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

# HENRY GROUP HOLDINGS LIMITED

# 鎮科集團控股有限公司*

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 859)**

## ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2011

The board ("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 2011, together with the comparative audited figures for the year ended 31 March 2010 as follows:

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the year ended 31 March 2011*

| | Notes | **2011** *HK$'000* | 2010 *HK$'000* |
|---|---|---|---|
| Turnover | 3 | **33,461** | 34,023 |
| Other income and gains | 4 | **4,683** | 2,267 |
| Net gain/(loss) in fair value of investment properties | | **119,985** | (47,022) |
| Staff costs | | **(18,610)** | (17,650) |
| Depreciation for property, plant and equipment | | **(613)** | (754) |
| Other operating expenses | | **(15,613)** | (19,473) |
| Profit/(loss) from operations | 5 | **123,293** | (48,609) |
| Finance costs | 6 | **(37,622)** | (37,845) |
| Gain on disposal of jointly-controlled entities | | **—** | 15,592 |
| Share of losses on jointly-controlled entities | | **—** | (12,115) |
| Profit/(loss) before taxation | | **85,671** | (82,977) |
| Taxation | 7 | **(12,921)** | 19,770 |
| Profit/(loss) for the year | | **72,750** | (63,207) |

| | Notes | 2011 HK$'000 | 2010 HK$'000 |
|---|---|---|---|
| **Other comprehensive income/(loss)** | | | |
| Recognition of hedge reserve of derivative financial instruments | | **(1,746)** | 2,257 |
| Exchange difference arising on translation foreign operations | | **21,883** | 2,652 |
| Other comprehensive income for the year, net of tax | | **20,137** | 4,909 |
| **Total comprehensive income/(loss) for the year** | | **92,887** | (58,298) |
| **Profit/(loss) for the year attributable to:** | | | |
| Owners of the Company | | **147,709** | 39,695 |
| Non-controlling interests | | **(74,959)** | (102,902) |
| | | **72,750** | (63,207) |
| **Total comprehensive income/(loss) attributable to:** | | | |
| Owners of the Company | | **152,541** | 42,750 |
| Non-controlling interests | | **(59,654)** | (101,048) |
| | | **92,887** | (58,298) |
| **Earnings per share** | | | |
| Basic (in HK cents) | 8 | **23.21** | 6.24 |
| Diluted (in HK cents) | 8 | **19.87** | 6.24 |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 31 March 2011*

| | *Notes* | **2011** *HK$'000* | 2010 *HK$'000* |
|---|---|---|---|
| **ASSETS AND LIABILITIES** | | | |
| **NON-CURRENT ASSETS** | | | |
| Property, plant and equipment | | **1,617** | 1,997 |
| Investment properties | | **3,848,060** | 3,504,848 |
| Amount due from a non-controlling shareholder | | **25,094** | 22,977 |
| Deferred tax assets | | **5,397** | 5,231 |
| | | **3,880,168** | 3,535,053 |
| **CURRENT ASSETS** | | | |
| Trade and other receivables | 9 | **8,556** | 27,900 |
| Available-for-sale financial assets | | **74** | 74 |
| Cash and bank balances | | **143,069** | 124,990 |
| | | **151,699** | 152,964 |
| Assets classified as held for sale | | **79,000** | — |
| | | **230,699** | 152,964 |
| **CURRENT LIABILITIES** | | | |
| Other payables, rental deposits received and accruals | 10 | **26,301** | 21,044 |
| Bank borrowings, current portion (secured) | | **73,600** | 2,800 |
| Convertible notes | | **16,759** | — |
| Amount due to a related party | | **342** | 342 |
| Tax payable | | **464** | 72 |
| | | **117,466** | 24,258 |
| Liabilities directly associated with assets classified as held for sale | | **323** | — |
| | | **117,789** | 24,258 |
| **NET CURRENT ASSETS** | | **112,910** | 128,706 |
| **TOTAL ASSETS LESS CURRENT LIABILITIES** | | **3,993,078** | 3,663,759 |

