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 2010

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 2010, together with the comparative audited figures for the year ended 31 March 2009 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2010

	Notes	**2010** *HK$'000*	2009 *HK$'000*
Turnover	3	**34,023**	25,886
Other income and gains	4	**2,267**	2,272
Net loss in fair value of investment properties		**(47,022)**	(94,790)
Impairment loss of properties under development		—	(18,478)
Staff costs		**(17,650)**	(11,139)
Depreciation of property, plant and equipment		**(754)**	(666)
Other operating expenses		**(19,473)**	(15,699)
Loss from operations	5	**(48,609)**	(112,614)
Finance costs	6	**(37,845)**	(31,680)
Gain on disposal of jointly-controlled entities		**15,592**	—
Share of losses on jointly-controlled entities		**(12,115)**	(14,641)
Loss before taxation		**(82,977)**	(158,935)
Taxation	7	**19,770**	21,335
Loss for the year		**(63,207)**	(137,600)

	Note	2010 HK$'000	2009 HK$'000
Other comprehensive income/(loss)			
Recognition of hedge reserve of derivative financial instruments		**2,257**	(11,185)
Exchange difference on translating foreign operations		**2,652**	(956)
Other comprehensive income/(loss) for the year, net of tax		**4,909**	(12,141)
Total comprehensive loss for the year		**(58,298)**	(149,741)
Attributable to:			
Owners of the Company		**39,695**	(118,469)
Minority interests		**(102,902)**	(19,131)
		(63,207)	(137,600)
Total comprehensive income/(loss) attributable to:			
Owners of the Company		**42,750**	(129,940)
Minority interests		**(101,048)**	(19,801)
		(58,298)	(149,741)
Earnings/(loss) per share			
Basic and diluted (in HK cents)	8	**6.24**	(21.08)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2010

	Notes	2010 HK$'000	2009 HK$'000
ASSETS AND LIABILITIES			
NON-CURRENT ASSETS			
Property, plant and equipment		**1,997**	2,727
Investment properties		**3,504,848**	900,000
Properties under development		—	2,466,462
Pledged deposits		—	5,000
Interests in jointly-controlled entities		—	34,579
Amount due from a minority shareholder		**22,977**	19,991
Deferred tax assets		**5,231**	5,415
		3,535,053	3,434,174
CURRENT ASSETS			
Trade and other receivables	9	**27,900**	7,581
Amount due from a jointly-controlled entity		—	14,478
Available-for-sale financial assets		**74**	74
Pledged deposits		—	135,000
Cash and bank balances		**124,990**	52,509
		152,964	209,642
CURRENT LIABILITIES			
Other payables, rental deposits received and accruals	10	**21,044**	99,380
Bank borrowings, current portion (secured)		**2,800**	10,944
Convertible notes		—	17,050
Amount due to a related party		**342**	250
Tax payable		**72**	760
		24,258	128,384
NET CURRENT ASSETS		**128,706**	81,258
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,663,759**	3,515,432

	Note	2010 HK$'000	2009 HK$'000
NON-CURRENT LIABILITIES			
Other payables and rental deposits received	10	**73,778**	6,076
Bank borrowings, non-current portion (secured)		**900,033**	678,434
Convertible notes		**158,125**	141,045
Derivative financial instruments		**10,691**	13,395
Loans from related parties		**41,923**	118,771
Amounts due to minority shareholders		**513,445**	523,195
Loans from shareholders		**221,175**	215,996
Deferred tax liabilities		**482,298**	502,351
		2,401,468	2,199,263
NET ASSETS		**1,262,291**	1,316,169
CAPITAL AND RESERVES			
Share capital		**63,638**	63,638
Reserves		**634,729**	587,559
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		**698,367**	651,197
Minority interests		**563,924**	664,972
TOTAL EQUITY		**1,262,291**	1,316,169

Notes:

1. Basis of Preparation

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). In addition, the consolidated financial statements include applicable disclosure required by the Rule Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

(b) Basis of preparation of financial statements

These consolidated financial statements have been prepared under the historical cost convention, as modified for the revaluation of investment properties and certain financial instruments which are measured at fair value.

