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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 2012

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 2012, together with the comparative audited figures for the year ended 31 March 2011 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2012

	Notes	**2012** *HK$'000*	2011 *HK$'000*
Turnover	3	**39,330**	33,461
Other income and gains	4	**5,421**	4,683
Net gain in fair value of investment properties		**339,794**	119,985
Staff costs		**(12,641)**	(18,610)
Depreciation for property, plant and equipment		**(655)**	(613)
Other operating expenses		**(12,957)**	(15,613)
Profit from operations	5	**358,292**	123,293
Finance costs	6	**(38,103)**	(37,622)
Profit before taxation		**320,189**	85,671
Taxation	7	**(56,056)**	(12,921)
Profit for the year		**264,133**	72,750

	Notes	**2012** *HK$'000*	2011 *HK$'000*
Other comprehensive income/(loss)			
Recognition of hedge reserve of derivative financial instruments		**(2,087)**	(1,746)
Exchange differences arising on translation foreign operations		**19,990**	21,883
Other comprehensive income for the year, net of tax		**17,903**	20,137
Total comprehensive income for the year		**282,036**	92,887
Profit/(loss) for the year attributable to:			
Owners of the Company		**317,233**	147,709
Non-controlling interests		**(53,100)**	(74,959)
		264,133	72,750
Total comprehensive income/(loss) attributable to:			
Owners of the Company		**321,156**	152,541
Non-controlling interests		**(39,120)**	(59,654)
		282,036	92,887
Earnings per share			
Basic (in HK cents)	8	**46.79**	23.21
Diluted (in HK cents)	8	**46.66**	19.87

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2012

	Notes	**2012** **HK$'000**	2011 HK$'000
ASSETS AND LIABILITIES			
NON-CURRENT ASSETS			
Property, plant and equipment		**1,282**	1,617
Investment properties		**4,472,329**	3,848,060
Amount due from a non-controlling shareholder		**29,664**	25,094
Deferred tax assets		**4,969**	5,397
		4,508,244	3,880,168
CURRENT ASSETS			
Trade and other receivables	10	**10,182**	8,556
Available-for-sale financial assets		**74**	74
Tax recoverable		**181**	—
Pledged bank deposits		**10,000**	—
Cash and bank balances		**143,337**	143,069
		163,774	151,699
Assets classified as held for sale		**80,000**	79,000
		243,774	230,699
CURRENT LIABILITIES			
Other payables, rental deposits received and accruals	11	**20,744**	26,301
Bank borrowings, current portion (secured)		**51,896**	73,600
Convertible notes		—	16,759
Amount due to a related party		—	342
Tax payable		—	464
		72,640	117,466
Liabilities directly associated with assets classified as held for sale		**276**	323
		72,916	117,789
NET CURRENT ASSETS		**170,858**	112,910
TOTAL ASSETS LESS CURRENT LIABILITIES		**4,679,102**	3,993,078

	Notes	2012 HK$'000	2011 HK$'000
NON-CURRENT LIABILITIES			
Other payables and rental deposits received	11	**10,077**	5,656
Bank borrowings, non-current portion (secured)		**1,512,072**	1,182,558
Convertible notes, non-current portion		—	160,533
Derivative financial instruments		**15,284**	12,784
Loans from related parties		**150,709**	47,625
Amounts due to non-controlling shareholders		**555,343**	534,597
Loans from shareholders		**161,885**	192,446
Deferred tax liabilities		**549,541**	494,464
		2,954,911	2,630,663
NET ASSETS		**1,724,191**	1,362,415
CAPITAL AND RESERVES			
Share capital		**71,642**	63,638
Reserves		**1,187,399**	794,507
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		**1,259,041**	858,145
Non-controlling interests		**465,150**	504,270
TOTAL EQUITY		**1,724,191**	1,362,415

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 (the "Listing Rules") 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, available-for-sale financial assets, assets classified as held for sale and certain financial instruments which are measured at fair value.

2. Application of New and Revised HKFRSs and Interpretations

The following new and revised HKFRSs and Interpretations issued by the HKICPA have been applied by the Group in the current year. The application of these new and revised standards, amendments and interpretations (the "new and revised HKFRSs") has had no material impact on the Group's financial performance and positions for the current and prior years.

