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

(Incorporated in Bermuda with limited liability)

(Stock Code: 859)

INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2009

UNAUDITED RESULTS

The board of directors (the "Board") of Henry Group Holdings Limited (the "Company") announces the unaudited interim results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 September 2009, together with the comparative figures for the corresponding period in last year as follows:

Condensed Consolidated Income Statement
For the six months ended 30 September 2009

		Unaudited Six months ended 30 September	
		2009	2008
	Notes	***HK$'000***	*HK$'000*
Turnover	*3*	**18,222**	12,493
Other income and gains		**1,198**	370
Increase in fair value of investment properties		**90,000**	25,210
Impairment loss of properties under development		**(14,085)**	—
Administrative and other operating expenses		**(17,313)**	(12,454)
Profit from operations		**78,022**	25,619
Finance costs	*4*	**(20,674)**	(10,728)
Share of losses on jointly-controlled entities		**(12,115)**	—
Profit before taxation		**45,233**	14,891
Taxation charge	*5*	**(12,070)**	(4,595)
Profit for the period	*6*	**33,163**	10,296
Profit/(loss) for the period attributable to:			
— Equity holders of the Company		**50,593**	10,296
— Minority interests		**(17,430)**	—
		33,163	10,296
Earnings per share for profit attributable to the equity holders of the Company	*8*		
— Basic (HK cents)		**7.95**	1.99
— Diluted (HK cents)		**7.03**	1.98

Condensed Consolidated Statement of Comprehensive Income
For the six months ended 30 September 2009

	Unaudited	
	Six months ended 30 September	
	2009	2008
	HK$'000	*HK$'000*
Profit for the period	**33,163**	10,296
Other comprehensive income		
Exchange difference arising from translation of financial statements of foreign operations	**418**	—
Recognition of hedging reserve of derivative financial instruments (net of deferred tax)	**4,294**	3,585
Other comprehensive income for the period	**4,712**	3,585
Total comprehensive income for the period	**37,875**	13,881
Total comprehensive income/(expenses) attributable to:		
— Equity holders of the Company	**55,012**	13,881
— Minority interests	**(17,137)**	—
	37,875	13,881

Condensed Consolidated Statement of Financial Position

At 30 September 2009

	Note	**Unaudited 30 September 2009** *HK$'000*	Audited 31 March 2009 *HK$'000*
Non-current assets			
Property, plant and equipment		**2,296**	2,727
Investment properties		**990,000**	900,000
Properties under development		**2,512,416**	2,466,462
Interests in jointly-controlled entities		**22,464**	34,579
Pledged deposits		—	5,000
Amount from a minority shareholder		**22,006**	19,991
Deferred tax assets		**4,794**	5,415
		3,553,976	3,434,174
Current assets			
Trade and other receivables	*9*	**44,408**	7,581
Amount due from a jointly-controlled entity		**15,228**	14,478
Available-for-sale financial assets		**74**	74
Pledged deposits		—	135,000
Cash and bank balances		**155,809**	52,509
		215,519	209,642
Current liabilities			
Other payables, rental deposits received and accruals		**29,140**	99,380
Bank borrowings, current portion (secured)		**4,951**	10,944
Convertible notes		—	17,050
Amount due to a related party		**330**	250
Tax payable		**3,427**	760
		37,848	128,384
Net current assets		**177,671**	81,258
Total assets less current liabilities		**3,731,647**	3,515,432

Condensed Consolidated Statement of Financial Position (Continued)
At 30 September 2009

	Unaudited 30 September 2009 *HK$'000*	Audited 31 March 2009 *HK$'000*
Non-current liabilities		
Rental deposits received	**7,994**	6,076
Bank borrowings, non-current portion (secured)	**827,489**	678,434
Convertible notes	**149,329**	141,045
Derivative financial instruments	**8,252**	13,395
Loans from related parties	**89,433**	118,771
Amounts due to minority shareholders	**556,268**	523,195
Loans from shareholders	**224,549**	215,996
Deferred tax liabilities	**514,289**	502,351
	2,377,603	2,199,263
Net assets	**1,354,044**	1,316,169
Capital and Reserves		
Share capital	**63,638**	63,638
Reserves	**642,571**	587,559
Total equity attributable to equity holders of the Company	**706,209**	651,197
Minority interests	**647,835**	664,972
Total equity	**1,354,044**	1,316,169

Notes to the Condensed Consolidated Financial Statements

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

These condensed consolidated financial statements should be read in conjunction with the annual report for the year ended 31 March 2009.