2. Application of New and Revised Hong Kong Financial Reporting Standards

In the current year, the Group has applied the following new and revised standards, amendments and interpretations (the "new and revised HKFRSs") issued by the HKICPA.

HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 20 (Amendment)	Accounting for Government Grants and Disclosure of Government Assistance
HKAS 23 (Revised)	Borrowing Costs
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligation Arising on Liquidation
HKAS 38 (Amendment)	Intangible Assets
HKAS 40 (Amendment)	Investment Properties
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC) — Int 9 & HKAS 39 (Amendments)	Embedded Derivatives
HK(IFRIC) — Int 13	Customer Loyalty Programmes
HK(IFRIC) — Int 15	Agreements for the Construction of Real Estate
HK(IFRIC) — Int 16	Hedges of a Net Investment in a Foreign Operation
HK(IFRIC) — Int 18	Transfer of Assets from Customers
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendment to HKFRS 5 that is effective for annual periods beginning on or after 1 July 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39

Except as described below, the adoption of the new and revised HKFRSs had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods.

New and revised HKFRSs affecting presentation and disclosure only

HKAS 1 (Revised) Presentation of Financial Statements

HKAS 1 (Revised) has introduced terminology changes (including revised titles for the consolidated financial statements) and changes in the format and content of the consolidated financial statements.

HKFRS 8 Operating Segments

HKFRS 8 is a disclosure standard that has not resulted in a redesignation of the Group's reportable segments.

Improving Disclosures about Financial Instruments
(Amendments to HKFRS 7 Financial Instruments: Disclosures)

The amendments to HKFRS 7 expand the disclosures required in relation to fair value measurements and liquidity risk. The Group has not presented comparative information for the expanded disclosures in accordance with the transitional provision set out in the amendments.

New and revised HKFRSs affecting the financial performance and/or financial position

Amendments to HKAS 40 Investment Property

As part of Improvements to HKFRSs (2008), HKAS 40 has been amended to include within its scope properties under construction or development for future use as investment properties and to require such properties to be measured at fair value (where the fair value model is used and the fair values of the properties are reliably determinable). In the past, properties under development was carried at cost less any recognised impairment loss. The Group has used the fair value model to account for its investment properties, including investment properties under construction.

The Group has applied the amendment to HKAS 40 prospectively from 1 April 2009 in accordance with the relevant transitional provision. As a result of the application of the amendment, the Group's investment properties under construction that include in the properties under development have been reclassified as investment properties and measured at fair value as at 31 March 2010. As at 1 April 2009, the impact has been to decrease properties under development by approximately HK$2,466,462,000, to increase investment properties by approximately HK$2,466,462,000.

Standards and interpretations in issue but not yet effective

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvements to HKFRSs issued in 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009[2]
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010[8]
HKAS 24 (Revised)	Related Party Disclosures[6]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[1]
HKAS 28 (Amendment)	Investments in Associates[1]
HKAS 32 (Amendment)	Classification of Rights Issues[4]
HKAS 39 (Amendment)	Eligible Hedged Items[1]
HKFRS 1 (Revised)	First-time Adoption of HKFRSs[1]
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters[3]
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters[3]
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions[3]
HKFRS 3 (Revised)	Business Combinations[1]
HKFRS 9	Financial Instruments (relating to the classification and measurement of financial assets)[7]
HK(IFRIC) — Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement[6]
HK(IFRIC) — Int 17	Distribution of Non-cash Assets to Owners[1]
HK(IFRIC) — Int 19	Extinguishing Financial Liabilities with Equity Instruments[5]

1 Effective for annual periods beginning on or after 1 July 2009
2 Effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate
3 Effective for annual periods beginning on or after 1 January 2010
4 Effective for annual periods beginning on or after 1 February 2010
5 Effective for annual periods beginning on or after 1 July 2010
6 Effective for annual periods beginning on or after 1 January 2011
7 Effective for annual periods beginning on or after 1 January 2013
8 Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate

The application of HKFRS 3 (Revised) may affect the Group's accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009.