Amendments to Hong Kong Accounting Standard ("HKAS") 1 Presentation of Financial Statements (as part of Improvements to HKFRSs issued in 2010)

The amendments to HKAS 1 clarify that an entity may choose to disclose an analysis of other comprehensive income by item in the statement of changes in equity or in the notes to the financial statements. In the current year, for each component of equity, the Group has chosen to present such an analysis in the consolidated statement of changes in equity. Such amendments have been applied retrospectively, and hence the disclosures in these consolidated financial statements have been modified to reflect the change (see the consolidated statement of changes in equity).

HKAS 24 Related Party Disclosures (as revised in 2009)

HKAS 24 (as revised in 2009) has been revised on the following two aspects: (a) HKAS 24 (as revised in 2009) has changed the definition of a related party and (b) HKAS 24 (as revised in 2009) introduces a partial exemption from the disclosure requirements for government-related entities.

The Group is not government-related entities. The application of the revised definition of related party set out in HKAS 24 (as revised in 2009) in the current year has resulted in the identification of related parties that were not identified as related parties under the previous Standard. Specifically, associates of the ultimate holding company of the Company are treated as related parties of the Group under the revised Standard whilst such entities were not treated as related parties of the Group under the previous Standard.

Amendments to HKFRS 3 Business Combinations (as part of Improvements to HKFRSs issued in 2010)

As part of Improvements to HKFRSs issued in 2010, HKFRS 3 was amended to clarify that the measurement choice regarding non-controlling interests at the date of acquisition is only available in respect of non-controlling interests that are present ownership interests and that entitle their holders to a proportionate share of the entity's net assets in the event of liquidation. All other types of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by other Standards. In addition, HKFRS 3 was amended to provide more guidance regarding the accounting for share-based payment awards held by the acquiree's employees. Specifically, the amendments specify that share-based payment transactions of the acquiree that are not replaced should be measured in accordance with HKFRS 2 Share-based Payment at the acquisition date ("market-based measure").

Amendments to HK (IFRIC)-Int 14 Prepayments of a Minimum Funding Requirement

The Interpretation addresses when refunds or reductions in future contributions should be regarded as available in accordance with paragraph 58 of HKAS 19; how minimum funding requirements might affect the availability of reductions in future contributions; and when minimum funding requirements might give rise to a liability. The amendments now allow recognition of an asset in the form of prepaid minimum funding contributions.

HK (IFRIC)-Int 19 Extinguishing Financial Liabilities with Equity Instruments

The Interpretation provides guidance on the accounting for the extinguishment of a financial liability by the issue of equity instruments. Specifically, under HK (IFRIC)-Int 19, equity instruments issued under such arrangement will be measured at their fair value, and any difference between the carrying amount of the financial liability extinguished and the consideration paid will be recognised in profit or loss.

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

HKFRS 1 (Amendments)	First time Adoption of Hong Kong Financial Reporting Standards — Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters[1]
HKFRS 1 (Amendments)	First-time Adoption of Hong Kong Financial Reporting Standards — Government Loans[2]
HKFRS 7 (Amendments)	Disclosures — Transfers of Financial Assets[1]
HKFRS 7 (Amendments)	Disclosures — Offsetting Financial Assets and Financial Liabilities[2]
HKFRS 7 (Amendments)	Mandatory Effective Date of HKFRS 9 and Transition Disclosure[6]
HKFRS 9	Financial Instruments[6]
HKFRS 10	Consolidated Financial Statements[2]
HKFRS 11	Joint Arrangements[2]
HKFRS 12	Disclosure of Interests in Other Entities[2]
HKFRS 13	Fair Value Measurement[2]
HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income[3]
HKAS 12 (Amendments)	Deferred Tax — Recovery of Underlying Assets[4]
HKAS 19 (as revised in 2011)	Employee Benefit[2]
HKAS 27 (as revised in 2011)	Separate Financial Statements[2]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[2]
HKAS 32 (Amendments)	Presentation — Offsetting Financial Assets and Financial Liabilities[5]
HK (IFRIC) — Int 20	Stripping Costs in Production Phase of Surface Mine[2]

1 Effective for annual periods beginning on or after 1 July 2011.
2 Effective for annual periods beginning on or after 1 January 2013.
3 Effective for annual periods beginning on or after 1 July 2012.
4 Effective for annual periods beginning on or after 1 January 2012.
5 Effective for annual periods beginning on or after 1 January 2014.
6 Effective for annual periods beginning on or after 1 January 2015.

