensed interim financial statements.

Condensed Interim Financial Statements

Consolidated Statement of Comprehensive Income – unaudited

	For the six months ended 30 June	
	2011 HK\$ million	2010 HK\$ million
Profit for the period	95	140
Other comprehensive income for the period:		
Exchange difference on translation of financial statements of subsidiaries outside Hong Kong	28	8
Exchange reserve reclassified from equity to profit or loss on disposal of a subsidiary	–	(21)
	28	(13)
Total comprehensive income for the period	123	127
Attributable to:		
Equity shareholders of the Company	74	75
Non-controlling interests	49	52
Total comprehensive income for the period	123	127

The notes on pages 11 to 17 form part of these condensed interim financial statements.

Condensed Interim Financial Statements

Consolidated Balance Sheet

		At 30 June 2011 (unaudited) HK\$ million	At 31 December 2010 (audited) HK\$ million
	Note		
Non-current assets			
Property, plant and equipment		2	2
Intangible operating right		467	479
Other non-current assets		48	54
		517	535
Current assets			
Trade and other receivables	8	92	105
Amounts due from affiliates		13	13
Cash and cash equivalents	9	1,483	1,489
		1,588	1,607
Current liabilities			
Trade and other payables	10	51	45
Amounts due to affiliates	11	–	5
Current taxation		24	25
		75	75
Net current assets		1,513	1,532
Total assets less current liabilities		2,030	2,067
Non-current liability			
Deferred tax liabilities		30	32
NET ASSETS		2,000	2,035

Condensed Interim Financial Statements

Consolidated Balance Sheet (continued)

	Note	At 30 June 2011 (unaudited) HK\$ million	At 31 December 2010 (audited) HK\$ million
CAPITAL AND RESERVES			
Share capital		609	609
Reserves		1,019	1,006
Total equity attributable to equity shareholders of the Company		1,628	1,615
Non-controlling interests		372	420
TOTAL EQUITY		2,000	2,035

The notes on pages 11 to 17 form part of these condensed interim financial statements.

Condensed Interim Financial Statements

Consolidated Statement of Changes in Equity – unaudited

	Note	Attributable to equity shareholders of the Company					Non-controlling interests	Total equity
		Share capital	Capital reserve	Exchange reserve	Retained profits	Total		
		HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million
Balance at 1 January 2010		609	13	117	825	1,564	376	1,940
Changes in equity for the six months ended 30 June 2010:								
Total comprehensive income for the period		–	–	(9)	84	75	52	127
Dividend approved and paid in respect of the previous financial period	7(b)	–	–	–	(61)	(61)	–	(61)
Dividend paid to non-controlling interests		–	–	–	–	–	(20)	(20)
Disposal of a subsidiary		–	–	–	–	–	(46)	(46)
Balance at 30 June 2010		609	13	108	848	1,578	362	1,940
Balance at 1 January 2011		609	13	127	866	1,615	420	2,035
Changes in equity for the six months ended 30 June 2011:								
Total comprehensive income for the period		–	–	18	56	74	49	123
Dividend approved and paid in respect of the previous financial year	7(b)	–	–	–	(61)	(61)	–	(61)
Dividend paid to non-controlling interests		–	–	–	–	–	(97)	(97)
Balance at 30 June 2011		609	13	145	861	1,628	372	2,000

The notes on pages 11 to 17 form part of these condensed interim financial statements.