2. PRINCIPAL ACCOUNTING POLICIES

In the current interim period, the Group had adopted certain new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the HKICPA, which are effective for the Group's financial year beginning on 1 April 2009.

Except as described below, the same accounting policies, presentation and methods of computation have been followed in these condensed consolidated financial statements as were applied in the preparation of the Company's annual report for the year ended 31 March 2009.

HKAS 1 (Revised) — Presentation of Financial Statements

HKAS 1 (Revised 2007) Presentation of financial statements has introduced a number of terminology changes, including revised titles for the condensed consolidated financial statements, and has resulted in a number of changes in presentation and disclosure. Comparatives have been restated to conform with the revised standards.

HKFRS 8 — Operating Segments

HKFRS 8 Segment information is a disclosure standard that requires the identification of operating segments to be performed on the same basis as financial information that is reported internally for the purpose of allocating resources between segments and assessing their performance. The predecessor standard, HKAS 14 "Segment Reporting", required the identification of two sets of segments (business and geographical) using a risks and returns approach. The application of HKFRS 8 has not resulted in a redesignation of the Group's reportable segments as compared with the reportable segments determined in accordance with HKAS 14.

The adoption of the new and revised HKFRSs has had no material effect on the reported results and financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognised.

The Group has not early applied the HKFRSs that have been issued but are not yet effective. The Directors anticipate that the application of those HKFRSs will have no material impact on the financial position of the Group.

3. SEGMENT INFORMATION

The Group has adopted HKFRS 8 "Operating Segments" with effect from 1 April 2009. The adoption of HKFRS 8 has not resulted in a redesignation of the Group's reportable segments as compared with the reportable segments determined in accordance with HKAS 14, nor has the adoption of HKFRS 8 changed the basis of measurement of segment profit or loss.

As a result, following the adoption of HKFRS 8, the Group's reportable segments remain the same as prior year, including — property leasing and development, property agency services and securities investment.

(a) Business Segments

	Unaudited Six months ended 30 September 2009			
	Property leasing and development *HK$'000*	**Provision of property agency services** *HK$'000*	**Securities investment** *HK$'000*	**Total** *HK$'000*
GROSS PROCEEDS	**14,714**	**3,508**	**—**	**18,222**
TURNOVER	**14,714**	**3,508**	**—**	**18,222**
RESULTS				
Segment results	**7,381**	**335**	**(1)**	**7,715**
Increase in fair value of investment properties				**90,000**
Unallocated corporate income				**96**
Unallocated corporate expenses				**(19,789)**
Profit from operations				**78,022**
Finance costs				**(20,674)**
Share of loss on jointly-controlled entities				**(12,115)**
Profit before taxation				**45,233**
Taxation charge				**(12,070)**
Profit for the period				**33,163**

	Unaudited			
	Six months ended 30 September 2008			
	Property leasing and development	Provision of property agency services	Securities investment	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
GROSS PROCEEDS	9,996	2,497	15,153	27,646
TURNOVER	9,996	2,497	—	12,493
RESULTS				
Segment results	7,939	(1,320)	(10)	6,609
Increase in fair value of investment properties				25,210
Unallocated corporate income				290
Unallocated corporate expenses				(6,490)
Profit from operations				25,619
Finance costs				(10,728)
Profit before taxation				14,891
Taxation charge				(4,595)
Profit for the period				10,296

(b) Geographical Segments

The Group's operations are located in Hong Kong and the People's Republic of China (the "PRC").

For the six months ended 30 September 2009, all of the Group's turnover are derived from Hong Kong. The following is an analysis of the carrying amount of segment assets analysed by the geographical area in which the assets are located:

	Carrying amount of segment assets	
	Unaudited At 30 September 2009	Audited At 31 March 2009
	HK$'000	*HK$'000*
The PRC	**2,708,227**	2,639,483
Hong Kong	**1,061,268**	1,004,333
	3,769,495	3,643,816

For the period ended 30 September 2008, the Group's operations were in Hong Kong. Accordingly, no geographical segment was presented.