HKFRS 9 Financial Instruments introduces new requirements for the classification and measurement of financial assets and will be effective from 1 January 2013, with earlier application permitted. The standard requires all recognized financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of HKFRS 9 might affect the classification and measurement of the Group's financial assets.

The directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. Segment Information

(a) Business segments

The Group has adopted HKFRS 8 Operating Segments with effect from 1 April 2009. HKFRS 8 is a disclosure standard that requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker for the purpose of allocating resources to segments and assessing their performance. In contrast, the predecessor standard (HKAS 14 Segment Reporting) required an entity to identify two sets of segment (business and geographical), using a risks and returns approach. In the past, the Group's primary reporting segment was business segment. The adoption of HKFRS 8 has not resulted in re-designation of the Group's reportable segments as compared with the primary 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.

The Group has three reportable segments, (i) property leasing and development; (ii) provision of property agency and consultancy services for the retail property sale and leasing market; and (iii) securities investments.

Segment turnover and results

An analysis of the Group's turnover and results by business segment is presented below:

	Property leasing and development		**Provision of property agency and consultancy services**		**Securities investment**		**Consolidated total**	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
GROSS PROCEEDS	**30,515**	22,574	**3,508**	3,312	**—**	15,153	**34,023**	41,039
TURNOVER	**30,515**	22,574	**3,508**	3,312	**—**	—	**34,023**	25,886
RESULTS								
Segment profit/(loss)	**(32,238)**	(101,624)	**(62)**	(2,283)	**(1)**	79	**(32,301)**	(103,828)
Unallocated corporate income							**2**	208
Unallocated corporate expenses							**(16,310)**	(8,994)
Loss from operations							**(48,609)**	(112,614)
Finance costs							**(37,845)**	(31,680)
Gain on disposal of jointly-controlled entities							**15,592**	—
Share of loss on jointly-controlled entities							**(12,115)**	(14,641)
Loss before taxation							**(82,977)**	(158,935)

Turnover reported above represents revenue generated from external customers. There were no inter-segment sales during the year (2009: Nil).

The accounting policies of the reportable segments are the same as the Group's accounting policies, business segment represents the profit/(loss) from each segment without allocation of central operating expenses including staff costs, finance costs, gain on disposal of jointly-controlled entities and share of loss on jointly controlled entities. This is the measure reported for the purpose of resource allocation and assessment of segment performance.

Segment assets and liabilities

The following is analysis of the Group's assets and liabilities by reportable segment:

	Property leasing and development		Provision of property agency and consultancy services		Securities investment		Consolidated total	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
ASSETS								
Segment assets	**3,667,252**	3,607,708	**639**	1,199	**77**	78	**3,667,968**	3,608,985
Unallocated corporate assets							**20,049**	34,831
Consolidated total assets							**3,688,017**	3,643,816
LIABILITIES								
Segment liabilities	**1,783,695**	1,639,440	**1,228**	2,565	**—**	—	**1,784,923**	1,642,005
Unallocated corporate liabilities							**640,803**	685,642
Consolidated total liabilities							**2,425,726**	2,327,647

For the purpose of monitoring segment performance and allocating resources between segments:

— all assets are allocated to reportable segments other than corporate assets.

— all liabilities are allocated to reportable segments other than corporate liabilities, convertible notes and deferred tax liabilities.

