HENRY GROUP HOLDINGS LIMITED
鎮科集團控股有限公司

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(incorporated in Bermuda with limited liability)

(Stock Code: 859)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2007

The board of directors (the ''Directors'') of Henry Group Holdings Limited (the ''Company'') is pleased to announce the audited annual results of the Company and its subsidiaries (the ''Group'') for the year ended 31 March 2007, together with the comparative audited figures for the year ended 31 March 2006 as follows:

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2007

	Note	2007 HK$'000	2006 HK$'000
Turnover	3	**252,705**	403,915
Cost of sales		**(240,478)**	(397,588)
Gross profit		**12,227**	6,327
Other operating income		**2,953**	2,086
Selling expenses		**(1,330)**	(1,041)
Administrative expenses		**(32,658)**	(18,951)
Loss from operations	4	**(18,808)**	(11,579)
Finance costs	5	**(459)**	(143)
Loss before taxation		**(19,267)**	(11,722)
Taxation	6	**—**	—
Net loss for the year attributable to equity holders of the Company		**(19,267)**	(11,722)
Loss per share	7		
— Basic		**(8.57 cents)**	(5.34 cents)
— Diluted		**N/A**	N/A

CONSOLIDATED BALANCE SHEET

AS AT 31 MARCH 2007

		2007	2006
	Note	***HK$'000***	*HK$'000*
Non-current assets			
Property, plant and equipment		**5,402**	9,951
Development costs		—	—
Other investment		—	245
		5,402	10,196
Current assets			
Inventories		**21**	2,883
Trade and other receivables	*8*	**3,484**	3,174
Cash and bank balances		**3,663**	11,229
		7,168	17,286
Current liabilities			
Trade and other payables	*9*	**5,336**	9,148
Obligations under a finance lease		**210**	—
Bank borrowings — current portion (secured)		**1,983**	229
Tax payable		**546**	—
		8,075	9,377
Net current (liabilities)/assets		**(907)**	7,909
Total assets less current liabilities		**4,495**	18,105
Non-current liabilities			
Amount due to a related company		**4,337**	5,080
Advances from a director		**2,706**	—
Advances from a minority shareholder		**649**	—
Obligations under a finance lease		**622**	—
Bank borrowings — non-current portion (secured)		—	1,066
		8,314	6,146
Net (liabilities)/assets		**(3,819)**	11,959

	2007	2006
	HK$'000	*HK$'000*
Equity		
Share capital	**22,481**	22,415
Reserves	**(26,300)**	(10,456)
Total equity attributable to equity holders of the Company	**(3,819)**	11,959

Notes:

1. **Basis of Preparation**

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (''HKFRSs''), which is a collective term that includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (''HKASs''), and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the ''HKICPA''), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance and applicable disclosure provisions of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the ''Listing Rules'').

(b) Basis of preparation of financial statements

(i) The measurement basis used in the preparation of the consolidated financial statements is historical cost as modified for the revaluation of leasehold buildings and certain financial instruments which are carried at fair value.

(ii) At the balance sheet date, the Group reported net current liabilities of approximately HK$907,000 and net liabilities of approximately HK$3,819,000. The directors have considered the following sources of funding:

(a) rental income from the acquisition of a property investment company in June 2007 which will provide the Group with a stable net cash inflow; and

(b) long-term advances from a director, a minority shareholder and a former director and additional banking facilities obtained from banks.

Accordingly, the directors are of the opinion that the Group will have sufficient working capital to meet its normal operational requirements in the coming year and are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

2. Impact of issued but not yet effective HKFRS

The Group has not early applied the following new standards and interpretations that have been issued and are relevant to the Group but are not yet effective. The Directors anticipate that the application of these standards or interpretations relevant to the Group will have no material impact on the consolidated financial statements of the Group.