| | Notes | 2011 HK$'000 | 2010 HK$'000 |
|---|---|---|---|
| **NON-CURRENT LIABILITIES** | | | |
| Other payables and rental deposits received | 10 | **5,656** | 73,778 |
| Bank borrowings, non-current portion (secured) | | **1,182,558** | 900,033 |
| Convertible notes | | **160,533** | 158,125 |
| Derivative financial instruments | | **12,784** | 10,691 |
| Loans from related parties | | **47,625** | 41,923 |
| Amounts due to non-controlling shareholders | | **534,597** | 513,445 |
| Loans from shareholders | | **192,446** | 221,175 |
| Deferred tax liabilities | | **494,464** | 482,298 |
| | | **2,630,663** | 2,401,468 |
| **NET ASSETS** | | **1,362,415** | 1,262,291 |
| **CAPITAL AND RESERVES** | | | |
| Share capital | | **63,638** | 63,638 |
| Reserves | | **794,507** | 634,729 |
| **TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY** | | **858,145** | 698,367 |
| Non-controlling interests | | **504,270** | 563,924 |
| **TOTAL EQUITY** | | **1,362,415** | 1,262,291 |

*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 assets and liabilities 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 all of the new and revised standards, amendments and interpretations (the "new and revised HKFRSs") issued by the HKICPA and have no material effect on the amounts reported in consolidated financial statements and/or disclosures set out in these consolidated financial statements.

*HKFRS 3 (as revised in 2008) Business Combinations*

HKFRS 3 (as revised in 2008) has been applied in the current year prospectively to business combinations of which the acquisition date is on or after 1 April 2010 in accordance with the relevant transitional provisions. Its application has affected the accounting for business combinations in the current year.

The impact of the application of HKFRS 3 (as revised in 2008) is as follows:

(i) HKFRS 3 (as revised in 2008) allows a choice on a transaction-by-transaction basis for the measurement of non-controlling interests at the date of acquisition (previously referred to as 'minority' interests) either at fair value or at the non-controlling interests' share of recognised identifiable net assets of the acquiree.

(ii) HKFRS 3 (as revised in 2008) changes the recognition and subsequent accounting requirements for contingent consideration. Previously contingent consideration was recognised at the acquisition date only if payment of the contingent consideration was probable and it could be measured reliably; any subsequent adjustments to the contingent consideration were always made against the cost of the acquisition. Under the revised Standard, contingent consideration is measured at fair value at the acquisition date; subsequent adjustments to the consideration are recognised against the cost of acquisition only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss.

(iii) HKFRS 3 (as revised in 2008) requires the recognition of a settlement gain or loss when the business combination in effect settles a pre-existing relationship between the Group and the acquiree.

(iv) HKFRS 3 (as revised in 2008) requires acquisition-related costs to be accounted for separately from the business combination, generally leading to those costs being recognised as an expense in profit or loss as incurred, whereas previously they were accounted for as part of the cost of the acquisition.

*Amendments to HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards*

The amendments provide two exemptions when adopting HKFRSs for the first time relating to oil and gas assets, and the determination as to whether an arrangement contains a lease.

*Amendments to HKFRS 2 Share-based Payment — Group Cash-settled Share-based Payment Transactions*

The amendments clarify the scope of HKFRS 2, as well as the accounting for group cash-settled share-based payment transactions in the separate (or individual) financial statements of an entity receiving the goods or services when another group entity or shareholder has the obligation to settle the award.

*Amendments to HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations (as part of Improvements to HKFRSs issued in 2009)*

The amendments to HKFRS 5 clarify that the disclosure requirements in HKFRSs other than HKFRS 5 do not apply to non-current assets (or disposal groups) classified as held for sale or discontinued operations unless those HKFRSs require (i) specific disclosures in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations, or (ii) disclosures about measurement of assets and liabilities within a disposal group that are not within the scope of the measurement requirement of HKFRS 5 and the disclosures are not already provided in the consolidated financial statements.

*Amendments to HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations (as part of Improvements to HKFRSs issued in 2008)*

The amendments clarify that all the assets and liabilities of a subsidiary should be classified as held for sale when the Group is committed to a sale plan involving loss of control of that subsidiary, regardless of whether the Group will retain a non-controlling interest in the subsidiary after the sale.

*Amendments to HKAS 1 Presentation of Financial Statements (as part of Improvements to HKFRSs issued in 2009)*

The amendments to HKAS 1 clarify that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non-current.

*Amendments to HKAS 7 Statement of Cash Flows (as part of Improvements to HKFRSs issued in 2009)*

The amendments to HKAS 7 specify that only expenditures that result in a recognised asset in the statement of financial position can be classified as investing activities in the statement of cash flows. The application of the amendments to HKAS 7 has resulted in a change in the presentation of cash outflows in respect of development costs that do not meet the criteria in HKAS 38 Intangible Assets for capitalisation as part of an internally generated intangible asset in the consolidated statement of cash flows. This change has been applied retrospectively.