Other segment information

The following is analysis of the Group's other segment information:

	Property leasing and development		Provision of property agency and consultancy services		Securities investment		Unallocated		Consolidated total	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Capital additions	**181,506**	2,506,973	**—**	168	**—**	—	**36**	758	**181,542**	2,507,899
Depreciation of property, plant and equipment	**473**	293	**32**	70	**—**	—	**249**	303	**754**	666
Loss on disposal of property, plant and equipment	**—**	—	**133**	91	**—**	—	**224**	7	**357**	98
Net loss in fair value of investment properties	**47,022**	94,790	**—**	—	**—**	—	**—**	—	**47,022**	94,790
Impairment loss of properties under development	**—**	18,478	**—**	—	**—**	—	**—**	—	**—**	18,478
Impairment loss on trade receivables	**2,196**	—	**—**	—	**—**	—	**—**	—	**2,196**	—
Other receivables written off	**—**	2,800	**—**	604	**—**	—	**—**	—	**—**	3,404

(b) Geographical segments

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

For the year ended 31 March 2010, all of the Group's turnover are derived from Hong Kong. The following is an analysis of the carrying amount of non-current assets and capital additions analysed by the geographical area in which the assets are located:

	Non-current asset*		**Capital additions**	
	At 31.3.2010	At 31.3.2009	**Year ended 31.3.2010**	Year ended 31.3.2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
The PRC	**2,518,430**	2,487,222	**181,199**	2,485,769
Hong Kong	**1,011,392**	941,537	**343**	22,130
	3,529,822	3,428,759	**181,542**	2,507,899

* Non-current assets excluding deferred tax assets.

Information about major customers

Included in turnover arising from property leasing and development of approximately HK$30,515,000 (2009: HK$22,574,000) are turnover of approximately HK$10,320,000 (2009: HK$4,170,000) which arose from turnover to the Group's largest two (2009: one) customers with whom transactions have exceeded 10% of the Group's turnover during the year. No customer had exceeded 10% of the Group's turnover arising from provision of property agency and consultancy services and securities investment during the year.

4. Other income and gains

	2010	2009
	HK$'000	*HK$'000*
Bank interest income	**111**	1,083
Imputed interest income	**1,899**	669
Sundry income	**257**	518
Gain on disposal of available-for-sale financial assets	**—**	2
	2,267	2,272

5. Loss from operations

	Consolidated	
	2010	2009
	HK$'000	*HK$'000*
Loss from operations is arrived at after charging/(crediting):		
Directors' remuneration	**5,172**	2,980
Other staff costs		
Salaries and allowances	**11,883**	7,260
Retirement benefit scheme contributions	**119**	177
Social security contributions	**199**	681
Other benefits in kind	**277**	41
	12,478	8,159
Total staff costs	**17,650**	11,139
Net exchange loss/(gain)	**16**	(54)
Auditors' remuneration	**550**	713
Depreciation of property, plant and equipment	**754**	666
Loss on disposal of property, plant and equipment	**357**	98
Impairment loss on trade receivables	**2,196**	—
Other receivables written off	**—**	3,404
Property rental income under operating leases, net of direct outgoings of approximately HK$1,240,000 (2009: HK$22,500)	**(29,144)**	(22,935)

6. Finance costs

	Consolidated	
	2010	2009
	HK$'000	*HK$'000*
Interest charge on bank borrowings		
— wholly repayable within five years	**7,907**	2,949
— wholly repayable after five years	**20,454**	18,025
Interest on amounts due to minority shareholders	**23,801**	8,301
Interest on loans from shareholders	**16,591**	6,669
Interest on loan from a related party	**2,915**	2,148
Imputed interest on convertible notes	**18,102**	14,826
Imputed interest on interest-free loan from a minority shareholder	**81**	73
Imputed interest on interest-free loan from a related party	**3,451**	1,218
Others	**21**	6
	93,323	54,215
Less: amount capitalised into investment properties/properties under development	**(55,478)**	(22,535)
Total	**37,845**	31,680

The finance costs have been capitalised at the average rate of 5–9% (2009: 2.6–9%) per annum.

7. Taxation

	2010	2009
	HK$'000	*HK$'000*
Current tax — Hong Kong		
— Provision for the year	**546**	509
Deferred taxation		
— credited to the consolidated statement of comprehensive income	**(20,316)**	(21,844)
	(19,770)	(21,335)

Hong Kong profits tax has been provided at the rate of 16.5% (2009: 16.5%) on the estimated assessable profit for the year.

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 assessable profit of the PRC subsidiary. No provision for PRC income tax for the year has been made as the PRC subsidiary incurred a loss during the year (2009: Nil).