		Effective for annual periods beginning on or after
HKAS 1 (Amendment)	Capital Disclosures	1 January 2007
HKFRS 7	Financial Instruments: Disclosures	1 January 2007
HKFRS 8	Operating segments	1 January 2009
HK(IFRIC)-Int 8	Scope of HKFRS 2	1 May 2006
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment	1 November 2006

3. Segment Information

Segment information is presented in respect of the Group's business and geographical segments. Business segment information is chosen as the primary reporting format because this is more relevant to the Group in making operating and financial decisions.

(a) Business segments

Consolidated Income Statement for the year ended 31 March 2007

	Design and manufacture of computer motherboard and network products	**Supply of computer related products**	**Supply of mobile storage and related products**	**Provision of property agency services**	**Consolidated**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
TURNOVER	**6,423**	**223,873**	**16,091**	**6,318**	**252,705**
RESULTS					
Segment results	**1,415**	**3,671**	**823**	**(2,935)**	**2,974**
Unallocated corporate income					**2,404**
Unallocated corporate expenses					**(24,186)**
Loss from operations					**(18,808)**
Finance costs					**(459)**
Net loss for the year					**(19,267)**

Consolidated Balance Sheet at 31 March 2007

	Design and manufacture of computer motherboard and network products	Supply of computer related products	Supply of mobile storage and related products	Provision of property agency services	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
ASSETS					
Segment assets	**4,490**	**1,174**	**391**	**2,343**	**8,398**
Unallocated corporate assets					**4,172**
Consolidated total assets					**12,570**
LIABILITIES					
Segment liabilities	**2,488**	**482**	**160**	**5,907**	**9,037**
Unallocated corporate liabilities					**7,352**
Consolidated total liabilities					**16,389**

Consolidated Income Statement for the year ended 31 March 2006

	Design and manufacture of computer motherboard and network products	Supply of computer related products	Supply of mobile storage and related products	Provision of property agency services	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
TURNOVER	18,803	331,303	53,809	—	403,915
RESULTS					
Segment results	1,637	3,565	1,125	—	6,327
Unallocated corporate income					2,086
Unallocated corporate expenses					(19,992)
Loss from operations					(11,579)
Finance costs					(143)
Net loss for the year					(11,722)

Consolidated Balance Sheet at 31 March 2006

	Design and manufacture of computer motherboard and network products	Supply of computer related products	Supply of mobile storage and related products	Provision of property agency services	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
ASSETS					
Segment assets	12,395	2,240	747	—	15,382
Unallocated corporate assets					12,100
Consolidated total assets					27,482
LIABILITIES					
Segment liabilities	7,427	1,041	347	—	8,815
Unallocated corporate liabilities					6,708
Consolidated total liabilities					15,523

(b) Geographical segments

The Group's operations are located in Hong Kong and the People's Republic of China (the ''PRC''). The Group's manufacture of computer motherboard and network products is carried out in the PRC, and supply of computer components and mobile storage and related products and provision of property agency services are carried out in Hong Kong.

The following table provides an analysis of the Group's turnover by geographical market, irrespective of the origin of the goods/services.

	2007	2006
	HK$'000	*HK$'000*
By geographical location:		
Hong Kong	**61,086**	160,050
The PRC	**32,398**	55,972
North America	**3,075**	8,142
Asia Pacific	**92,404**	122,034
Europe	**57,358**	56,848
Others	**6,384**	869
	252,705	403,915

4. Loss from operations

	2007	2006
	HK$'000	*HK$'000*
Loss from operations has been arrived after charging:		
- Depreciation	**1,894**	2,362
- Amortization of development costs	—	1,104
- Impairment loss on property, plant and equipment	**1,670**	—
- Impairment loss on goodwill	**3,883**	—

5. Finance Costs

	2007	2006
	HK$'000	*HK$'000*
Interest expenses:		
- bank borrowings wholly repayable within five years	**443**	143
- finance lease	**16**	—
	459	143

6. Taxation

Provision for Hong Kong profits tax is calculated at 17.5% on estimated assessable profit for the year. Enterprise Income Tax ("EIT") of the subsidiaries in the People's Republic of China ("PRC") is charged at 15% on the estimated assessable income.