*Amendments to HKAS 17 Leases*

As part of Improvements to HKFRSs issued in 2009, HKAS 17 Leases has been amended in relation to the classification of leasehold land. Before the amendments to HKAS 17, the Group was required to classify leasehold land as operating leases and to present leasehold land as prepaid lease payments in the consolidated statement of financial position. The amendments to HKAS 17 have removed such a requirement. The amendments require that the classification of leasehold land should be based on the general principles set out in HKAS 17, that is, whether or not substantially all the risks and rewards incidental to ownership of a leased asset have been transferred to the lessee.

*HKAS 27 (as revised in 2008) Consolidated and Separate Financial Statements*

The application of HKAS 27 (as revised in 2008) has resulted in changes in the Group's accounting policies for the Group's changes in ownership interests in subsidiaries of the Group.

Specifically, the revised Standard has affected the Group's accounting policies regarding changes in the Group's ownership interests in its subsidiaries that do not result in loss of control. In prior years, in the absence of specific requirements in HKFRSs, increases in interests in existing subsidiaries were treated in the same manner as the acquisition of subsidiaries, with goodwill or a bargain purchase gain being recognised, when appropriate; for decreases in interests in existing subsidiaries that did not involve a loss of control, the difference between the consideration received and the adjustment to the non-controlling interests was recognised in profit or loss. Under HKAS 27 (as revised in 2008), all such increases or decreases are dealt with in equity, with no impact on goodwill or profit or loss.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the revised standard requires the Group to derecognise all assets, liabilities and non-controlling interests at their carrying amounts and to recognise the fair value of the consideration received. Any retained interest in the former subsidiary is recognised at its fair value at the date control is lost. The resulting difference is recognised as a gain or loss in profit or loss.

These changes have been applied prospectively from 1 April 2010 in accordance with the relevant transitional provisions.

In addition, under HKAS 27 (as revised in 2008), the definition of non-controlling interest has been changed. Specifically, under the revised Standard, non-controlling interest is defined as the equity in a subsidiary not attributable, directly or indirectly, to parent.

*HKAS 28 (as revised in 2008) Investments in Associates*

The principle adopted under HKAS 27 (as revised in 2008) (see above) that a loss of control is recognised as a disposal and re-acquisition of any retained interest at fair value is extended by consequential amendments to HKAS 28. Therefore, when significant influence over an associate is lost, the investor measures any investment retained in the former associate at fair value, with any consequential gain or loss recognised in profit or loss.

*Amendments to HKAS 32 Classification of Rights*

The amendments to HKAS 32 titled Classification of Rights Issues address the classification of certain rights issues denominated in a foreign currency as either an equity instrument or as a financial liability. To date, the Group has not entered into any arrangements that would fall within the scope of the amendments. However, if the Group does enter into any rights issues within the scope of the amendments in future accounting periods, the amendments to HKAS 32 will have an impact on the classification of those rights issues.

*Amendments to HKAS 39 Financial Instruments: Recognition and Measurement — Eligible Hedged Items*

The amendments provide clarification on two aspects of hedge accounting: identifying inflation as a hedged risk or portion, and hedging with options.

*HK (IFRIC) — Int 17 Distributions of Non-cash Assets to Owners*

The Interpretation provides guidance on the appropriate accounting treatment when an entity distributes assets other than cash as dividends to its shareholders.

*HK (IFRIC) — Int 18 Transfers of Assets from Customers*

The Interpretation addresses the accounting by recipients for transfers of property, plant and equipment from 'customers' and concludes that when the item of property, plant and equipment transferred meets the definition of an asset from the perspective of the recipient, the recipient should recognise the asset at its fair value on the date of the transfer, with the credit being recognised as revenue in accordance with HKAS 18 Revenue.

*HK-Int 5 Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause*

Hong Kong Interpretation 5 Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ('HK Int 5') clarifies that term loans that include a clause that gives the lender the unconditional right to call the loans at any time ('repayment on demand clause') should be classified by the borrower as current liabilities. The Group has applied HK Int 5 for the first time in the current year. Hong Kong Interpretation 5 requires retrospective application.