Amendments to HKFRS 7 Disclosures — Transfers of Financial Assets

The amendments to HKFRS 7 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 anticipate that the application of the amendments to HKFRS 7 will affect the Group's disclosures regarding transfers of financial assets in the future.

Amendments to HKAS 32 Offsetting Financial Assets and Financial Liabilities and amendments to HKFRS 7 Disclosures — Offsetting Financial Assets and Financial Liabilities

The amendments to HKAS 32 clarify existing application issues relating to the offsetting requirements.

Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realisation and settlement".

The amendments to HKFRS 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

The amended offsetting disclosures are required for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods. The disclosures should also be provided retrospectively for all comparative periods. However, the amendments to HKAS 32 are not effective until annual periods beginning on or after 1 January 2014, with retrospective application required.

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described as follows:

HKFRS 9 requires all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement to be subsequently measured at 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 reporting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

The most significant effect of HKFRS 9 regarding the classification and measurement of financial liabilities relates to the presentation of changes in the fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. 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 recognition 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 2015, with earlier application permitted.

The directors anticipate that the adoption of HKFRS 9 in the future may have significant impact on amounts reported in respect of the Group's financial assets and financial liabilities. Regarding the Group's financial assets, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

New and Revised Standards on Consolidation, Joint Arrangements, Associates and Disclosures

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011).

Key requirements of these five standards are described below.

HKFRS 10 replaces the parts of HKAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements and HK (SIC)-Int 12 Consolidation — Special Purpose Entities. HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

HKFRS 11 replaces HKAS 31 Interests in Joint Ventures and HK (SIC)-Int 13 Jointly Controlled Entities — Non-Monetary Contributions by Venturers. HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. Under HKFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under HKAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations.

In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate accounting.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

These five standards are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of these five standards are applied early at the same time.

The directors anticipate that these five standards will be adopted in the Group's consolidated financial statements for the annual period beginning 1 April 2013. The application of these five standards may have significant impact on amounts reported in the consolidated financial statements. The application of these five standards may have no significant impact on the results and financial position of the Group. However, the directors have not yet performed a detailed analysis of the impact of the application of these Standards and hence have not yet quantified the extent of the impact.

HKFRS 13 Fair Value Measurement

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 Financial Instruments: Disclosures will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

HKFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors anticipate that HKFRS 13 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 affect the amounts reported in the consolidated financial statements and result in more extensive disclosures in the consolidated financial statements.

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

The amendments to HKAS 1 are effective for annual periods beginning on or after 1 July 2012. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

Amendments to HKAS 12 Deferred Tax — Recovery of Underlying Assets

The amendments to HKAS 12 provide an exception to the general principles in HKAS 12 that the measurement of deferred tax assets and deferred tax liabilities should reflect the tax consequences that would follow from the manner in which the entity expects to recover the carrying amount of an asset. Specifically, under the amendments, investment properties that are measured using the fair value model in accordance with HKAS 40 Investment Property are presumed to be recovered through sale for the purposes of measuring deferred taxes, unless the presumption is rebutted in certain circumstances.

The amendments to HKAS 12 are effective for annual periods beginning on or after 1 April 2012. The directors anticipate that the application of the amendments to HKAS 12 in future reporting periods may result in adjustments to the amounts of deferred tax liabilities recognised in prior years regarding the Group's investment properties of which the carrying amounts are presumed to be recovered through sale. However, the directors have not yet performed a detailed analysis of the impact of the application of the amendments and hence have not yet quantified the extent of the impact.

HKAS 19 (as revised in 2011) Employee Benefits

The amendments to HKAS 19 change the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in the fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of HKAS 19. The amendments require all actuarial gains and losses to be recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus.

The amendments to HKAS 19 are effective for annual periods beginning on or after 1 January 2013 and require retrospective application with certain exceptions. The directors anticipate that the amendments to HKAS 19 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 April 2013 and that the application of the amendments to HKAS 19 may have impact on amounts reported in respect of the Group's defined benefit plans. However, the directors have not yet performed a detailed analysis of the impact of the application of the amendments and hence have not yet quantified the extent of the impact.

