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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)

PROPOSALS FOR GENERAL MANDATES TO BUY BACK SHARES AND TO ISSUE SHARES AND RE-ELECTION OF THE RETIRING DIRECTORS

A notice convening the Annual General Meeting of the Company to be held at The Ballroom, 18/F, The Mira Hong Kong, 118-130 Nathan Road, Tsim Sha Tsui, Kowloon, Hong Kong on Tuesday, 28 May 2019 at 9:00 a.m. is set out in the Annual Report for the year ended 31 December 2018.

23 April 2019

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DEFINITIONS

In this circular, unless the context requires otherwise, the expressions as stated below will have the following meanings:

“Annual General Meeting”	the annual general meeting of the Company to be held at The Ballroom, 18/F, The Mira Hong Kong, 118-130 Nathan Road, Tsim Sha Tsui, Kowloon, Hong Kong on Tuesday, 28 May 2019 at 9:00 a.m.;
“Annual Report”	the Company’s annual report for the year ended 31 December 2018;
“Articles of Association”	the Articles of Association of the Company;
“Board”	the board of Directors;
“Buy-back Mandate”	the general mandate to exercise the powers of the Company to buy back Shares not exceeding 10% of the total number of issued Shares as at the date of passing of the resolution approving the Buy-back Mandate;
“Chairman”	the chairman presiding at any meeting of members or of the board of Directors;
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the laws of Hong Kong) and any amendments thereto;
“Company”	Henderson Investment Limited;
“Directors”	the directors of the Company;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;

DEFINITIONS

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Issue Mandate”	the general and unconditional mandate to exercise the powers of the Company to allot, issue and deal with Shares not exceeding 20% of the total number of issued Shares as at the date of passing of the resolution approving the Issue Mandate;
“Latest Practicable Date”	4 April 2019, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Notice”	the notice convening the Annual General Meeting dated 23 April 2019 contained in the Annual Report;
“Report of Directors”	the report of Directors for the year ended 31 December 2018 contained in the Annual Report;
“Shareholders”	the registered holders of the Shares;
“Share(s)”	the share(s) in the share capital of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Buy-backs.

LETTER FROM THE BOARD OF DIRECTORS



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

Executive Directors:

Lee Ka Shing

(Chairman and Managing Director)

Dr Lee Ka Kit *(Vice Chairman)*

Dr Lam Ko Yin, Colin *(Vice Chairman)*

Dr Lee Shau Kee

Li Ning

Lee Tat Man

Independent Non-executive Directors:

Kwong Che Keung, Gordon

Professor Ko Ping Keung

Wu King Cheong

Au Siu Kee, Alexander

Registered Office:

72-76/F., Two International Finance Centre
8 Finance Street, Central
Hong Kong

23 April 2019

To the Shareholders

Dear Sir or Madam,

**PROPOSALS FOR
GENERAL MANDATES TO BUY BACK SHARES
AND TO ISSUE SHARES
AND
RE-ELECTION OF THE RETIRING DIRECTORS**

INTRODUCTION

The purposes of this circular are to provide you with information regarding the proposals for the Buy-back Mandate, the Issue Mandate and the re-election of the retiring Directors, and to seek your approval at the Annual General Meeting in connection with, inter alia, such matters.

PROPOSED GENERAL MANDATES TO BUY BACK SHARES AND TO ISSUE SHARES

At the annual general meeting held on 1 June 2018, general mandates were given to the Directors to exercise the powers of the Company: (i) to buy back Shares up to a maximum of 10 per cent of the total number of issued Shares as at the date of the ordinary resolution and (ii) to allot, issue and deal with Shares not exceeding 20 per cent of the total number of issued Shares as at the date of the ordinary resolution. Such mandates will lapse at the conclusion of the Annual General Meeting.

LETTER FROM THE BOARD OF DIRECTORS

An ordinary resolution set out in the Notice will be proposed at the Annual General Meeting to grant the Buy-back Mandate to the Directors.