In order to comply with the requirements set out in HK Int 5, the Group has changed its accounting policy on classification of term loans with a repayment on demand clause. In the past, the classification of such term loans were determined based on the agreed scheduled repayment dates set out in the loan agreements. Under HK Int 5, term loans with a repayment on demand clause are classified as current liabilities. The application of HK Int 5 has had no material impact on the amounts reported for the current and prior years.

*Improvements to HKFRSs issued in 2009*

Except for the amendments to HKFRS 5, HKAS 1, HKAS 7 and HKAS 17 as described earlier, the application of Improvements to HKFRSs issued in 2009 has not had any material effect on amounts reported in the consolidated financial statements.

*New and revised standards and interpretations in issue but not yet effective*

The Group has not early applied the following new and revised Standards and Interpretations that have been issued but are not yet effective:

| | |
|---|---|
| HKFRSs (Amendments) | Improvements to HKFRSs issued in 2010[1] |
| HKFRS 7 (Amendments) | Disclosures — Transfers of Financial Assets[4] |
| HKFRS 9 | Financial Instruments[6] |
| HKAS 12 (Amendments) | Deferred Tax: Recovery of Underlying Assets[5] |
| HKAS 24 (as revised in 2009) | Related Party Disclosures[3] |
| HK (IFRIC) — Int 14 (Amendments) | Prepayment of a Minimum Funding Requirement[3] |
| HK (IFRIC) — Int 19 | Extinguishing Financial Liabilities with Equity Instruments[2] |

[1] Effective for annual periods beginning on or after 1 July 2010 or 1 January 2011, as appropriate.
[2] Effective for annual periods beginning on or after 1 July 2010.
[3] Effective for annual periods beginning on or after 1 January 2011.
[4] Effective for annual periods beginning on or after 1 July 2011.
[5] Effective for annual periods beginning on or after 1 January 2012
[6] Effective for annual periods beginning on or after 1 January 2013

HKFRS 9 Financial Instruments (as issued in November 2009) introduces new requirements for the classification and measurement of financial assets. HKFRS 9 Financial Instruments (as revised in November 2010) adds requirements for financial liabilities and for derecognition.

Under HKFRS 9, all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement are subsequently measured at either amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

In relation to financial liabilities, the significant change relates to financial liabilities that are designated as at fair value through profit or loss. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the presentation of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors anticipate that HKFRS 9 that will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013 and that the application of the new Standard may have a significant impact on amounts reported in respect of the Groups' financial assets. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

The amendments to HKFRS 7 titled Disclosures — Transfers of Financial Assets increase the disclosure requirements for transactions involving transfers of financial assets. These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period.

The directors do not anticipate that these amendments to HKFRS 7 will have a significant effect on the Group's disclosures regarding transfers of trade receivables previously effected. However, if the Group enters into other types of transfers of financial assets in the future, disclosures regarding those transfers may be affected.

HKAS 24 Related Party Disclosures (as revised in 2009) modifies the definition of a related party and simplifies disclosures for government-related entities.

The disclosure exemptions introduced in HKAS 24 (as revised in 2009) do not affect the Group because the Group is not a government-related entity. However, disclosures regarding related party transactions and balances in these consolidated financial statements may be affected when the revised version of the Standard is applied in future accounting periods because some counterparties that did not previously meet the definition of a related party may come within the scope of the Standard.

The amendments to HKAS 12 titled Deferred Tax: Recovery of Underlying Assets mainly deal with the measurement of deferred tax for investment properties that are measured using the fair value model in accordance with HKAS 40 Investment Property. Based on the amendments, for the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties measured using the fair value model, the carrying amounts of the investment properties are presumed to be recovered through sale, unless the presumption is rebutted in certain circumstances. The directors anticipate that the application of the amendments to HKAS 12 may have a significant impact on deferred tax recognised for investment properties that are measured using the fair value model. However, it is not practicable to provide a reasonable estimate of the effect until a detailed review has been completed.

HK(IFRIC) — Int 19 provides guidance regarding the accounting for the extinguishment of a financial liability by the issue of equity instruments. To date, the Group has not entered into transactions of this nature. However, if the Group does enter into any such transactions in the future, HK(IFRIC) — Int 19 will affect the required accounting. In particular, under HK(IFRIC) — Int 19, equity instruments issued under such arrangements will be measured at their fair value, and any difference between the carrying amount of the financial liability extinguished and the fair value of equity instruments issued will be recognised in profit or loss.