3. **Segment information**

(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	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
GROSS PROCEEDS	**39,330**	33,461	**—**	—	**—**	—	**39,330**	33,461
TURNOVER	**39,330**	33,461	**—**	—	**—**	—	**39,330**	33,461
RESULTS								
Segment profit/(loss)	**370,848**	143,247	**73**	(18)	**—**	—	**370,921**	143,229
Unallocated corporate income							**271**	113
Unallocated corporate expenses							**(12,900)**	(20,049)
Profit from operations							**358,292**	123,293
Finance costs							**(38,103)**	(37,622)
Profit before taxation							**320,189**	85,671

Turnover reported above represents revenue generated from external customers. There were no inter-segment sales during the year (2011: 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 and finance costs. 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	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
ASSETS								
Segment assets	**4,590,400**	4,010,640	**40**	141	**79**	77	**4,590,519**	4,010,858
Unallocated corporate assets							**161,499**	100,009
Consolidated total assets							**4,752,018**	4,110,867
LIABILITIES								
Segment liabilities	**2,367,827**	2,074,597	**34**	1,228	**—**	—	**2,367,861**	2,075,825
Unallocated corporate liabilities							**659,966**	672,627
Consolidated total liabilities							**3,027,827**	2,748,452

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

— all assets are allocated to reportable segments other than corporate assets and assets classified as held for sale.

— all liabilities are allocated to reportable segments other than corporate liabilities, convertible notes, deferred tax liabilities and liabilities directly associated with assets classified as held for sale.

(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	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Capital additions	**169,866**	181,975	**—**	—	**—**	—	**25**	36	**169,891**	182,011
Depreciation for property, plant and equipment	**593**	548	**—**	—	**—**	—	**62**	65	**655**	613
(Gain)/loss on disposal of property, plant and equipment	**—**	—	**—**	2	**—**	—	**(17)**	10	**(17)**	12
Net gain in fair value of investment properties	**(338,794)**	(119,985)	**—**	—	**—**	—	**(1,000)**	—	**(339,794)**	(119,985)
Impairment loss on trade and other receivables	**260**	1,555	**—**	—	**—**	—	**—**	—	**260**	1,555

(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 2012, 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 2012	At 31 March 2011	**Year ended 31 March 2012**	Year ended 31 March 2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
The PRC	**2,901,261**	2,637,623	**169,599**	181,851
Hong Kong	**1,602,014**	1,237,148	**292**	160
	4,503,275	3,874,771	**169,891**	182,011

* Non-current assets excluding deferred tax assets.

Information about major customers

Included in turnover arising from property leasing and development of approximately HK$39,330,000 (2011: HK$33,461,000) are turnover of approximately HK$12,689,000 (2011: HK$10,920,000) which arose from turnover to the Group's largest two (2011: two) customers with whom transactions have exceeded 32% 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

	2012	2011
	HK$'000	*HK$'000*
Bank interest income	**547**	626
Imputed interest income	**4,570**	2,117
Reversal of over-provision of rates	**20**	713
Sundry income	**284**	372
Reversal of impairment loss on trade receivables	**—**	855
	5,421	4,683

5. Profit from operations

	2012 *HK$'000*	2011 *HK$'000*
Profit from operations is arrived at after charging/(crediting):		
Directors' remuneration	**4,573**	9,156
Other staff costs		
Salaries and allowances	**7,124**	9,038
Retirement benefit scheme contributions	**69**	86
Social security contributions	**445**	288
Other benefits in kind	**430**	42
	8,068	9,454
Total staff costs	**12,641**	18,610
Net exchange loss	**3**	3
Auditors' remuneration	**570**	550
Depreciation for property, plant and equipment	**655**	613
(Gain)/loss on disposal of property, plant and equipment	**(17)**	12
Impairment loss on trade and other receivables	**260**	1,555
Share-based payment expenses	**647**	7,237
Loss on redemption of convertible notes	**58**	—
Gross rental income from investment properties	**(39,330)**	(33,461)
Less: Direct operating expenses from investment properties that generated rental income during the year	**201**	11
	(39,129)	(33,450)

6. Finance costs

	2012 *HK$'000*	2011 *HK$'000*
Interest on bank borrowings		
— wholly repayable within five years	**9,114**	7,003
— wholly repayable after five years	**50,618**	31,008
Interest on amounts due to non-controlling shareholders	**21,597**	21,538
Interest on loans from shareholders	**8,239**	15,071
Interest on loan from a related party	**99**	—
Imputed interest on convertible notes	**16,137**	19,167
Imputed interest on interest-free loan from a related party	**4,394**	3,846
	110,198	97,633
Less: amounts capitalised into investment properties under construction	**(72,095)**	(60,011)
Total	**38,103**	37,622

The finance costs have been capitalised at the average rate of 5–9% (2011: 5–9%) per annum.

