恒基兆業發展有限公司
HENDERSON INVESTMENT LIMITED
Incorporated in Hong Kong with limited liability
(Stock Code : 97)

2012 FINAL RESULTS ANNOUNCEMENT

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 2012.

Profit and Net Asset Value Attributable to Shareholders

The Group profit attributable to equity shareholders for the year ended 31 December 2012 amounted to HK$25 million, representing a decrease of HK$83 million or 77% from HK$108 million for the corresponding year ended 31 December 2011. Earnings per share were HK 0.8 cents (2011: HK 3.5 cents).

The decrease in profit was due to the fact that commencing from 20 March 2012, payment of toll fee in respect of Hangzhou Qianjiang Third Bridge to a joint venture company of the Group was provisionally suspended. Consequential upon the failure of the relevant authority to put forward any formal proposal or compensation offer regarding the toll fee collection right and pending the final conclusion of the resulting arbitration case, for the sake of prudence, the toll fee income during the period from 20 March 2012 to 31 December 2012 in the amount of HK$254 million (after deduction of PRC business tax) has not been recognized in the accounts of the Group.

At 31 December 2012, the net asset value attributable to equity shareholders amounted to approximately HK$1,536 million or HK$0.50 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 Tuesday, 11 June 2013, 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 2012 will amount to HK 4.0 cents per share (2011: HK 4.0 cents per share). Final dividend will be distributed to shareholders on Wednesday, 19 June 2013.

Business Review

The Group is engaged in the 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 2012, the total toll revenue generated by Hangzhou Qianjiang Third Bridge amounted to HK$317 million, representing an increase of HK$18 million or 6% when compared with that of HK$299 million for the corresponding year ended 31 December 2011. However, commencing from 20 March 2012, payment of toll fee in respect of Hangzhou Qianjiang Third Bridge to a joint venture company of the Group was provisionally suspended. Consequential upon the failure of the relevant authority to put forward any formal proposal or compensation offer regarding the toll fee collection right, for the sake of prudence, the toll fee income during the period from 20 March 2012 to 31 December 2012 in the amount of HK$254 million (after deduction of PRC business tax) has not been recognized in the accounts of the Group. Hence, the Group's turnover for the year ended 31 December 2012 decreased by HK$236 million or 79% to HK$63 million as compared to HK$299 million for the corresponding year ended 31 December 2011.

The above issue of toll fee collection right is subject to arbitration by China International Economic and Trade Arbitration Commission.

Background and Latest Development of the Arbitration

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 Hangzhou 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) 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 Hangzhou 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 operating period of 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. The Joint Venture Company also on 9 February 2012 filed with Legislative Affairs Office of the People's Government of Zhejiang Province an administrative reconsideration application 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 Hangzhou Qianjiang Third Bridge should be for a period of 30 years.

On 20 March 2012, the Joint Venture Company 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 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 Hangzhou 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 Hangzhou Qianjiang Third Bridge. The Hangzhou Toll Office is the relevant government body in Hangzhou to record the traffic flow and make payment of toll fee of Hangzhou 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. 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 Hangzhou Qianjiang Third Bridge and work with the Joint Venture Company. The Joint Venture Company had been instructed by the Company to write to the Hangzhou Toll Office to state that the action taken by the Hangzhou Toll Office had no legal or contractual basis and was 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. Subsequent to further negotiations with the Authorities, the Joint Venture Company on 6 June 2012 received a letter from Hangzhou Municipal Bureau of Communications which stated that Hangzhou Municipal Bureau of Communications had been confirmed and assigned by Hangzhou Municipal People's Government to negotiate concretely with the Joint Venture Company and strive to properly deal with the related matters resulting from the provisional suspension of the toll fee payment of Hangzhou Qianjiang Third Bridge commencing from 20 March 2012 as soon as possible. The letter also stated that the corresponding compensation matters proposed by the Joint Venture Company would also be dealt with in due course. However, Hangzhou Municipal Bureau of Communications still failed to put forward any acceptable proposal or compensation offer regarding the toll fee collection right of Hangzhou Qianjiang Third Bridge.

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 has not been recognized in the accounts of the Group. Besides, in order to protect its interest and in accordance with the terms of the Collection Agreement, the Joint Venture Company had on 17 September 2012 filed an arbitration application with China International Economic and Trade Arbitration Commission ("CIETAC") against the Hangzhou Toll Office as the first respondent and Hangzhou Municipal People's Government as the second respondent for an arbitration award that, inter alia, the first respondent and the second respondent should continue to perform their obligations under the Collection Agreement by paying toll fees of Hangzhou Qianjiang Third Bridge to the Joint Venture Company and be liable for the damages for the breach of contract and the relevant outstanding toll fees together with the legal and arbitration costs incurred.