4. FINANCE COSTS

	Unaudited Six months ended 30 September	
	2009	2008
	HK$'000	*HK$'000*
Interest charge on bank borrowings		
— wholly repayable within five years	**2,165**	73
— wholly repayable after five years	**9,066**	4,059
Interest expenses on interest rate swaps	**3,092**	—
Imputed interest on convertible notes	**9,306**	6,596
Imputed interest on interest-free loan from a minority shareholder	**6**	—
Interest on loans from related parties	**2,764**	—
Imputed interest on interest-free loan from a related party	**1,687**	—
Interest on amounts due to minority shareholders	**12,998**	—
Interest on loans from shareholders	**8,554**	—
Others	**33**	—
	49,671	10,728
Less: amount capitalised into properties under development	**(28,997)**	—
	20,674	10,728

5. TAXATION

	Unaudited Six months ended 30 September	
	2009	2008
	HK$'000	*HK$'000*
The charge comprises:		
Hong Kong profits tax for the period	**360**	826
Deferred tax		
— Change in fair value on investment properties in Hong Kong	**14,850**	4,411
— Revaluation of properties under development in the PRC	**(3,521)**	—
— Effect of change in tax rate	**—**	(642)
— Others	**381**	—
	11,710	3,769
	12,070	4,595

Hong Kong profits tax has been provided at the rate of 16.5% (2008: 16.5%) on the estimated assessable profits for the period.

Pursuant to the income tax rules and regulations of the PRC, provision for PRC enterprise income tax is calculated based on a statutory rate of 25% on the assessment profit of the PRC subsidiary. No provision for PRC income tax for the period has been made as the PRC subsidiary sustained a loss during the period. The Group did not have any business operation in the PRC in 2008.

6. PROFIT FOR THE PERIOD

	Unaudited Six months ended 30 September	
	2009	2008
	HK$'000	*HK$'000*
Profit for the period has been arrived at after charging/(crediting) the followings:		
Directors' remuneration	**1,149**	1,402
Other staff costs	**7,442**	7,344
Total staff costs	**8,591**	8,746
Depreciation of property, plant and equipment	**443**	277
Write-off/loss on disposal of property, plant and equipment	**6**	100
Imputed interest income generated from amount due from a minority shareholder	**(928)**	—
Interest income on bank deposits	**(56)**	(122)
Property rental income under operating leases, net of direct outgoings of HK$806,239 (2008: HK$41,609)	**(13,908)**	(9,954)

7. DIVIDENDS

The Directors do not recommend the payment of interim dividend for the six months ended 30 September 2009 (2008: Nil).

8. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share attributable to the equity holders of the Company is based on the following data:

	Unaudited Six months ended 30 September	
	2009	2008
	HK$'000	*HK$'000*
Earnings		
Profit for the period attributable to the equity holders of the Company for the purpose of calculating basic earnings per share	**50,593**	10,296
Effect of dilutive potential ordinary shares:		
Imputed interest on convertible notes	**6,917**	5,267
Profit for the period attributable to the equity holders of the Company for the purpose of calculating diluted earnings per share	**57,510**	15,563

	Unaudited Six months ended 30 September	
	2009	2008
	Number of ordinary shares	*Number of ordinary shares*
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**636,376,710**	514,998,053
Effect of dilutive potential ordinary shares:		
Share options	**—**	3,942,085
Convertible notes	**182,124,661**	172,724,661
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	**818,501,371**	691,664,799

No diluted earnings per share in respect of share option has been presented in the current period as the exercise prices of the Company's share options were higher than average market price of the shares for the six months ended 30 September 2009.

9. TRADE AND OTHER RECEIVABLES

Included in trade and other receivables were trade receivables of approximately HK$8,266,000 (net of provisions). The trade receivables mainly consist of agency fees receivable from customers and rental receivables. The agency fees receivable from customers are obliged to settle the amounts due upon the completion of the relevant agreements. The aged analysis of the Group's trade receivables, and net of provisions, is as follows:

	Unaudited 30 September 2009 ***HK$'000***	Audited 31 March 2009 *HK$'000*
Up to 30 days	**5,282**	4,309
31–60 days	**1,877**	456
61–90 days	**391**	134
More than 90 days	**716**	220
	8,266	5,119

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Ginza-style properties portfolio in Hong Kong

Jardine Center, Jardine's Bazaar, Causeway Bay

Rental income derived from Jardine Center (total gross floor area ("GFA") of about 52,800 square feet) for the six months ended 30 September 2009 amounted to approximately HK$10,134,000, up by 3% from approximately HK$9,886,000 for the same period last year. The occupancy of Jardine Center stayed at a high level of nearly 96% on average. Jardine Center continuously provided a steady recurrent revenue to the Group and accounted for approximately 56% of turnover for the period. The Group will continue to refine its tenant mix and perform regular refurbishments to make Jardine Center more attractive.