Condensed Interim Financial Statements

Condensed Consolidated Cash Flow Statement – unaudited

	For the six months ended 30 June	
	2011 HK\$ million	2010 HK\$ million
Net cash generated from operating activities		
Profit before taxation	134	182
Amortisation of intangible operating right	22	21
Interest income	(15)	(8)
Net gain on disposal of disposal group	–	(47)
Decrease/(increase) in other non-current assets and trade and other receivables	19	(3)
Increase/(decrease) in trade and other payables	6	(8)
Tax paid – outside Hong Kong	(42)	(45)
Other operating cash flows	1	9
	125	101
Net cash generated from investing activities		
Interest received	17	8
Net proceeds from disposal of disposal group	–	125
Decrease in amounts due from affiliates	–	125
	17	258
Net cash used in financing activities		
Dividend paid to shareholders	(61)	(61)
Dividend paid to non-controlling interests	(97)	(20)
Repayment to a fellow subsidiary	(5)	(49)
Repayment to non-controlling interests	–	(144)
	(163)	(274)
Net (decrease)/increase in cash and cash equivalents	(21)	85
Cash and cash equivalents at 1 January	1,489	1,278
Effect of foreign exchange rate changes	15	3
Cash and cash equivalents at 30 June	1,483	1,366

The notes on pages 11 to 17 form part of these condensed interim financial statements.

Notes to the Unaudited Condensed Interim Financial Statements

1 Basis of preparation

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

These condensed interim financial statements have been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), including compliance with Hong Kong Accounting Standard (“HKAS”) 34, *Interim financial reporting* issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). They were authorised for issuance on 25 August 2011.

These condensed interim financial statements have been prepared in accordance with the same accounting policies adopted in the Company’s consolidated financial statements for the year ended 31 December 2010 (“the 2010 financial statements”).

The preparation of the condensed interim financial statements in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis.

These condensed interim financial statements contain condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2010 financial statements. The condensed interim financial statements and notes thereon do not include all of the information required for the preparation of full set of financial statements in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA.

These condensed interim financial statements are unaudited, but have been reviewed by PricewaterhouseCoopers (“PwC”) in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity* issued by the HKICPA. PwC’s independent review report to the Board of Directors is included on page 26. In addition, these condensed interim financial statements have been reviewed by the Company’s Audit Committee.

The financial information relating to the year ended 31 December 2010 that is included in these condensed interim financial statements as being previously reported information does not constitute the Company’s statutory consolidated financial statements for that period but is derived from those financial statements. The 2010 financial statements are available from the Company’s registered office. The auditor has expressed an unqualified opinion on those financial statements in their report dated 17 March 2011.

Notes to the Unaudited Condensed Interim Financial Statements

2 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, the amendments to HKFRS 7, HKAS 1 and HKAS 34 included in Improvements to HKFRSs (2010) are relevant but do not have significant impact on these condensed interim financial statements for the six months ended 30 June 2011.

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments, new standards and new interpretations which are not yet effective for the year ending 31 December 2011 and which have not been adopted in these financial statements.

3 Turnover

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

No segment information for the six months ended 30 June 2010 and 2011 is presented as the Group's turnover and trading results for the abovementioned periods are generated solely from its infrastructure business in mainland China, the turnover of which amounted to HK\$160 million during the period (2010: HK\$148 million) and the segment results of which amounted to HK\$122 million during the period (2010: HK\$128 million).

4 Profit before taxation

Profit before taxation is arrived at after charging/(crediting):

	For the six months ended 30 June	
	2011 HK\$ million	2010 HK\$ million
(a) Finance costs:		
Other borrowings wholly repayable within five years	–	–
	–	–
(b) Other items:		
Amortisation	22	21
Depreciation	–	–
Interest income	(15)	(8)

Notes to the Unaudited Condensed Interim Financial Statements

5 Income tax

	For the six months ended 30 June	
	2011 HK\$ million	2010 HK\$ million
Current tax – mainland China		
– charge for the period	41	39
Deferred tax		
– origination and reversal of temporary differences	(5)	–
– withholding tax on undistributed profits	3	3
	39	42

No provision for Hong Kong Profits Tax has been made as there is no assessable profit subject to Hong Kong Profits Tax for both the current and prior periods.

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 rate for the period is 24% (2010: 22%).

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 both the current and prior periods is 5%.

Notes to the Unaudited Condensed Interim Financial Statements

6 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\$56 million (2010: HK\$84 million) and 3,047,327,395 (2010: 3,047,327,395) ordinary shares, being the number of ordinary shares in issue throughout the periods.