The Buy-back Mandate would continue in force until the conclusion of the next annual general meeting of the Company or the expiration of the period within which the next annual general meeting of the Company is required by law or the Articles of Association to be held or until the Buy-back Mandate is revoked or varied by an ordinary resolution of the Shareholders in general meeting, whichever is the earlier.

Separate ordinary resolutions will also be proposed at the Annual General Meeting to grant the Issue Mandate (representing a general mandate to allot, issue and deal with a maximum of 609,465,479 Shares assuming that no further Shares are issued or bought back prior to the Annual General Meeting) by way of a general mandate to the Directors and extend the Issue Mandate by adding to it the number of Shares bought back by the Company under the Buy-back Mandate.

The explanatory statement required by the Listing Rules and the Companies Ordinance to be included in this circular is set out in Appendix I hereto.

PROPOSED RE-ELECTION OF THE RETIRING DIRECTORS

In accordance with Article 116 of the Articles of Association or the Corporate Governance Code under the Listing Rules, Mr Kwong Che Keung, Gordon (“Mr Kwong”), Professor Ko Ping Keung (“Professor Ko”) and Mr Wu King Cheong (“Mr Wu”) shall retire by rotation at the Annual General Meeting and, being eligible, have offered themselves for re-election.

The Nomination Committee has recommended to the Board that Mr Kwong, Professor Ko and Mr Wu (collectively, the “Retiring INEDs”) are eligible for re-election after considering the following factors, including the Company’s Nomination Policy and Board Diversity Policy:

a. Long tenures of service

The Retiring INEDs have been serving as independent non-executive directors of the Company for more than nine years. They are members and, where applicable, chairmen of various Board Committees. During their tenures of office, each of the Retiring INEDs had been able to fulfill all the requirements regarding independence as independent non-executive directors. Besides, they have been providing objective and independent views to the Company over the years, and they remain committed to their independent roles. The members of the Nomination Committee were of the view that the long service of the Retiring INEDs would not affect their exercise of independent judgement and were satisfied that they have the required character, integrity and experience to continue fulfilling the roles of an independent non-executive director.

LETTER FROM THE BOARD OF DIRECTORS

b. Being directors of related companies

The Retiring INEDs are independent non-executive directors of Henderson Land Development Company Limited (“HLD”), the listed holding company of the Company. In addition, Mr Wu is an independent non-executive director of Hong Kong Ferry (Holdings) Company Limited and Miramar Hotel and Investment Company, Limited, both of which are listed associated companies of HLD. Having considered (i) that each of the Retiring INEDs is an independent non-executive director and, therefore, does not/did not take part in the day-to-day management of and has no/had no executive role in the Group and the aforesaid listed companies; (ii) the Retiring INEDs’ independent scope of works; and (iii) the Retiring INEDs’ annual confirmations of independence which are in full compliance with the independence guidelines set out in Rule 3.13 of the Listing Rules, the members of the Nomination Committee were satisfied with the independence of the Retiring INEDs despite their common directorships in the aforesaid companies and were of the view that their roles in such companies have no bearing on their independence.

c. More than seven listed company directorships

Notwithstanding that Mr Kwong holds more than seven listed company directorships for the time being, Mr Kwong had a good attendance record and made valuable contribution at the meetings of the Board and the Board Committees in the past years. The members of the Nomination Committee were of the view that Mr Kwong would be able to continue to devote sufficient time to the Board.

The above nominations were made in accordance with the Nomination Policy with due regard to the diversity perspectives set out in the Board Diversity Policy. The Nomination Committee has also taken into account the skill mix of the Board, and the diverse qualifications, experience and background of the Retiring INEDs.

The Board, through the assessment and recommendation by the Nomination Committee, considered the Retiring INEDs as independent for the purpose of acting as independent non-executive directors of the Company, and Mr Kwong would be able to continue to devote sufficient time to the Board.

The re-election of the above Retiring INEDs is subject to separate resolutions to be approved by the shareholders at the Annual General Meeting in accordance with the Companies Ordinance and the Corporate Governance Code.

The biographical details of the Retiring INEDs offering to be re-elected which are required to be disclosed by the Listing Rules are set out in Appendix II to this circular.