7. Taxation

	2012	2011
	HK$'000	*HK$'000*
Current tax — Hong Kong		
— Provision for the year	**380**	462
— (Over)/under-provision in prior years	**(242)**	112
	138	574
Deferred taxation		
— Charged to the consolidated statement of comprehensive income	**55,918**	12,347
	56,056	12,921

Hong Kong profits tax has been provided at the rate of 16.5% (2011: 16.5%) on the estimated assessable profits for the year ended 31 March 2012.

Pursuant to the income tax rules and regulations of the PRC, provision for the PRC Enterprise Income Tax is calculated based on a statutory rate of 25% on the assessable profits of the PRC subsidiary. No provision for the PRC Enterprise Income Tax for the year has been made as the PRC subsidiary incurred a loss during the year (2011: 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:

	2012	2011
Earnings	*HK$'000*	*HK$'000*
Earnings for the purpose of basic earnings per share	**317,233**	147,709
Effect of dilutive potential ordinary shares:		
Interest on convertible notes (net of tax)	**—**	16,004
Earnings for the purpose of diluted earnings per share	**317,233**	163,713

	2012	2011
Number of shares	*'000*	*'000*
Weighted average number of ordinary shares for the purpose of basic earnings per share	**678,032**	636,377
Effect of dilutive potential ordinary shares:		
Share options	**1,906**	5,619
Convertible notes	**—**	182,124
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**679,938**	824,120

9. Dividend

No dividend was paid or proposed during the year ended 31 March 2012, nor has any dividend been proposed since the end of reporting period (2011: Nil).

10. Trade and other receivables

The trade receivables included in trade and other receivables mainly consist of rental receivables. Rentals and deposits are payable in advance by tenants. The ageing analysis of the Group's trade receivables are as follows:

	2012	2011
	HK$'000	*HK$'000*
Up to 30 days	**2,216**	2,918
31–60 days	**1**	—
61–90 days	**7**	24
More than 90 days	**6**	—
	2,230	2,942

The Group maintains a defined credit policy to assess the credit quality of each counterparty. The collection is closely monitored to minimise any credit risk associated with these trade receivables. The trade receivables mainly consist of rental receivables. The rental receivables are due for settlement upon the completion of the relevant agreements and payable in advance by tenants.

11. Other payables, rental deposits received and accruals

	2012	2011
	HK$'000	*HK$'000*
Construction costs payables	**9,922**	14,691
Rental deposits received	**14,568**	11,287
Accruals	**4,708**	4,335
	29,198	30,313
Advanced rental received	**1,899**	1,967
	31,097	32,280
Less: Other payables and rental deposits received — non-current portion	**(10,077)**	(5,656)
Other payables, rental deposits received and accruals associated with assets classified as held for sale	**(276)**	(323)
	20,744	26,301

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Gin-za-i-sa-tion — Causeway Bay, Hong Kong

While urbanisation describes the process by which more and more people migrate from countryside to live in cities, "Gin-za-i-sa-tion" (our newly created word) can be defined as a vertical expansion process in which retail businesses migrate to operate above street level to maintain an effective presence in a central business district which attracts an abundance of high spending individuals. The process was first evidenced in Ginza, Toyko and has more intensified within Causeway Bay in Hong Kong recently. Recent rental transactions indicated that Causeway Bay has in fact superseded Ginza to become the third most expensive shopping district in the world. During the year under review, Causeway Bay ranks behind only New York's Fifth Avenue and Paris's Avenue des Champs-Elysees, thanks to the rising spending by cash-rich PRC tourists as well as around 240,000 square feet of office space due to open up at Hysan Place in August 2012. As the biggest addition in Causeway Bay since Times Square's opening in 1994, Hysan Place has been fueling the demand for both prime street level retail shops and the above-ground level retail units in order to meet the shopping and culinary needs of the thousands of new office workers in Causeway Bay. The whole area is going through another positive transformation of businesses and is likely to enjoy robust growth for a long time.