**3. Segment Information**

The Group has three reportable segments under HKFRS 8, (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. The segmentations are based on the information about the operation of the Group that management uses to make decisions and regularly review by the chief operating decision maker for the purpose of allocating resources to segments and assessing their performance.

*(a) Segment turnover and results*

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

| | Property leasing and development | | Provision of property agency and consultancy services | | Securities investment | | Consolidated total | |
|---|---|---|---|---|---|---|---|---|
| | **2011** | 2010 | **2011** | 2010 | **2011** | 2010 | **2011** | 2010 |
| | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* |
| **GROSS PROCEEDS** | **33,461** | 30,515 | **—** | 3,508 | **—** | — | **33,461** | 34,023 |
| **TURNOVER** | **33,461** | 30,515 | **—** | 3,508 | **—** | — | **33,461** | 34,023 |
| **RESULTS** | | | | | | | | |
| Segment profit/(loss) | **143,247** | (32,238) | **(18)** | (62) | **—** | (1) | **143,229** | (32,301) |
| Unallocated corporate income | | | | | | | **113** | 2 |
| Unallocated corporate expenses | | | | | | | **(20,049)** | (16,310) |
| Profit/(loss) from operations | | | | | | | **123,293** | (48,609) |
| Finance costs | | | | | | | **(37,622)** | (37,845) |
| Gain on disposal of jointly-controlled entities | | | | | | | **—** | 15,592 |
| Share of loss on jointly-controlled entities | | | | | | | **—** | (12,115) |
| Profit/(loss) before taxation | | | | | | | **85,671** | (82,977) |

Turnover reported above represents revenue generated from external customers. There were no inter-segment sales during the year (2010: 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.

***(b) 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 | |
|---|---|---|---|---|---|---|---|---|
| | **2011** | 2010 | **2011** | 2010 | **2011** | 2010 | **2011** | 2010 |
| | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* |
| **ASSETS** | | | | | | | | |
| Segment assets | **4,010,640** | 3,667,252 | **141** | 639 | **77** | 77 | **4,010,858** | 3,667,968 |
| Unallocated corporate assets | | | | | | | **100,009** | 20,049 |
| Consolidated total assets | | | | | | | **4,110,867** | 3,688,017 |
| **LIABILITIES** | | | | | | | | |
| Segment liabilities | **2,074,597** | 1,783,695 | **1,228** | 1,228 | **—** | — | **2,075,825** | 1,784,923 |
| Unallocated corporate liabilities | | | | | | | **672,627** | 640,803 |
| Consolidated total liabilities | | | | | | | **2,748,452** | 2,425,726 |

For the purpose of monitoring segment performance and allocating resources between reportable 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.

***(c) 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 | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **2011** | 2010 | **2011** | 2010 | **2011** | 2010 | **2011** | 2010 | **2011** | 2010 |
| | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* |
| Capital additions | **181,975** | 181,506 | **—** | — | **—** | — | **36** | 36 | **182,011** | 181,542 |
| Depreciation for property, plant and equipment | **548** | 473 | **—** | 32 | **—** | — | **65** | 249 | **613** | 754 |
| Loss on disposal of property, plant and equipment | **—** | — | **2** | 133 | **—** | — | **10** | 224 | **12** | 357 |
| Net (gain)/loss in fair value of investment properties | **(119,985)** | 47,022 | **—** | — | **—** | — | **—** | — | **(119,985)** | 47,022 |
| Impairment loss on trade and other receivables | **1,555** | 2,196 | **—** | — | **—** | — | **—** | — | **1,555** | 2,196 |

*(d) Geographical information*

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

For the year ended 31 March 2011, 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 assets*** | | **Capital additions** | |
|---|---|---|---|---|
| | **At 31 March 2011** | At 31 March 2010 | **Year ended 31 March 2011** | Year ended 31 March 2010 |
| | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* |
| The PRC | **2,637,623** | 2,518,430 | **181,851** | 181,199 |
| Hong Kong | **1,237,148** | 1,011,392 | **160** | 343 |
| | **3,874,771** | 3,529,822 | **182,011** | 181,542 |

* Non-current assets excluding deferred tax assets.