LETTER FROM THE BOARD OF DIRECTORS

ANNUAL GENERAL MEETING

The Notice is set out on pages 125 to 128 of the Annual Report.

In order to determine Shareholders who are entitled to attend and vote at the Annual General Meeting (or any adjournment thereof), the Register of Members of the Company will be closed from Thursday, 23 May 2019 to Tuesday, 28 May 2019, both days inclusive, during which period no transfer of shares will be registered. All transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's share registrar, Tricor Standard Limited (the "Company's Registrar"), at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Wednesday, 22 May 2019. The record date for determining entitlements of Shareholders to attend and vote at the Annual General Meeting is Tuesday, 28 May 2019.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. The Chairman of the Annual General Meeting will, therefore, exercise his power under Article 80 of the Articles of Association to put each of the resolutions to be proposed at the Annual General Meeting to be voted by way of a poll. Article 85 of the Articles of Association provides that on a poll, every Shareholder present in person or by proxy shall have one vote for every Share held by that Shareholder.

In accordance with Article 96 of the Articles of Association, any corporation which is a member of the Company may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at any meeting of the Company or of any class of members of the Company, and the person so authorised shall be entitled to exercise the same powers on behalf of the corporation which he represents as that corporation could exercise if it were an individual member of the Company.

A form of proxy in connection with the business of the Annual General Meeting is enclosed with the Annual Report for your attention. Whether or not you intend to attend the Annual General Meeting, you are requested to complete and return the form of proxy accompanying the Annual Report in accordance with the instructions printed thereon to the Company's Registrar at the above address not less than 48 hours (excluding any part of a day that is a public holiday) before the time appointed for holding the Annual General Meeting (i.e. at or before 9:00 a.m., 25 May 2019) or any adjournment thereof or, in case of poll taken more than 48 hours after it was demanded, not less than 24 hours (excluding any part of a day that is a public holiday) before the time appointed for taking of the poll. The return of a form of proxy will not preclude you from attending and voting in person if you so wish.

LETTER FROM THE BOARD OF DIRECTORS

RECOMMENDATIONS

The Board believes that the renewal of the Buy-back Mandate and the Issue Mandate, and the re-election of the retiring Directors are in the interests of the Company and the Shareholders and accordingly recommends you to vote in favour of all the relevant resolutions to be proposed at the Annual General Meeting.

Yours faithfully,
Lee Ka Shing
Chairman

This explanatory statement constitutes the memorandum required under Section 239(2) of the Companies Ordinance and contains all the information required under the Listing Rules for you to consider the Buy-back Mandate.

1. SHARE CAPITAL

As at the Latest Practicable Date, the total number of issued Shares was 3,047,327,395 Shares.

Subject to the passing of the Resolution 5(A) set out in the Notice and assuming that no further Shares are issued or bought back prior to the date of the Annual General Meeting, the Company would be allowed under the Buy-back Mandate to buy back a maximum of 304,732,739 Shares.

2. REASONS FOR BUY-BACK

The Directors believe that the Buy-back Mandate is in the best interests of the Company and the Shareholders. An exercise of the Buy-back Mandate may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made when the Directors believe that a buy-back of Shares will benefit the Company and the Shareholders.

3. FUNDING OF BUY-BACK

In Shares buy-backs, the Company may only apply funds legally available for such purpose in accordance with its Articles of Association and the Companies Ordinance. Section 257 of the Companies Ordinance provides that payment in connection with a share buy-back by a listed company may only be made from the distributable profits of the company or the proceeds of a fresh issue of shares made for the purpose of the buy-back.

It is envisaged that the Shares buy-backs would be financed by the Company's internal resources and/or available banking facilities subject to compliance with the Articles of Association and all applicable laws and regulations.

An exercise of the Buy-back Mandate in full could have a material adverse impact on the working capital or gearing position of the Company compared with that as at 31 December 2018, being the date of its last audited financial statements. The Directors do not, however, intend to make any Shares buy-back in circumstances that would have a material adverse impact on the working capital or gearing position of the Company.