7 Dividends

(a) Dividend payable to equity shareholders of the Company attributable to the interim period

	For the six months ended 30 June	
	2011	2010
	HK\$ million	HK\$ million
Interim dividend declared after the balance sheet date of HK2 cents (2010: HK2 cents) per share	61	61

The interim dividend declared after the balance sheet date has not been recognised as a liability at the balance sheet date.

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

	For the six months ended 30 June	
	2011	2010
	HK\$ million	HK\$ million
Final dividend in respect of the previous financial year/period, approved/declared and paid during the period, of HK2 cents (2010: HK2 cents) per share	61	61

Notes to the Unaudited Condensed Interim Financial Statements

8 Trade and other receivables

	At 30 June 2011 (unaudited) HK\$ million	At 31 December 2010 (audited) HK\$ million
Trade debtors	30	31
Deposits, prepayments and other receivables	20	11
Consideration receivable	42	63
	92	105

The ageing analysis of trade debtors of the Group at 30 June 2011 is as follows:

	At 30 June 2011 (unaudited) HK\$ million	At 31 December 2010 (audited) HK\$ million
Current or less than 1 month overdue	30	31
1 to 3 months overdue	–	–
More than 3 months overdue but less than 6 months overdue	–	–
More than 6 months overdue	–	–
	30	31

Trade debtors represent toll income receivable from the toll bridge which has been collected on behalf of the Group by 杭州市“四自”工程道路綜合收費管理處 (Hangzhou City “Sizi” Engineering & Highway General Toll Fee Administration Office), a relevant government body in Hangzhou, mainland China (the “Hangzhou Government Body”) in accordance with the terms of an agreement entered into between the Group and the Hangzhou Government Body.

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.

Included in the consideration receivable of HK\$42 million (31 December 2010: HK\$63 million) above was an amount of RMB13 million (equivalent to HK\$16 million) (31 December 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.

Notes to the Unaudited Condensed Interim Financial Statements

9 Cash and cash equivalents

	At 30 June 2011 (unaudited) HK\$ million	At 31 December 2010 (audited) HK\$ million
Deposits with banks	1,461	1,454
Cash at banks and in hand	22	35
Cash and cash equivalents in the consolidated balance sheet and condensed consolidated cash flow statement	1,483	1,489

Included in the cash and cash equivalents at 30 June 2011 were (i) an amount of HK\$394 million (31 December 2010: HK\$391 million) relating to cash deposits denominated in United States dollars, being a currency other than the functional currency of the entity to which they relate; and (ii) a total sum being the equivalent of HK\$728 million (31 December 2010: HK\$669 million) which was maintained in mainland China and is subject to foreign exchange control regulations.

10 Trade and other payables

	At 30 June 2011 (unaudited) HK\$ million	At 31 December 2010 (audited) HK\$ million
Trade creditors	–	7
Accrued expenses and other payables	51	38
	51	45

The ageing analysis of trade creditors of the Group at 30 June 2011 is as follows:

	At 30 June 2011 (unaudited) HK\$ million	At 31 December 2010 (audited) HK\$ million
Due within 1 month or on demand	–	2
Due after 1 month but within 3 months	–	5
Due after 3 months but within 6 months	–	–
Due after 6 months	–	–
	–	7

Notes to the Unaudited Condensed Interim Financial Statements

11 Amounts due to affiliates

	At 30 June 2011 (unaudited) HK\$ million	At 31 December 2010 (audited) HK\$ million
Amount due to a fellow subsidiary	–	5

At 31 December 2010, the amount due to a fellow subsidiary was unsecured, interest-bearing by reference to Hong Kong Interbank Offered Rate and was repayable on demand. The balance was fully settled during the six months ended 30 June 2011.

12 Capital commitments

At 30 June 2011, the Group did not have any capital commitment not provided for in these condensed interim financial statements (31 December 2010: HK\$Nil).

13 Material related party transactions

Except for the transactions disclosed elsewhere in these condensed interim financial statements, no material related party transactions require disclosures in these condensed interim financial statements.