L'hart, Lockhart Road, Causeway Bay

During the period, the new 24-storey ginza-style building (total GFA of about 32,600 square feet) with unique duplex retail floors, which was opened to tenancy in September 2008, achieved satisfactory occupancy rate of 70% in the midst of economic downturn and contributed steady rental income approximately HK$4,580,000. With the Hong Kong economy showing signs of recovery, L'hart has been receiving more enquiries from prospective tenants. The earning strength of L'hart will be reflected more fully in the second half financial year ending 31 March 2010.

Uni-Land Property Agency ("Uni-land")

The retail property agency business operated by Uni-land reported a turnover of approximately HK$3,508,000 despite slowdown of leasing activities. Uni-land is committed to further enhancing its operational efficiency to bolster business performance.

Divestment of a 50/50 joint venture project — 8 Hau Fook Street, Tsim Sha Tsui after 30 September 2009

As announced in October 2009, the Group entered into a sale and purchase agreement with co-owner, pursuant to which, the Group disposed of 50% interest in the development project situated in 8 Hau Fook Street through the disposed of its jointly-controlled entity ("Disposal"). The Directors consider that the Disposal, which was completed in November 2009, represented a good opportunity for the Group to realise its investment at a reasonable price and curtail further upfront investment cost as well as operating expenses. The Disposal, based on the consideration and the unaudited aggregate book value of the Group's investment in the project, has realized an one-off gain of approximately HK$2,465,000 for the Group in the financial year ending 31 March 2010. The proceeds from the Disposal will be retained as general working capital of the Group. For details of the Disposal, please refer to the Company's circular dated 27 October 2009.

Expansion in Mainland China

68 Yuyuan Road, Jingan District, Shanghai

On the China front, the Group's joint venture development project for Ginza Shopping Avenue is a landmark for the Group's entry into the PRC retail property market. The Group has 30% beneficial interest in the project with the balance in the hands of a reputable US-based real estate fund and a seasoned property investor in the PRC market.

On a site area of approximately 11,400 square metres, the property under development has a total planned GFA of approximately 79,000 square metres and will be developed into a 19-storey plus 3 basement levels (with car parks) shopping complex with a public transport interchange therein.

The entire development project is expected to be completed and is set to be launched into operation by early 2013. The construction of basement levels and public transport interchange are progressing on schedule and is expected to be completed by April 2010 ready for the advent of the 2010 Shanghai World Expo.

Aside from its prime location, the project has great prospect of integrating with a public transport terminal on ground level and directly linking to the exit of metro stations at basement levels. With unique features designed by a renowned architectural firm, the project promised to be a multi-dimensional 'must go' shopping destination catering for the enhancing lifestyle of Shanghai population. Prestigious retail brands have already indicated interests in renting spaces in the shopping complex.

Prospects

Thanks to the PRC government's massive stimulus measures and aggressive bank lending helped to boost liquidity across sectors, market sentiment and economy substantially rebounded in 2009. It is unquestionable that China will be able to achieve the gross domestic product ("GDP") growth target of 8% this year. The resilience of real estate sector is expected to sustain, given robust retail consumption and continuous favourable fiscal and monetary policy from the PRC government.

Going forward, the Group will continue to look for attractive opportunities and acquire new sites or properties suitable for replicating our successful business model to bring attractive returns to shareholders of the Company.

Financial Review

Turnover and profit

For the six months ended 30 September 2009, the Group recorded a turnover of approximately HK$18,222,000, representing an increase of 46% against the same period last year. The growth was primarily due to additional rental income from the new L'hart and higher renewal rental from Jardine Center.

The Group's profit attributable to the Company's equity holders for the period increased by 391% to approximately HK$50,593,000. The surge was mainly due to an increase of approximately HK$75,150,000 in the gain on fair value changes on investment properties (net of deferred tax) benefiting from the resilience of Hong Kong property market.

If the gain on fair value changes on the investment properties (net of deferred tax) were excluded, the Group would record loss attributable to the Company's equity holders for the period amount to approximately HK$24,557,000 (2008: Loss HK$10,503,000).

The Board does not recommend the payment of an interim dividend for the period (2008: Nil).