8. Earnings/(loss) per share

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

	2010	2009
	HK$'000	*HK$'000*
Profit/(loss) for the year attributable to owners of the Company	**39,695**	(118,469)

	2010	2009
	Number of ordinary shares '000	*Number of ordinary shares '000*
Number of shares		
Issued ordinary shares at 1 April	**636,377**	502,708
Effect of shares issued as part of consideration for acquisitions	**—**	59,314
Weighted average number of ordinary shares at 31 March for the purpose of calculation of basic earnings/(loss) per share	**636,377**	562,022

Diluted earnings/(loss) per share for the year ended 31 March 2010 and 2009 is the same as the basic earnings/(loss) per share as the share options and convertible notes outstanding at the end of reporting period had an anti-dilutive effect on the basic earnings/(loss) per share.

9. Trade and other receivables

The trade receivables included in trade and other receivables mainly consist of agency and consultancy fees receivable from customers and rental receivables. The agency and consultancy fees receivable are due for settlement upon the completion of the relevant agreements and payable in advance by tenants. The ageing analysis of the Group's trade receivables are as follows:

	2010	2009
	HK$'000	*HK$'000*
Up to 30 days	**3,903**	4,309
31–60 days	**261**	456
61–90 days	**248**	134
More than 90 days	**183**	220
	4,595	5,119

10. Other payables, rental deposits received and accruals

	2010	2009
	HK$'000	*HK$'000*
Construction costs payables	**78,230**	90,380
Rental deposits received	**9,578**	8,758
Accruals *(note)*	**5,584**	5,436
	93,392	104,574
Advanced rental received	**1,430**	882
	94,822	105,456
Less: other payables and rental deposits received — non-current portion	**(73,778)**	(6,076)
	21,044	99,380

Note: The amount included commissions payable of HK$Nil (2009: HK$128,000) to Mr. Chan Kwok Hung, a director of a non-wholly owned subsidiary.

DIVIDEND

No dividend was paid or proposed during the year ended 31 March 2010, nor has any dividend been proposed since the end of reporting period (2009: HK$ Nil).

BUSINESS REVIEW

Ginza-style properties portfolio in Hong Kong

Jardine Center, Jardine's Bazaar, Causeway Bay (100%-owned)

Jardine Center is a premium dining and life styling ginza-building located in the heart of Causeway Bay. During the year, rental income derived from Jardine Center for the year amounted to approximately HK$20,923,000, up by 8.4% from approximately HK$19,310,000 for last year. The occupancy of Jardine Center stayed at a high level of nearly 90% on average. Jardine Center provided a steady recurrent revenue to the Group and accounted for approximately 61.5% of the Group's turnover for the year. The Group will continue to refine its tenant mix by fresh letting and retention of quality tenants.

L'hart, Lockhart Road, Causeway Bay (100%-owned)

During the year, the new 24-storey upmarket lifestyle ginza-style building with unique duplex retail floors which contributed a steady revenue of approximately HK$9,592,000 and has achieved a satisfactory occupancy rate of 90% in June 2010. The profitability of L'hart will be reflected more fully in the financial year ended 31 March 2011. With the Group's successful track record in operation of ginza-building, we are confident that L'hart would be well-received by the market.

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

As announced in October 2009, the Group entered into a sale and purchase agreement with the co-owner, pursuant to which, the Group disposed of its 50% interest in the development project at 8 Hau Fook Street through the disposal of its entire interest in the jointly-controlled entity ("Disposal"). The Directors consider that the Disposal, which was completed in November 2009, represented the best 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 recognised a one-off gain of approximately HK$15.6 million for the Group. The proceeds from the Disposal has been 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 Project in Jingan District, Shanghai (30%-owned)

On the China front, the Group's joint venture development project in Shanghai works as the milestone for the Group's entry into the booming Mainland China market. The Group has an indirect 30% effective beneficial interest in the project with the balance in the hands of a reputable US-based real estate fund (25%) and a seasoned property investor in the PRC market (45%). The Group leads this development and is its project manager.