*Information about major customers*

Included in turnover arising from property leasing and development of approximately HK$33,461,000 (2010: HK$30,515,000) are turnover of approximately HK$10,920,000 (2010: HK$10,320,000) which arose from turnover to the Group's largest two (2010: two) 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**

| | **2011** | 2010 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Bank interest income | **626** | 111 |
| Imputed interest income | **2,117** | 1,899 |
| Reversal of over-provision of rates | **713** | — |
| Sundry income | **372** | 257 |
| Reversal of impairment loss on trade receivables | **855** | — |
| | **4,683** | 2,267 |

## 5. Profit/(loss) from operations

| | **2011** | 2010 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Profit/(loss) from operations is arrived at after charging/(crediting): | | |
| Directors' remuneration | **9,156** | 5,172 |
| Other staff costs | | |
| Salaries and allowances | **9,038** | 11,883 |
| Retirement benefit scheme contributions | **86** | 119 |
| Social security contributions | **288** | 199 |
| Other benefits in kind | **42** | 277 |
| | **9,454** | 12,478 |
| Total staff costs | **18,610** | 17,650 |
| Net exchange loss | **3** | 16 |
| Auditors' remuneration | **550** | 550 |
| Depreciation for property, plant and equipment | **613** | 754 |
| Loss on disposal of property, plant and equipment | **12** | 357 |
| Impairment loss on trade and other receivables | **1,555** | 2,196 |
| Share-based payment expenses | **7,237** | 4,420 |
| Property rental income under operating leases, net of direct outgoings of approximately HK$11,000 (2010: HK$1,240,000) | **(33,450)** | (29,144) |

## 6. Finance costs

| | **2011** | 2010 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Interest charge on bank borrowings | | |
| — wholly repayable within five years | **7,003** | 7,907 |
| — wholly repayable after five years | **31,008** | 20,454 |
| Interest on amounts due to non-controlling shareholders | **21,538** | 23,801 |
| Interest on loans from shareholders | **15,071** | 16,591 |
| Interest on loan from a related party | **—** | 2,915 |
| Imputed interest on convertible notes | **19,167** | 18,102 |
| Imputed interest on interest-free loan from a non-controlling shareholder | **—** | 81 |
| Imputed interest on interest-free loan from a related party | **3,846** | 3,451 |
| Others | **—** | 21 |
| | **97,633** | 93,323 |
| Less: amount capitalised into investment properties under construction | **(60,011)** | (55,478) |
| Total | **37,622** | 37,845 |

The finance costs have been capitalised at the average rate of 5–9% (2010: 5–9%) per annum.

## 7. Taxation

| | 2011 | 2010 |
|---|---|---|
| | *HK$'000* | *HK$'000* |
| **Current tax — Hong Kong** | | |
| — Provision for the year | **462** | 546 |
| — Under-provision in prior years | **112** | — |
| | **574** | 546 |
| **Deferred taxation** | | |
| — charged/(credited) to the consolidated statement of comprehensive income | **12,347** | (20,316) |
| | **12,921** | (19,770) |

Hong Kong profits tax has been provided at the rate of 16.5% (2010: 16.5%) on the estimated assessable profits for the year ended 31 March 2011.

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 profits 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 (2010: Nil).

## 8. Earnings per share

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

| | 2011 | 2010 |
|---|---|---|
| | *HK$'000* | *HK$'000* |
| Earnings | | |
| Earnings for the purpose of basic earnings per share | **147,709** | 39,695 |
| Effect of dilutive potential ordinary shares: | | |
| Interest on convertible notes (net of tax) | **16,004** | — |
| Earnings for the purpose of diluted earnings per share | **163,713** | 39,695 |

| | 2011 | 2010 |
|---|---|---|
| | *'000* | *'000* |
| Number of shares | | |
| Weighted average number of ordinary shares for the purpose of basic earnings per share | **636,377** | 636,377 |
| Effect of dilutive potential ordinary shares: | | |
| Share options | **5,619** | — |
| Convertible notes | **182,124** | — |
| Weighted average number ordinary shares for the purpose of diluted earnings per share | **824,120** | 636,377 |

Diluted earnings per share for the year ended 31 March 2010 is the same as the basic earnings 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 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:

| | **2011** | 2010 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Up to 30 days | **2,918** | 3,903 |
| 31–60 days | **—** | 261 |
| 61–90 days | **24** | 248 |
| More than 90 days | **—** | 183 |
| | **2,942** | 4,595 |

## 10. Other payables, rental deposits received and accruals

| | **2011** | 2010 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Construction costs payables | **14,691** | 78,230 |
| Rental deposits received | **11,287** | 9,578 |
| Accruals | **4,335** | 5,584 |
| | **30,313** | 93,392 |
| Advanced rental received | **1,967** | 1,430 |
| | **32,280** | 94,822 |
| Less: other payables and rental deposits received — non-current portion | **(5,656)** | (73,778) |
| Other payables, rental deposits received and accruals associated with assets classified as held for sale | **(323)** | — |
| | **26,301** | 21,044 |

## DIVIDEND

No dividend was paid or proposed during the year ended 31 March 2011, nor has any dividend been proposed since the end of reporting period (2010: Nil).