CIETAC has on 12 November 2012 confirmed its acceptance to administer the above arbitration case. CIETAC's decision for the composition of arbitral tribunal, as well as its notification of commencement of proceedings, are both pending.

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 Hangzhou 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. Based on such advice, amortization and calculation of the recoverable amount of the intangible operating right in the consolidated accounts of the Group are on the basis 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. There is, however, uncertainty as to any further response of the Authorities and/or Hangzhou Municipal Bureau of Communications and the outcome of the arbitration case. Based on the future development of the aforesaid, the Group would have to reconsider the remaining useful life and/or the recoverable amount of the intangible operating right.

Currently, the core operating assets of the Group comprise its 60% interest in Hangzhou Qianjiang Third Bridge. If the Group ceases to have an economic interest in Hangzhou Qianjiang Third Bridge, the Board 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

The Group will follow up closely with the development of the arbitration case and continue to pursue further negotiations with the relevant PRC authority with a view to achieving a settlement relating to the toll fee collection right of Hangzhou Qianjiang Third Bridge that is in the interest of the Group and its shareholders as a whole.

The Group may report a loss from operations in the current financial period, unless the arbitration proceedings result in a determination or the parties come to an agreement in each case satisfactory to the Group, or suitable investment that may be identified by the Group produces satisfactory income.

Appreciation

Mr. Lee King Yue, Mr. Kwok Ping Ho and Mr. Wong Ho Ming, Augustine, executive directors of the Company, retired by rotation at the annual general meeting of the Company held on 11 June 2012 and did not offer themselves for re-election as directors of the Company. I would like to express my gratitude to them for their support, devotion and invaluable contribution to the Company.

I would also like to take this opportunity to thank my fellow directors for their guidance and to all staff for their dedication and hard work.

Lee Shau Kee
Chairman

Hong Kong, 25 March 2013

BUSINESS RESULTS

Consolidated Income Statement
for the year ended 31 December 2012

	Note	**2012 HK$ million**	2011 HK$ million
Turnover	3	**63**	299
Direct costs		**(47)**	(86)
		16	213
Other income/other gains		**38**	48
Administrative expenses		**(18)**	(27)
Profit before taxation	4	**36**	234
Income tax	5	**(6)**	(62)
Profit for the year		**30**	172
Attributable to:			
Equity shareholders of the Company		**25**	108
Non-controlling interests		**5**	64
Profit for the year		**30**	172
		HK cents	HK cents
Earnings per share – basic and diluted	8	**0.8**	3.5

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

Consolidated Statement of Comprehensive Income
for the year ended 31 December 2012

	2012 HK$ million	2011 HK$ million
Profit for the year	**30**	172
Other comprehensive income for the year:		
Exchange difference on translation of accounts of subsidiaries outside Hong Kong	**-**	49
Total comprehensive income for the year	**30**	221
Attributable to:		
Equity shareholders of the Company	**25**	140
Non-controlling interests	**5**	81
Total comprehensive income for the year	**30**	221

Consolidated Balance Sheet
at 31 December 2012

	Note	**2012** **HK$ million**	2011 HK$ million
Non-current assets			
Property, plant and equipment		**1**	1
Intangible operating right		**415**	454
Other non-current assets		**27**	42
		443	497
Current assets			
Trade and other receivables	9	**56**	74
Tax recoverable		**9**	-
Cash and cash equivalents		**1,277**	1,355
		1,342	1,429
Current liabilities			
Trade and other payables	10	**23**	43
Current taxation		**-**	23
		23	66
Net current assets		**1,319**	1,363
Total assets less current liabilities		**1,762**	1,860
Non-current liability			
Deferred tax liabilities		**15**	21
NET ASSETS		**1,747**	1,839

Consolidated Balance Sheet
at 31 December 2012 (continued)

	Note	**2012** **HK$ million**	2011 HK$ million
CAPITAL AND RESERVES			
Share capital		**609**	609
Reserves		**927**	1,024
Total equity attributable to equity shareholders of the Company		**1,536**	1,633
Non-controlling interests		**211**	206
TOTAL EQUITY		**1,747**	1,839

Notes:

1 Basis of preparation

The final results set out in this announcement do not constitute the Group's statutory accounts for the year ended 31 December 2012 but are extracted from those accounts.

The statutory 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 Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. The statutory accounts also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

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

2 Changes in accounting policies

The HKICPA has issued several amendments to HKFRSs that are first effective for the current accounting period of the Group and the Company. None of these developments are relevant to these accounts.

Up to the date of issue of these accounts, the HKICPA has issued a number of amendments and new standards which are not yet effective for the year ended 31 December 2012 and which have not been adopted in these accounts. Of these, amendments to HKAS 1 "*Presentation of financial statements - Presentation of items of other comprehensive income*" may be relevant to the Group.