On a site area of approximately 11,400 square metres, the investment properties under construction has a total planned gross floor area 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 ("PTI") therein which is part of Shanghai World Expo's transportation facilities.

On the back of Shanghai Municipal Bureau support, the PTI as well as the underground tunnel directly linking to the exit of the metro has been completed on schedule. The Group has transferred right of use of the PTI to the Government for putting it into operation commencing from April 2010 for the opening of the 2010 Shanghai World Expo. The construction of basement levels and the superstructure works are underway. The entire development project will be completed and delivered by early 2012.

With its remarkable facade designed by Benoy Architects, the project situated in a prime location, promises to be a multi-dimensional 'must go' shopping destination catering for the enhanced lifestyle of Shanghai's residents. Prestigious retail brands have already indicated interest in renting space in the shopping complex.

PROSPECTS

Thanks to the PRC government's massive stimulus measures and aggressive bank lending boosting liquidity across sectors, market sentiment and the economy substantially rebounded in this year. The resilience of the real estate sector is expected to be sustained, given robust retail consumption and a continued favourable fiscal and monetary policy from the PRC government. A sustainable growth of Mainland China will continue to support Hong Kong's economy. The Board holds an optimistic view on the property markets on both sides in the long run.

Going forward, the Group will continue to look for lucrative opportunities and pursue new projects suitable for replicating our successful business model to bring attractive returns to the shareholders of the Company.

FINANCIAL REVIEW

For the year ended 31 March 2010, the Group recorded a turnover of approximately HK$34,023,000, representing an increase of 31.4% against the last year. The growth was primarily due to additional revenue contributed from the investment properties — L'hart putting into operation for leasing during the year.

The profit for the year attributable to the owners of the Company was approximately HK$39,695,000 which turnaround from the loss of approximately HK$118,469,000 in prior year. It was mainly due to gain on fair value of investment properties benefiting from the resilient of Hong Kong property market.

The increases in staff costs and operation expenses were mainly attributable to the expansion of human resources and start-up cost incurred to cope with the gradual development of the investment properties under construction in Mainland China.

The gain on disposal of jointly-controlled entities was primarily due to the divestment of the 50/50 joint venture development project in Tsim Sha Tsui.

If the aggregate effect of change in fair value of the investment properties (net of deferred tax) and the 30% attributable sharing of impairment loss on investment properties under development were excluded, the Group would record a loss attributable to the Company's owners for the year amount to approximately HK$16,825,000 (2009: loss of HK$35,163,000).

The Board does not recommend the payment of a dividend for the year (2009: HK$ Nil).

LIQUIDITY AND FINANCIAL RESOURCES

During the year, the Group's operation was financed by internal financial resources, loans from shareholders, amounts due to minority shareholders, convertible notes and banking facilities. The Group also has aggregate committed un-drawn revolving loan facilities available of approximately HK$70,000,000. The Board is of the view that, after taking into account these available resources, the Group has sufficient financial resources to satisfy its commitments, capital expenditure and working capital requirements.

As at 31 March 2010, the Group's bank borrowings amounted to approximately HK$902,833,000 (2009: HK$689,378,000). Cash and bank balances amounted to approximately HK$124,990,000 (2009: HK$192,509,000 (including pledged deposits)). The increase in bank borrowings was primarily for financing of investment properties under construction in Mainland China.

Whilst the Group's bank borrowings bear interest at prevailing market floating rates, the Group entered into interest rate swap arrangements denominated in Hong Kong dollars with a bank for an aggregate notional amount of HK$240 million to mitigate the risk of interest rate upward trends.

The Group's bank borrowings as at 31 March 2010 were summarised as follows:

Currency of bank loans	**Total**	**Due within one year**	**Due more than one year but not exceeding two years**	**Due more than two years but not exceeding five years**	**Due after five years**
	HK$ million	*HK$ million*	*HK$ million*	*HK$ million*	*HK$ million*
RMB	323.5	—	—	62.7	260.8
HK$	579.3	2.8	2.8	37.6	536.1
	902.8	2.8	2.8	100.3	796.9

The Group's gearing ratio, expressed as total liabilities over total assets, has been slightly increased from 63.9% in 2009 to 65.8% in 2010.