Against this backdrop, the Group as a pioneering leader in operating the Ginza-style vertical business platform in Causeway Bay, recorded a satisfactory performance for the year with revenue growth across its core leasing business in Hong Kong. The Group's turnover for the year was approximately HK$39,330,000 up approximately 17.5% from approximately HK$33,461,000 in the previous financial year. The properties portfolio was virtually fully leased out. The turnover growth was driven by our Focus Leasing Programme which generated clear business benefits through a balanced tenant mix after the Group embarked on its new leasing strategy during the financial year. The Programme enhanced a tenant-business mix on a 50/50 basis for the two mainstream popular and high profit margin segments, namely fine dining as well as health and beauty. The past ratio among the three previous main segments, in that case, fine dining, health and beauty and entertainment, with one-third for each sector, was adjusted.

A remarkable achievement guided by this latest leasing programme was evidenced in the popularity of new tenants for Jardine Center. Around one-third of the tenants of Jardine Center were replaced by the most established beauty salons which are expanding to Causeway Bay from other prime sites in Hong Kong after they have achieved a strong presence and success. Financial growth from leasing to the new tenants is in the range of 20-30% for these new rentals. This magnitude of success has spread to the fine dining segment in Jardine Center and L'hart as seen in the new record agreements signed with our long-term tenants. In line with the success enjoyed by our existing tenants, the management has agreed on an extension of new leases with the current renowned tenants which included international financial institutions and popular apparel retailers.

To promote the concept of Gin-za-i-sa-tion, the Group has reinforced its efforts within several successful marketing programmes to strengthen the market position of its property portfolio in Causeway Bay, for example, "*Happy Valentine @ Jardine Center & L'hart*".

68 Yu Yuan Road, Shanghai
The Group holds a 30% stake in the joint venture commercial properties under construction ("JV Project")

During the year under review, the PRC's ongoing property purchase restrictions have cooled the real estate market and the ensuing tightening of foreign investment inevitably slowed the construction progress of the JV Project thus impairing the return on investment prospects of the Group. The completion of the JV Project's construction has been postponed until the first quarter of 2013. The Group intends to halt putting resources into Mainland China until there is a reversal of austerity measures in the real estate market there. If the timing is right and opportunities justifiable, the Group might even consider disposing of its 30% interest in the JV Project and redirect the focus of its resources on Causeway Bay.

PROSPECTS

Going forward, the local economy has inevitably been affected by the impact of an increasingly volatile external environment. However, Hong Kong's economic fundamentals are expected to remain sound due to its unique competitive advantages compared to the neighboring countries in terms of quality assurance, taxation and currency difference. In addition, Hong Kong also benefits from the rising number of high-spending visitors from Mainland China spurring a continued strengthening of an investment inflow by overseas luxury fashion brands in Hong Kong. The Hong Kong Tourism Board estimates the number of visitors to Hong Kong to be about 44,000,000 in 2012, which indicates the business opportunities for prime retail areas such as Causeway Bay are bright. Calculating a daily average of 120,000 visitors with 70% of these tourists passing through Causeway Bay (a one-stop shopping and entertainment area on Hong Kong Island), some 84,000 people will stroll around Sogo, Times Square and Hysan Place every day this summer. By applying a very conservative spending figure of HK$1,200 each day per person, the sale turnover generated by these 84,000 visitors will exceed HK$100,000,000.

Over the past two years, the first-tier streets or core shopping locations had been dominated by overseas brand names following their ongoing global expansion. Local and small-scale retailers s relocated their business to second-tier shopping streets where rents are more affordable. Leveraging the high demand and tight supply of the second tier street-level or upper-level retail space in prime shopping location, Henry Group's properties portfolio, all situated in flourishing Causeway Bay, will naturally enjoy great opportunities to continue to develop its niche business of Gin-za-iza-tion (defined as the increasing tendency of retail businesses to operate above the ground-floor of buildings to maintain an effective presence in the central business district of a city). In this light, Henry Group's retail portfolio can look forward to a continuing steady performance. Looking ahead, management will consider adding long-term competitiveness to our portfolio.

In the future, we will devote further efforts to promote the unique brand character of our hub in Causeway Bay, and to strengthen our portfolio's recognition and appeal as a sustainable asset and a location of choice for lifestyle, shopping and entertainment brands and outlets.

FINANCIAL REVIEW

The Group recorded a consolidated turnover of approximately HK$39,330,000, representing an increase of approximately 17.5% as compared with the same of previous year. The increase was primarily contributed from positive rental reversion of its investment properties in Hong Kong.

Finance costs, after capitalisation of approximately HK$72,095,000 (2011: HK$60,011,000) interest expenses and related borrowing costs as part of the construction cost of JV Project under construction were approximately HK$38,103,000. The slight increase of finance costs was mainly due to the increase in the Group's bank borrowings for working capital.