## BUSINESS REVIEW

During the financial year ended 31 March 2011, the Group, utilising its core competence in building and tenant mix management as its strategic differentiation, continued to foster its quality retail property assets in the popular shopping Causeway Bay area in Hong Kong for long-term growth. During the year, Jardine Center and L'hart remained the key pillars of the Group's recurring income base and contributed a combined valuation gain for the year amounting to HK$188,710,000. Capitalising on their prime location advantage in Causeway Bay, they continued to perform well in terms of percentage of leasing at about 100% for Jardine Center and 93% for L'hart. The annual rental growth rate for Jardine Center and L'hart was about 3.96% and 22.1% respectively.

Their success is attributable to the following factors i) its upmarket ginza-style shopping venue featuring a tailor-made retail floor plan perfectly suitable for tenants whose mode of operation and business is rendering upscale plus privileged beauty services and beverage cuisine; ii) the Group had dedicated considerable effort into the customer relationship management programme among tenants; and iii) due care in formulating a diverse and balanced retail tenant mix conducive to directing the traffic flow of the building vertically that adheres with the Group's business mission to create the right platform for its tenant's biz to grow. The strong promotion campaigns "*Wonderful Moments @ Jardine Center*" and "*Desire@L'hart*", together with other regular programmes launched during the year also contributed to the success of Jardine Center and L'hart.

With an influx of numerous fashionable international brands and their flagship stores, the Group's marketplace based in Causeway Bay is rapidly emerging as a new trendy up-and-coming shopping zone. These brands are aggressively competing for a limited supply of prime ground floor and first-tier street level shops creating multiple rental increases reaching record highs. This phenomenon has a strong positive impact on the Group's properties located at its neighboring streets. During the year, the Group acquired a street shop within close proximity to Jardine Center ("Acquisition") for securing added retail space and enhancing our competitiveness in the market place. For details of the Acquisition, please refer to the discloseable transaction announced on 6 January 2011.

### Joint-Venture Development Project in Shanghai

As part of the Group's business strategy to broaden its business in the PRC, the Group indirectly acquired a 30% interest in development rights of a land parcel in Shanghai through a 30:25:45 joint venture of which including a reputable US-based real estate fund (25%) and the balance in the hands of Premium Assets Development Limited (being the substantial shareholder of the Company) ("JV Project"). The JV Project is located in the heart of Jingan District of Shanghai in close proximity to grade-A office developments and hotels ensuring the spending power of the target customers of the development is among the top among shopping malls in China. It envisages a total gross floor area of approximately 74,600 square metres, inter alias 18-storey high rise tower, retail podium and car park basements as well as a public transport interchange ("PTI"). The incorporated PTI and tunnels directly link unrivalled transportation facilities to the JV Project to secure strong pedestrian flows for the retail operators concerned. With its remarkable façade designed by renowned architects, and situated in a prime location, the project promises to be a multi-dimensional "must visit" shopping destination catering for the increasingly stylish lifestyle of Shanghai's residents.

The construction work is proceeding on schedule while the topping out of the JV Project has been completed in April 2011 and is moving closer to our target milestone of the completion by second quarter of 2012. Prestigious retail brands have already indicated interest in renting and committing to space in the shopping complex.

**PROSPECTS**

Going forward, the Board holds an optimistic view about the Hong Kong economy with sustainable growth underpinned by an anticipated increase in inbound visitors and tourism spending, as well as rising local demand. Hong Kong should also benefit from favourable policies such as the Twelfth Five-Year Plan rolled out by the PRC Government that will cushion Hong Kong against the impact of potential global uncertainties and turbulence.