As at 31 March 2010, the net assets attributable to owners of the Company amounted to approximately HK$698,367,000 (2009: HK$651,197,000), representing an increase of approximately HK$47,170,000 or 7.2% when compared to last year. With the total number of ordinary shares in issue of 636,376,710 as at 31 March 2010, the net assets value per share was approximately HK$1.09 (2009: HK$1.02).

CHARGES ON GROUP ASSETS

At 31 March 2010, the Group has pledged the followings:

a. Investment properties in Hong Kong as part of securities for general banking facilities (including undrawn revolving credit of HK$70 million) amounted to approximately HK$650 million granted from several banks to its subsidiaries; and

b. Investment properties under construction in the PRC as security for general banking facilities amounted to approximately RMB710 million from a bank in the PRC to its subsidiary for meeting their local capital expenditures needs. As of 31 March 2010 the subsidiary utilised approximately RMB284 million (2009: RMB92 million).

CONTINGENT LIABILITIES/FINANCIAL GUARANTEES

As at the end of the reporting period, the Company had given corporate guarantees to the extent of approximately HK$700 million (2009: HK$637 million) in favor of several banks for credit facilities granted to its certain subsidiaries. The Company has not recognised any liability in respect of the guarantees given as their fair value cannot be reliably measured.

EVENT AFTER THE REPORTING PERIOD

On 13 April 2010, the Company has granted 4,770,000 share options under the share option scheme of the Company adopted on 3 September 2003 to executive Director, Mr. Lee Kwan Yee, Herrick, for subscribing 4,770,000 ordinary shares of HK$0.10 each share in the capital of the Company.

CAPITAL COMMITMENTS

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

	The Group	
	2010	2009
	HK$'000	*HK$'000*
Construction cost of investment properties under development		
Contracted for	**201,575**	281,219
Authorised but not contracted for	**—**	—
	201,575	281,219

Save as aforesaid, the Group did not have any material commitment at the end of the year.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2010, the Group had about 31 employees based in Hong Kong and Mainland China. The remuneration of each staff member was determined on the basis of his/her qualification, performance and experience. The Group also provides other benefits including medical insurance and contributions to Mandatory Provident Fund Schemes. A share option scheme was adopted by the Company on 3 September 2003 to enable the Directors to grant share options to staff and Directors as incentive.

CORPORATE GOVERNANCE

Compliance with the Code on Corporate Governance Practices

Code provision A.4.1 of the corporate governance code stipulates that non-executive Directors should be appointed for a specific term, subject to re-election. Mr. Chu Tak Sum and Mr. Chan Kam Man were appointed by the Board as independent non-executive Directors on 19 February 2010 and to hold office until the conclusion of the next annual general meeting. The non-executive Director Mr. Mak Wah Chi and the independent non-executive Director Mr. Li Kit Chee, at the annual general meeting held on 2 September 2009 ("AGM 09"), 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 09, all non-executive Directors including the independent non-executive Directors have been appointed for a specific term and accordingly the Company has been in compliance with the 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. Chan Kam Man. 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.

PUBLICATION OF ANNUAL REPORT

The Company's annual report containing all information required by the Listing Rules will be despatched to shareholders and published on the website of The Stock Exchange of Hong Kong Limited at www.hkex.com.hk and the website of the Company at www.henrygroup.hk in due course.

By Order of the Board
Ng Ian
Chief Executive Officer

Hong Kong, 20 July 2010

As at the date of this announcement, the Board comprises Mr. Ng Chun For, Henry, Mr. Ng Ian and Mr. Lee Kwan Yee, Herrick as executive directors; Mr. Mak Wah Chi as an non-executive director and Mr. Li Kit Chee, Mr. Chan Kam Man and Mr. Chu Tak Sum as independent non-executive directors.

* *for identification purposes only*