The Group is in the process of making an assessment of what the impact of these amendments and new standards 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 accounts except for the following:

– Amendments to HKAS 1, *Presentation of financial statements – Presentation of items of other comprehensive income*

  The amendments to HKAS 1 require entities to present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss. The Group's presentation of other comprehensive income will be modified accordingly when the amendments are adopted for the first time.

3 Turnover

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

4 Profit before taxation

Profit before taxation is arrived at after charging:

		2012	2011
		HK$ million	HK$ million
(a)	**Directors' remuneration:**		
	Directors' fees, salaries, emoluments, other allowances and benefits	**1**	1
(b)	**Staff costs (other than directors' remuneration):**		
	Salaries, wages and other benefits	**6**	8
(c)	**Other items:**		
	Amortisation of intangible operating right	**39**	44
	Repairing cost of the toll bridge	**3**	36
	Depreciation	**-**	1
	Auditors' remuneration - audit service	**1**	1

5 Income tax

Income tax in the consolidated income statement represents:

	2012	2011
	HK$ million	HK$ million
Current tax － mainland China		
– provision for the year	**11**	73
– under-provision in respect of prior years	**1**	-
Deferred taxation		
– origination and reversal of temporary differences	**(6)**	(11)
	6	62

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 2011 and 2012 were 24% and 25%, 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%.

6 Segmental information

No segmental information for the years ended 31 December 2012 and 2011 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$63 million during the year (2011: HK$299 million) and the reportable segment results of which amounted to HK$9 million during the year (2011: HK$197 million).

7 Dividends

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

	2012 **HK$ million**	2011 HK$ million
Interim dividend declared of HK2 cents (2011: HK2 cents) per share	**61**	61
Final dividend proposed after the balance sheet date of HK2 cents (2011: HK2 cents) per share	**61**	61
	122	122

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

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

	2012 **HK$ million**	2011 HK$ million
Final dividend in respect of the previous financial year, approved and paid during the year of HK2 cents (2011: HK2 cents) per share	**61**	61

8 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$25 million (2011: HK$108 million) and 3,047,327,395 (2011: 3,047,327,395) ordinary shares, being the number of ordinary shares in issue throughout the year.

9 Trade and other receivables

	2012 **HK$ million**	2011 HK$ million
Trade debtors	**-**	26
Deposits, prepayments and other receivables	**10**	8
Consideration receivable	**46**	40
	56	74

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

	2012 **HK$ million**	2011 HK$ million
Current or less than 1 month overdue	**-**	26
	-	26

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 Hangzhou Qianjiang Third Bridge (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. On 20 March 2012, the Group 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 Group in respect of the Bridge. In view of the uncertainty on the inflow of the toll revenue to the Group, the Company’s directors did not recognise in the accounts the toll revenue (after deduction of business tax) during the period from 20 March 2012 (being the commencement date for the provisional suspension of the toll fee payment from the Hangzhou Toll Office to the Group) to 31 December 2012 of RMB207 million, or equivalent to HK$254 million. Accordingly, the Group did not recognise any toll income receivable from the Bridge collected on behalf of the Group by the Hangzhou Toll Office at 31 December 2012. Besides, in order to protect the interest of the Group, the Group had, in accordance with the terms of the Collection Agreement, filed an arbitration application with China International Economic and Trade Arbitration Commission (“CIETAC”, 中國國際經濟貿易仲裁委員會) on 17 September 2012 against the Hangzhou Toll Office and Hangzhou Municipal People’s Government for an arbitration award that, inter alia, they should continue to perform their obligations under the Collection Agreement by paying toll fees of the Bridge to the Group and be liable for the damages for the breach of contract and the relevant outstanding toll fees together with the legal and arbitration costs incurred. CIETAC on 12 November 2012 confirmed its acceptance to administer the above arbitration case.

9 Trade and other receivables (continued)

Included in the consideration receivable of HK$46 million (2011: HK$40 million) above was an amount of RMB20 million (equivalent to HK$25 million) (2011: RMB15 million (equivalent to HK$19 million)) which related to an amount overdue for more than one year 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.

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.

10 Trade and other payables

	2012	2011
	HK$ million	HK$ million
Trade creditors	**3**	21
Accrued expenses and other payables	**20**	22
	23	43

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

	2012	2011
	HK$ million	HK$ million
Due within 1 month or on demand	**-**	1
Due more than 1 month but within 3 months	**3**	20
	3	21

11 Review of results

The financial results for the year ended 31 December 2012 have been reviewed with no disagreement by the Audit Committee of the Company.