The Board is confident about the prospects of its quality properties in prime locations in Hong Kong serving as a solid foundation for its revenue base and growth. The rental growth of the Group properties in Hong Kong for the next twelve months will be driven by a majority of the leases due for renewal in 2011 to take place in first half interim of financial year ending March 2012. The renewals are generally expected to be reversionary neutral to positive since the prevailing trend of luxury goods street retailers dominating first-tier streets in Causeway Bay leading to record high rental increases thereby local retailers are forced to seek space in second-tier streets and moving their businesses to upper level retail platforms at prime locations.

In terms of Mainland China front, the latest PRC Government policies inclined to promote commercial properties thereby inducing major international and local property investors placing a higher priority on commercial properties as compared with residential properties for their investment portfolio. A greater number of major foreign investment transactions within the commercial sectors in Shanghai have been observed during the last 12 months. Coupled with the high popularity of Expo Shanghai 2010 and the completion of the remarkable infrastructure of Shanghai, more international retailers have accelerated their expansion programmes of locating flagships stores in Shanghai. The JV project not only extends the Group's business reach in the Mainland China to its most glamourous market but also enables the Group to entrench its presence to capture the rapid economic growth in competitive consumer markets.

## FINANCIAL REVIEW

During the financial year ended 31 March 2011, the Group recorded a consolidated turnover of HK$33,461,000 that represented a slight decrease by 1.7% as compared to the same of the corresponding period of the previous year. The decrease was mainly due to the property agency business segment recorded a nil turnover for the year (2010: HK$3,508,000). It also recorded a profit for the year attributable to owners of the Company amounted to HK$147,709,000 that represented a substantial increase of 272% as compared to the same of the corresponding period of the previous year. The substantial increase in profit was mainly attributable to the significant net gain in fair value of investment properties in Hong Kong after offset with sharing 30% attributable to the Group of loss in fair value of investment properties under construction in the PRC amounted to approximately (net of deferred tax) HK$164,856,000. If the aforesaid net gain were to be excluded, the loss for the year attributable to owners of the Company would be approximately HK$17,147,000 (2010: HK$16,825,000).

The Board does not recommend the payment of a dividend for the year (2010: 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 non-controlling shareholders, convertible notes and banking facilities. 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 2011, the Group's bank borrowings amounted to approximately HK$1,256,158,000 (2010: HK$902,833,000). Cash and bank balances amounted to approximately HK$143,069,000 (2010: HK$124,990,000). The increase in bank borrowings was primarily attributable to the 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 (2010: HK$240 million) to mitigate the risk of interest rate upward trends.

The Group's bank borrowings as at 31 March 2011 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 | 546.2 | — | — | 65.3 | 480.9 |
| HK$ | 710.0 | 73.6 | 4.4 | 60.8 | 571.2 |
| | 1,256.2 | 73.6 | 4.4 | 126.1 | 1,052.1 |

The Group's gearing ratio, expressed as total liabilities over total assets, has been slightly increased from 65.8% in 2010 to 66.9% in 2011.

As at 31 March 2011, the net assets attributable to owners of the Company amounted to approximately HK$858,145,000 (2010: HK$698,367,000), representing an increase of approximately HK$159,778,000 or 22.9% when compared to last year. With the total number of ordinary shares in issue of 636,376,710 as at 31 March 2011, the net assets value per share was approximately HK$1.35 (2010: HK$1.09).

## CHARGES ON GROUP ASSETS

At 31 March 2011, the Group has pledged the followings:

a. Investment properties and property held for sale as part of securities for general banking facilities amounted to approximately HK$713.5 million in Hong Kong 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 2011 the subsidiary utilised approximately RMB460 million (2010: RMB284 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$763.5 million (2010: HK$700 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 18 April 2011, the Company has granted 6,780,000 share options (the "Options") under the share option scheme of the Company adopted on 3 September 2003. Among the 6,780,000 Options granted, 3,280,000 Options were granted to an executive Director, Mr. Lee Kwan Yee, Herrick. Each Option entitles the holder to subscribe for one ordinary share of HK$0.1 each 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 | |
|---|---|---|
| | **2011** | 2010 |
| | ***HK$'000*** | *HK$'000* |
| Construction cost of investment properties under development | | |
| Contracted for | **182,589** | 201,575 |

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

## EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2011, the Group had about 24 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. The non-executive Director Mr. Mak Wah Chi and the independent non-executive Directors Mr. Li Kit Chee, Mr. Chu Tak Sum and Mr. Chan Kam Man, at the annual general meeting held on 2 September 2010 ("AGM 10"), 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 10, 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, 13 June 2011

*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*