The profit for the year attributable to owners of the Company amounted to approximately HK$317,233,000 which represented a substantial increase of approximately 114.8% as compared the same with previous year. The substantial increase in profit attributable to owners of the Company was mainly attributable to the significant net gain in fair values of investment properties in Hong Kong after offset against sharing 30% attributable to the Group's loss in fair value of JV Project in aggregate amounted to approximately HK$326,954,000 (net of deferred tax). If the aforesaid net gain in fair value of investment properties (net of deferred tax) were to be excluded, the loss for the year attributable to owners of the Company would be approximately HK$9,721,000 (2011: HK$17,147,000).

The Board does not recommend the payment of a dividend for the year (2011: 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 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 2012, the Group's bank borrowings amounted to approximately HK$1,563,968,000 (2011: HK$1,256,158,000). Cash and bank balances (excluding pledged bank deposits) amounted to approximately HK$143,337,000 (2011: HK$143,069,000). The increase in bank borrowings was primarily attributable to the payments of construction for JV Project.

Whilst the Group's bank borrowings bear interest at prevailing market floating rates, the Group entered into fixed interest rate swap arrangements with a bank for an aggregate notional amount of HK$240,000,000 (2011: HK$240,000,000) to mitigate the risk of market interest rate upward trends.

The Group's bank borrowings as at 31 March 2012 were summarised as follows:

Currency of bank borrowings	**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*
Renminbi (RMB)	781.1	—	12.9	260.0	508.2
Hong Kong dollar (HK$)	782.8	51.9	41.8	152.6	536.5
	1,563.9	51.9	54.7	412.6	1,044.7

The Group's gearing ratio, expressed as total liabilities over total assets, has been slightly decreased from 66.9% in 2011 to 63.7% in 2012.

As at 31 March 2012, the net assets attributable to owners of the Company amounted to approximately HK$1,259,041,000 (2011: HK$858,145,000), representing an increase of approximately HK$400,896,000 or 46% when compared to last year. With the total number of ordinary shares in issue of 716,419,399 as at 31 March 2012, the net assets value per share was approximately HK$1.8 (2011: HK$1.4).

CHARGES ON GROUP ASSETS

At 31 March 2012, the Group has pledged the followings:

a. Investment properties in Hong Kong of approximately HK$1,601,000,000, bank deposit of approximately HK$10,000,000 and assets classified as held for sale of approximately HK$80,000,000 as part of securities for banking facilities granted from several banks in Hong Kong to its certain subsidiaries; and

b. Investment properties under construction in the PRC of approximately HK$2,871,329,000 as security for banking facilities from a bank in the PRC to its subsidiary for meeting their local capital expenditures needs.

CONTINGENT LIABILITIES/FINANCIAL GUARANTEES

As at the end of the reporting period, the Company had given several corporate guarantees limited to the extent of approximately HK$853,500,000 (2011: HK$763,500,000) in favor of several banks for securing 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.

EVENTS AFTER THE REPORTING PERIOD

a. On 6 April 2012, Shanghai Tian Shun Economy Development Limited (being a non-wholly owned subsidiary indirectly held by the Company) obtained the approval from Shanghai Municipal Commission of Commerce to increase its registered capital from US$74,400,000 to US$104,150,000; and

b. On 12 April 2012, the Company has granted 21,000,000 share options (the "Options") under the share option scheme of the Company adopted on 3 September 2003. Among the 21,000,000 Options granted, 14,000,000 Options were granted to two executive Directors, Mr. Ng Chun For Henry and Mr. Ng Ian. 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	
	2012	2011
	HK$'000	*HK$'000*
Construction cost of investment properties under development		
Contracted for	**236,415**	182,589

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 2012, 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 12 August 2011 ("AGM 2011"), 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 2011, 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.

COMPLIANCE OF THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS (THE "MODEL CODE")

The Company has adopted the Model Code set out in the Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. All Directors have confirmed, following specific enquiry by the Company, that they have complied with the required standards set out in the Model Code throughout the review year.

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 FINAL RESULTS AND ANNUAL REPORT

This results announcement is published on our website at www.henrygroup.hk and the website of The Stock Exchange of Hong Kong Limited. The annual report will be despatched to the shareholders of the Company and will be available at the above websites in due course.

By Order of the Board
Ng Ian
Chief Executive Officer

Hong Kong, 28 June 2012

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*