14 Non-adjusting post balance sheet events

- (a) Subsequent to the balance sheet date, the directors declared an interim dividend, further details of which are disclosed in note 7(a).
- (b) On 15 July 2011, there was certain damage to one of the link bridges of Hangzhou Qianjiang Third Bridge (the “Bridge”, in which the Group has a 60% interest and is the Group’s core asset). As a result of the damage, the four lanes two-way traffic of the Bridge have been temporarily reduced to a two lanes two-way traffic in the affected area of the Bridge.

At the date of issue of these financial statements, the cause of the incident was under investigation by the Group and the full impact of the damage was being assessed by the Group.

Financial Review

The following discussions should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements for the six months ended 30 June 2011.

Material acquisitions and disposals

The Group did not undertake any significant acquisition or disposal of subsidiaries or assets during the six months ended 30 June 2011.

Results of operations

During the six months ended 30 June 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 six months ended 30 June 2011 amounted to HK\$160 million (2010: HK\$148 million), representing an increase of HK\$12 million, or 8.1%, over that for the corresponding period of six months ended 30 June 2010 which was mainly attributable to the increase in traffic volume of the toll bridge in Hangzhou during the period when compared with the corresponding period of six months ended 30 June 2010.

Profit attributable to equity Shareholders for the six months ended 30 June 2011 amounted to HK\$56 million (2010: HK\$84 million), representing a decrease of HK\$28 million, or 33.3%, from that for the corresponding period of six months ended 30 June 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"); and (ii) a net gain on the Disposal attributable to equity Shareholders of HK\$26 million. Excluding the aforementioned financial effects of the Disposal, the adjusted profit attributable to equity Shareholders for the corresponding period of six months ended 30 June 2010 amounted to HK\$56 million. The Group's profit attributable to equity Shareholders of HK\$56 million for the six months ended 30 June 2011 is the same as the adjusted profit attributable to equity Shareholders for the corresponding period of six months ended 30 June 2010.

Financial resources, liquidity and loan maturity profile

At 30 June 2011 and 31 December 2010, the Group had no bank borrowings. The cash and bank balances, the maturity profile of the bank borrowings and the gearing ratio of the Group were as follows:

	At 30 June 2011 HK\$ million	At 31 December 2010 HK\$ million
Cash and bank balances	1,483	1,489
Less: Bank borrowings repayable		
– Within 1 year	–	–
– After 1 year but within 2 years	–	–
Total bank borrowings	–	–
Net cash and bank balances	1,483	1,489
Gearing ratio	Nil	Nil

During the six months ended 30 June 2011, the Group did not recognize any finance costs (2010: HK\$51,000).

Based on the Group's net cash and bank balances of HK\$1,483 million at 30 June 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. At 30 June 2011, the Group had no bank borrowings. During the six months ended 30 June 2011, the Group did not enter into any derivative financial instruments for speculative or hedging purposes. The Group monitors closely its interest rate exposure and foreign exchange rate exposure (the latter being its investment in the infrastructure business in mainland China which is denominated in Renminbi and is not hedged) and will consider hedging these exposures should the need arise.

Apart from the foregoing, the Group did not have any material exposures to interest rates or foreign exchange rates at 30 June 2011.

Charge on assets

Assets of the Group were not charged to any parties at 30 June 2011 and 31 December 2010.

Capital commitments

At 30 June 2011 and 31 December 2010, the Group did not have any capital commitments.

Contingent liabilities

At 30 June 2011 and 31 December 2010, the Group did not have any contingent liabilities.

Employees and remuneration policy

At 30 June 2011, the Group had 63 (31 December 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 six months ended 30 June 2011 amounted to HK\$4 million (2010: HK\$3 million).

Other Information

Review of Interim Results

The unaudited interim results for the six months ended 30 June 2011 have been reviewed by the auditor of the Company, PricewaterhouseCoopers in accordance with Hong Kong Standard on Review Engagements 2410 “Review of interim financial information performed by the independent auditor of the entity” issued by the Hong Kong Institute of Certified Public Accountants, the report of which is included on page 26.