Liquidity and Financial Resources

The Group monitors its liquidity requirements on a short to medium terms basis and arranges re-financing of the Group borrowings in order to satisfy long term capital commitments when appropriate. During the period, in order to maximize efficiency of debt financing utilization, the Group refinanced its bank borrowings denominated in Hong Kong dollar with better repayment terms and lower interest rate as well as arranged a new bank facility approximately RMB580 million and further enlarged to approximately RMB710 million from a bank in the PRC subsequent to the balance sheet date. The Group also has an aggregate committed un-drawn revolving loan facilities available of approximately HK$70,000,000.

As at 30 September 2009, the Group's total cash balance amounted to approximately HK$155,809,000. The Group's bank borrowings as at 30 September 2009 amounted to approximately HK$832,440,000. The Group's bank borrowings were under securities and subject to a floating rate basis. Of those borrowings, approximately HK$4,951,000 were repayable within one year from the end of reporting period while the remaining mainly was due for repayment after five years from the end of the reporting period.

The Group's gearing ratio, expressed as total liabilities over total assets, has been slightly increased from 63.9% as of 31 March 2009 to 64.1% as of 30 September 2009.

Treasury Policy

The Group's exposure to foreign currency risk mainly arises from the exchange rate movement between Hong Kong dollar and Renminbi in relation to its PRC operations. The Group currently does not have a foreign currency hedging policy. However, the management will monitor foreign currency risk exposure closely with the usage of hedging instruments when the need arises.

Charge on Assets

As of 30 September 2009, the Group has pledged:

i) investment properties in Hong Kong as security for banking facilities with an aggregate carrying amount of approximately of HK$990,000,000 granted to the Group; and

ii) properties under development in the PRC as security for banking facilities with a carrying amount of approximately of HK$2,512,000,000 granted to the Group.

Employees and Remuneration Policy

As at 30 September 2009, the Group had about 30 employees based in Hong Kong and the PRC. The Group offers its employees competitive remuneration packages which commensurate with their performance, experience and job nature.

Contingent Liabilities

	Unaudited 30 September 2009 *HK$'000*	Audited 31 March 2009 *HK$'000*
Corporate guarantees given by the Company for banking facilities granted to certain subsidiaries	**646,200**	637,000
A corporate guarantee given by the Company for banking facilities granted to a subsidiary of the Group's jointly-controlled entity	**105,000**	105,000
	751,200	742,000

Commitments

Capital commitments outstanding at the end of the period not provided for in the financial statements were as follows:

	Unaudited 30 September 2009 *HK$'000*	Audited 31 March 2009 *HK$'000*
Construction cost of properties under development		
Contracted for	**213,009**	281,219
Authorised but not contracted for	**—**	—
	213,009	281,219

EVENT AFTER THE BALANCE SHEET DATE

On 8 October 2009, the Group entered into a sale and purchase agreement, pursuant to which, the Group disposed of its interest in jointly-controlled entities at a consideration of approximately HK$53,500,000 ("Disposal"). For details of the Disposal, please refer to the Company's circular dated 27 October 2009.

CORPORATE GOVERNANCE

Compliance with the Code on Corporate Governance Practices

The Company has complied with the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules throughout the interim period.

Review by Audit Committee

The audit committee comprises an non-executive director and two independent non-executive directors, namely, Mr. Mak Wah Chi, Mr. Li Kit Chee (Chairman of the Audit Committee) and Mr. Ng Hoi Yue. The audit committee had reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the unaudited condensed consolidated financial statements for the period.

Compliance with the Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by directors of the Company (the "Directors"). All Directors have confirmed, following specific enquiry by the Company, that they have fully complied with the required standard as set out in the Model Code throughout the review period.

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 period.

PUBLICATION OF THE INTERIM RESULTS AND INTERIM REPORT

The interim results announcement is published on the website of The Stock Exchange of Hong Kong Limited (www.hkex.com.hk) as well as the website of the Company (www.henrygroup.hk). The 2009/2010 interim report will be despatched to shareholders and will be published on the aforementioned websites in due course.

By Order of the Board
Ng Ian
Chief Executive Officer

Hong Kong, 22 December 2009

As at the date of this announcement, the Board comprises Mr. Ng Chun For Henry and Mr. Ng Ian as executive directors; Mr. Mak Wah Chi as an non-executive director and Mr. Li Kit Chee, Mr. Ng Hoi Yue and Mr. Tsang Kwok Ming Rock as independent non-executive directors.

* *For identification purpose only*