No provision for Hong Kong profits tax and EIT for the year as the Company and its subsidiaries sustained a loss for the year.

7. Loss per Share

The calculation of basic loss per share is based on the net loss for the year of approximately HK$19,267,000 (2006: HK$11,722,000) and on the weighted average number of ordinary shares of 224,769,657 (2006: 219,488,867) in issue during the year.

Diluted loss per share was not presented for both years as the potential diluted ordinary shares are anti-dilutive.

8. Trade and Other Receivables

The Group has a policy of allowing an average credit period of 30 days to its trade customers. Included in trade and other receivables of the Group were trade receivables of approximately HK$2,144,000 (2006: HK$1,783,000) (net of impairment loss for bad and doubtful debts), the aging of which at the balance sheet date was as follows:

	2007	2006
	HK$'000	*HK$'000*
Up to 30 days	**482**	1,611
31–60 days	**514**	6
61–90 days	**559**	25
More than 90 days	**589**	141
	2,144	1,783

The Directors consider that the carrying amount of trade receivables approximates their fair value.

9. Trade and Other Payables

Included in trade and other payables of the Group were trade payables of approximately HK$2,490,000 (2006: HK$4,842,000), the aging of which at the balance sheet date was as follows:

	2007	2006
	HK$'000	*HK$'000*
Up to 30 days	**240**	2,065
31–60 days	**130**	919
61–90 days	**126**	774
More than 90 days	**1,994**	1,084
	2,490	4,842

The Directors consider that the carrying amount of trade payables approximates their fair value.

DIVIDEND

The Directors do not recommend the payment of a dividend for the year ended 31 March 2007 (2006: Nil).

BUSINESS REVIEW AND PROSPECT

In view of the Group's core business segment of information technology have been loss-making since 2003 and are expected to be hampered by intense competition as well as rapid market and product changes going forward, the Board has spent significant efforts in further developing property-related businesses with the objective of achieving profitability.

In April 2006, the Group completed its acquisition of a controlling stake in a locally established property agency and consultancy company, Uni-Land Property Consultants Limited (''Uni-Land''), which is principally engaged in retail shops broking business. The acquisition of Uni-Land provides an opportunity for the Group to make its first venture into the burgeoning retail property market through Uni-Land's expertise in the retail shop market and thereby positioning the Group to pursue the retail property investment business.

Leveraging the management's experience in pioneering the ginza-style business model for commercial buildings in Hong Kong and in light of the Board's confidence and optimism for the prospect in the Hong Kong retail market resulting from favorable employment conditions and financial market performance, the Board considered it the right time for the Group to acquire Jardine Center (the ''Acquisition''). Based on the rental track records of Jardine Center and its prime location, the Directors expect that the Acquisition will broaden the Group's income stream and bring steady returns as well as strong potential of asset value/capital appreciation. The Acquisition was approved by independent shareholders of the Company at the Special General Meeting of the Company held on 14 June 2007 and completion took place on 25 June 2007. The total consideration of the Acquisition was settled by non-cash elements including the issue and allotment of consideration shares and a 5-year convertible note. Accordingly, the Acquisition has not exerted any cashflow pressure to the Group or resulted in a significant dilution of the shareholding of existing shareholders. Subsequent to the balance sheet date, in June 2007, both Company's issued share captial and share preimum were increased by approximately HK$6.1 million and HK$53.9 million respectively as a result of the allotment of the consideration shares for the Acqusition.

With the backdrop of soaring rental prices underpinned by a limited supply in prime street shops, many retailers could not afford the street shop rental and opted to move their business ''upstairs''. The Directors strongly believe that the Group has the market niche to develop the ginza-style buildings for rental business and replicate the success of Jardine Center in other major shopping districts in Hong Kong and other rapidly developing metropolises such as Macau, Shanghai and Beijing. Going forward, we will refine tenant mixes of Jardine Center, thereby delivering attractive and sustainable returns to our shareholders.