4. SHARE PRICES

The highest and lowest prices at which the Shares have traded on the Stock Exchange during each of the previous twelve months were as follows:

		Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2018	April	0.67	0.65
	May	0.71	0.66
	June	0.70	0.65
	July	0.67	0.65
	August	0.67	0.65
	September	0.68	0.64
	October	0.65	0.61
	November	0.64	0.61
	December	0.68	0.62
2019	January	0.67	0.64
	February	0.68	0.66
	March	0.71	0.66
	April (up to the Latest Practicable Date)	0.69	0.68

5. UNDERTAKING AND DISCLOSURE OF INTERESTS

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, their close associates (as defined in the Listing Rules), has any present intention to sell any Shares to the Company under the Buy-back Mandate if the same is approved by the Shareholders.

No core connected persons (as defined in the Listing Rules) of the Company have notified the Company that they have a present intention to sell Shares to the Company, or have undertaken not to do so, in the event that the Buy-back Mandate is approved by the Shareholders.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the powers of the Company to make Shares buy-backs pursuant to the Buy-back Mandate and in accordance with the Listing Rules, the Companies Ordinance and any other applicable laws of Hong Kong.

6. TAKEOVERS CODE AND SHARES BUY-BACKS

If a Shareholder's proportionate interest in the voting rights of the Company increases as a result of the Directors exercising the powers of the Company to buy back Shares pursuant to the Buy-back Mandate, such increase will be treated as an acquisition of voting rights for the purposes of Rule 32 of the Takeovers Code. Accordingly, a Shareholder or group of Shareholders acting in concert could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeovers Code. As at the Latest Practicable Date, the controlling shareholder of the Company owns 69.27% of the total number of issued Shares. On the assumption of the full exercise of the Buy-back Mandate, the controlling shareholder's shareholding interests in the Company will be increased to approximately 76.97%. If the present shareholdings and capital structure of the Company remain the same, the Directors are not aware of any consequences which may arise under the Takeovers Code as a result of any Shares buy-backs made under the Buy-back Mandate. However, the Directors will not exercise the Buy-back Mandate such that the number of Shares held by the public will fall below 25% of the total number of issued Shares, being the minimum public float requirement under the Listing Rules.

7. SHARES BOUGHT BACK BY THE COMPANY

The Company has not bought back any of its Shares (whether on the Stock Exchange or otherwise) in the six months preceding the Latest Practicable Date.

The following are the biographical details of Mr Kwong Che Keung, Gordon, Professor Ko Ping Keung and Mr Wu King Cheong, all of whom shall retire by rotation at the Annual General Meeting in accordance with Article 116 of the Articles of Association or Corporate Governance Code under the Listing Rules and, being eligible, have offered themselves for re-election. Save as disclosed hereinbelow, there are no other matters relating to their re-election that need to be brought to the attention of Shareholders nor any information to be disclosed pursuant to the requirements of Rule 13.51(2) of the Listing Rules.

KWONG Che Keung, Gordon, *FCA*, aged 69, 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 Group Holdings Limited, China Power International Development Limited, Chow Tai Fook Jewellery Group Limited, FSE Services Group Limited, Global Digital Creations Holdings Limited, NWS Holdings Limited, OP Financial Limited and Piraeus Port Authority S.A. (listed in Greece), all of which are listed companies. Mr Kwong previously served as an independent non-executive director of COSCO SHIPPING Holdings Co., Ltd. until 25 May 2017 and CITIC Telecom International Holdings Limited until 1 June 2017. Save as disclosed herein, Mr Kwong has not held any other directorships in listed companies in the last three years.

As at the Latest Practicable Date, Mr Kwong did not have any interest in Shares within the meaning of Part XV of the Securities and Futures Ordinance. He is a director of Henderson Land Development Company Limited (a controlling shareholder of the Company) which has interest in 2,110,868,943 Shares, representing 69.27% of the total number of issued Shares. Save as disclosed herein, Mr Kwong has no relationship with any Directors, senior management or substantial or controlling shareholders of the Company.