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

During the period under review, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities.

Audit Committee

The Audit Committee met in August 2011 and reviewed the systems of internal control and compliance and the interim report for the six months ended 30 June 2011.

Code on Corporate Governance Practices

During the six months ended 30 June 2011, the Company has complied with the Code on Corporate Governance Practices (the “CGP Code”) as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), except that the roles of the chairman and the chief executive officer of the Company have not been segregated as required by code provision A.2.1 of the CGP Code. The Company is of the view that it is in the best interest of the Company that Dr. Lee Shau Kee, with his profound expertise in business, shall continue in his dual capacity as the Chairman and Managing Director.

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code of the Listing Rules as the code for dealing in securities of the Company by the Directors (the “Model Code”). Having made specific enquiry, the Company confirmed that all Directors have complied with the required standard as set out in the Model Code.

Changes in the Information of Directors

Pursuant to Rule 13.51B(1) of the Listing Rules, changes in the information of Directors of the Company required to be disclosed are shown as follows:

Mr. Kwong Che Keung, Gordon was appointed as an independent non-executive director of a listed company, China COSCO Holdings Company Limited on 17 May 2011. Apart from that, he ceased to be an independent non-executive director of COSCO International Holdings Limited and Beijing Capital International Airport Company Limited, listed companies, on 9 June 2011 and 15 June 2011 respectively.

During the period under review, the directors’ emoluments remained unchanged.

By Order of the Board
Timon LIU Cheung Yuen
Company Secretary

Hong Kong, 25 August 2011

As at the date of this report, the Board comprises: (1) executive directors: Lee Shau Kee (Chairman), Lee Ka Kit, Lam Ko Yin, Colin, Lee Ka Shing, Lee Tat Man, Lee King Yue, Kwok Ping Ho, Patrick and Wong Ho Ming, Augustine; (2) non-executive directors: Yuen Pak Yiu, Philip and Leung Hay Man; and (3) independent non-executive directors: Kwong Che Keung, Gordon, Ko Ping Keung and Wu King Cheong.

Disclosure of Interests

Directors' Interests in Shares

As at 30 June 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		1,431,354,606		1,438,876,349	60.75
	Lee Ka Kit	4				1,430,414,395	1,430,414,395	60.39
	Lee Ka Shing	4				1,430,414,395	1,430,414,395	60.39
	Lee Tat Man	5	113,048				113,048	0.00
	Lee King Yue	6	257,208		20,188		277,396	0.01

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
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
	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

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
Drinkwater Investment Limited	Leung Hay Man	10			5,000		5,000	4.49
Henfield Properties Limited	Lee Ka Kit	11			4,000	6,000	10,000	100.00
Heyfield 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

Save as disclosed above, none of the Directors or the 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.

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 which entitled the holders to subscribe for 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 announcement dated 12 April 2011) during the period 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 six months ended 30 June 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 30 June 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
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Notes:

- 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 taken to be 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.
- Mr. Lee Tat Man was the beneficial owner of these shares.
- 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 1,431,354,606 shares, (i) 698,976,789 shares were owned by HD; (ii) 8,238,934 shares were owned by Sandra Investment Limited which was a wholly-owned subsidiary of HD; (iii) 179,543,353 shares were owned by Cameron Enterprise Inc.; 337,701,482 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; (iv) 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 60.33% held by HD; (v) 1,413,560 shares were owned by Fu Sang; and (vi) 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 Andco 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.



羅兵咸永道

**REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION
TO THE BOARD OF DIRECTORS OF HENDERSON INVESTMENT LIMITED**
(Incorporated in Hong Kong with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 5 to 17, which comprises the consolidated balance sheet of Henderson Investment Limited (the “Company”) as at 30 June 2011 and the related consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and condensed consolidated cash flow statement for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “*Interim Financial Reporting*” issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 “*Interim Financial Reporting*”. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*” issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 “*Interim Financial Reporting*”.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 25 August 2011



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