MANAGEMENT DISCUSSION AND ANALYSIS

Our Business

The Company is principally engaged in investment holding activities. The principal activities of its subsidiaries are manufacture, marketing and research and development of computer motherboards, networking products and related components. The business spectrum of the Group has been broadened to include the provision of property agency and consultancy services upon completion of acquisition of 55% equity interest in Uni-Land in April 2006.

Financial Review

Results

During the year under review, the Group reported a turnover of approximately HK$252,705,000, representing a decrease of approximately HK$151,210,000 or 37.4% as compared to the same in previous financial year. It was mainly due to the decrease in turnover of the Group's computer related products amid intensified price competition. The Group's business segments of information technology related businesses remained as the major source of turnover that accounted for approximately 97.5% of turnover while the rest was contributed by the new business segment of property agency.

Administrative expenses for the year under review increased to approximately HK$32,658,000 from approximately HK$18,951,000 in the previous year. The increase was mainly due to i) professional costs incurred for execution of transactions; ii) took up staff and operating costs of the new business segment of property agency acquired in April 2006; iii) recognition of impairment loss on technically obsolete plant and machinery; and iv) the operation loss of the property agency business resulted in prudent recognition of impairment loss on the full amount goodwill generated from acquisition.

Net loss for the year was approximately HK$19,267,000 as compared to that of previous year of approximately HK$11,722,000.

Liquidity and Financial Resources

As of 31 March 2007, the Group had outstanding bank borrowings and obligations under a finance lease payable denominated in Hong Kong dollars with an aggregate amount of approximately HK$2,815,000 (31 March 2006: HK$1,295,000).

The Group's gearing ratio, calculated as total liabilities over total assets, was approximately 1.3 as of 31 March 2007 (31 March 2006: 0.56).

Capital Structure

Following the completion of acquisition of Uni-Land, 666,667 shares were issued as part of the settlement of the consideration. As a result of such issue, the number of issued share increased from 224,145,000 at the beginning of the financial year to 224,811,667 at the end of the financial year. The total number of share options outstanding at the end of financial year was 7,280,000.

CORPORATE GOVERNANCE

Compliance with the Code on Corporate Governance Practices

The Company has complied with the code provisions in the Code on Corporate Governance Practices (the ''CG Code'') as set out in Appendix 14 of the Listing Rules throughout the year with deviation from code provision A.4.1 of the CG Code.

Code provision A.4.1 of the CG Code stipulates that non-executive Directors should be appointed for a specific term, subject to re-election. Prior to the Annual General Meeting of the Company held on 25 August 2006 (''AGM''), none of the existing non-executive Director and independent non-executive Directors of the Company was appointed for a specific term. However, at the AGM, the non-executive Director Mr. Mak Wah Chi was re-elected to hold office until the conclusion of the 2009 annual general meeting of the Company, while the three independent non-executive Directors were re-elected to hold office until the conclusion of the next annual general meeting of the Company. As such, since the conclusion of the AGM, all non-executive Director and independent non-executive Directors have been appointed for a specific term, and accordingly the Company has been in compliance with the said code provision A.4.1.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

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

AUDIT COMMITTEE

The audit committee comprises a non-executive Director and two independent non-executive Directors, namely, Mr. Mak Wah Chi, Mr. Li Kit Chee (Committee Chairman) and Mr. Ng Hoi Yue. The audit committee had reviewed and discussed with management the accounting principles and practices adopted by the Group, audit, internal control and financial reporting matters including the review of the audited consolidated financial statements for the year.

By Order of the Board
Ng Ian
Chief Executive Officer

Hong Kong, 11 July 2007

As at the date of this announcement, the board of directors comprises Mr. Ng Chun For, Henry, Mr. Ng Ian and Mr. Chan Kwai Ping, Albert as executive Directors, Mr. Mak Wah Chi and Mr. Cheng Yuk Wo as non-executive Directors and Mr. Li Kit Chee, Mr. Ng Hoi Yue and Mr. Tsang Kwok Ming, Rock as independent non-executive Directors.

** for identification purposes only*