As at the Latest Practicable Date, pursuant to the relevant letter of appointment, Mr Kwong was appointed for a term of three years and was subject to retirement by rotation and re-election in accordance with the Articles of Association. He has not entered into nor proposed to enter into any service contracts which fall within the meanings of Rule 13.68 of the Listing Rules requiring the prior approval of Shareholders at general meetings. The director's fee payable to him is fixed at the rate of HK\$50,000 per annum until the Company in general meetings otherwise determines. He is also entitled to a fixed remuneration of HK\$200,000 per annum for acting as a member of the Audit Committee of the Company, which was determined with reference to his duties and responsibilities. For the year ended 31 December 2018, he received a director's fee of HK\$50,000 and other remuneration of HK\$200,000 from the Company. Save as disclosed above, he had not received any other payments (whether fixed or discretionary in nature) from the Group.

Professor KO Ping Keung, *PhD, FIEEE, JP*, aged 68, 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 Peking University 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, Q Technology (Group) Company Limited and VTech Holdings Limited, all of which are listed companies. Save as disclosed herein, Professor Ko has not held any other directorships in listed companies in the last three years.

As at the Latest Practicable Date, Professor Ko did not have any interest in Shares within the meaning of Part XV of the Securities and Futures Ordinance. He is a director of Henderson Land Development Company Limited (a controlling shareholder of the Company) which has interest in 2,110,868,943 Shares, representing 69.27% of the total number of issued Shares. Save as disclosed herein, Professor Ko has no relationship with any Directors, senior management or substantial or controlling shareholders of the Company.

As at the Latest Practicable Date, pursuant to the relevant letter of appointment, Professor Ko was appointed for a term of three years and was subject to retirement by rotation and re-election in accordance with the Articles of Association. He has not entered into nor proposed to enter into any service contracts which fall within the meanings of Rule 13.68 of the Listing Rules requiring the prior approval of Shareholders at general meetings. The director's fee payable to him is fixed at the rate of HK\$50,000 per annum until the Company in general meetings otherwise determines. He is also entitled to a fixed remuneration of HK\$200,000 per annum for acting as a member of the Audit Committee of the Company, which was determined with reference to his duties and responsibilities. For the year ended 31 December 2018, he received a director's fee of HK\$50,000 and other remuneration of HK\$200,000 from the Company. Save as disclosed above, he had not received any other payments (whether fixed or discretionary in nature) from the Group.

WU King Cheong, *BBS, JP*, aged 68, 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 Limited. He is an independent non-executive director of Henderson Land Development Company Limited, Hong Kong Ferry (Holdings) Company Limited, Miramar Hotel and Investment Company, Limited and Yau Lee Holdings Limited, all of which are listed companies. Save as disclosed herein, Mr Wu has not held any other directorships in listed companies in the last three years.

As at the Latest Practicable Date, Mr Wu did not have any interest in Shares within the meaning of Part XV of the Securities and Futures Ordinance. He is a director of Henderson Land Development Company Limited (a controlling shareholder of the Company) which has interest in 2,110,868,943 Shares, representing 69.27% of the total number of issued Shares. Save as disclosed herein, Mr Wu has no relationship with any Directors, senior management or substantial or controlling shareholders of the Company.

As at the Latest Practicable Date, pursuant to the relevant letter of appointment, Mr Wu was appointed for a term of three years and was subject to retirement by rotation and re-election in accordance with the Articles of Association. He has not entered into nor proposed to enter into any service contracts which fall within the meanings of Rule 13.68 of the Listing Rules requiring the prior approval of Shareholders at general meetings. The director's fee payable to him is fixed at the rate of HK\$50,000 per annum until the Company in general meetings otherwise determines. He is also entitled to a fixed remuneration of HK\$200,000 per annum for acting as a member of the Audit Committee of the Company, which was determined with reference to his duties and responsibilities. For the year ended 31 December 2018, he received a director's fee of HK\$50,000 and other remuneration of HK\$200,000 from the Company. Save as disclosed above, he had not received any other payments (whether fixed or discretionary in nature) from the Group.