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2012 have been agreed by the Company's auditor, PricewaterhouseCoopers Hong Kong, to the amounts set out in the Group's consolidated accounts for the year. The work performed by PricewaterhouseCoopers Hong Kong in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by PricewaterhouseCoopers Hong Kong on the preliminary announcement.

FINANCIAL REVIEW

The following discussions should be read in conjunction with the Company's audited consolidated accounts for the year ended 31 December 2012.

Material acquisitions and disposals

The Group did not undertake any significant acquisition or disposal of subsidiaries or assets during the year ended 31 December 2012.

Results of operations

During the year ended 31 December 2012, 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 2012 amounted to HK$63 million (2011:HK$299 million), representing a decrease of HK$236 million, or 79% from that for the corresponding year ended 31 December 2011. As referred to in the Chairman's Statement of the Company's announcement of results for the year ended 31 December 2012 of which this Financial Review forms a part, the Hangzhou Toll Office (as such term is defined in the section "Business Review") had commencing from 20 March 2012 provisionally suspended payment of the toll fee to the Group in respect of the toll bridge. Consequential upon the failure of the relevant authority to put forward any formal proposal or compensation offer regarding the toll fee collection right and pending the final conclusion of the resulting arbitration case, for the sake of prudence, the toll fee income (after deduction of business tax) during the period from 20 March 2012 to 31 December 2012 in the amount of RMB207 million, or equivalent to HK$254 million, has not been recognized in the Group's consolidated accounts for the year ended 31 December 2012 which explains the abovementioned decrease in turnover for the year ended 31 December 2012. Accordingly, profit attributable to equity shareholders for the year ended 31 December 2012 also decreased by HK$83 million, or 77% to HK$25 million (2011: HK$108 million).

Notwithstanding the suspension in the payment of toll fee income by the Hangzhou Toll Office to the Group for the period from 20 March 2012 to 31 December 2012 as referred to above, the toll fee income generated by the toll bridge during the year ended 31 December 2012 amounted to HK$317 million (2011: HK$299 million), representing an increase of 6% over that for the corresponding year ended 31 December 2011.

Financial resources, liquidity and loan maturity profile

At 31 December 2012, the Group had no bank borrowings (2011: Nil). As a result, the Group had net cash and bank balances of HK$1,277 million at 31 December 2012 (2011: HK$1,355 million).

During the year ended 31 December 2012, the Group did not recognize any finance costs (2011: Nil).

Based on the Group's net cash and bank balances of HK$1,277 million at 31 December 2012, 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 31 December 2012, the Group was not a contractual party to any arrangements in relation to 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 exposure to interest rates or foreign exchange rates at 31 December 2012.

Charge on assets

Assets of the Group were not charged to any parties at 31 December 2012 and 31 December 2011.

Capital commitments

At 31 December 2012 and 31 December 2011, the Group did not have any capital commitments.

Contingent liabilities

At 31 December 2012 and 31 December 2011, the Group did not have any contingent liabilities.

Employees and remuneration policy

At 31 December 2012, the Group had 60 (2011: 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 2012 amounted to HK$7 million (2011: HK$9 million), which comprised staff costs (other than directors' remuneration) for the year of HK$6 million (2011: HK$8 million) and directors' remuneration for the year of HK$1 million (2011: HK$1 million).

OTHER INFORMATION

Closure of Register of Members

1. Book Close for determining the entitlement to attend and vote at the annual general meeting

   The Register of Members of the Company will be closed from Thursday, 30 May 2013 to Monday, 3 June 2013, both days inclusive, during which period no transfer of shares will be registered, for the purpose of determining shareholders who are entitled to attend and vote at the forthcoming annual general meeting. In order to qualify for attending and voting at the forthcoming annual general meeting, 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 Wednesday, 29 May 2013.

2. Book Close for determining the qualification for the proposed final dividend

   The Register of Members of the Company will be closed from Friday, 7 June 2013 to Tuesday, 11 June 2013, 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 at the aforementioned address not later than 4:00 p.m. on Thursday, 6 June 2013.

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.

Audit Committee

The Audit Committee met in March 2013 and reviewed the systems of internal control and compliance and the annual report for the year ended 31 December 2012.

Corporate Governance

During the year ended 31 December 2012, the Company has complied with the applicable code provisions set out in the Code on Corporate Governance Practices (effective until 31 March 2012) and Corporate Governance Code (effective from 1 April 2012)(the "CG Code") as stated 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 under code provision A.2.1 of the CG Code. The Board of Directors 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.

By Order of the Board
Timon LIU Cheung Yuen
Company Secretary

Hong Kong, 25 March 2013

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 and Lee Tat Man; and (2) independent non-executive directors: Kwong Che Keung, Gordon, Ko Ping Keung, Wu King Cheong and Leung Hay Man.