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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 2013

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 2013, together with the comparative audited figures for the year ended 31 March 2012 (restated) as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2013

	Notes	**2013** **HK$'000**	2012 HK$'000 (Restated)
Turnover	3	**49,977**	39,330
Other income and gains	4	**4,618**	5,421
Net gain in fair value of investment properties		**652,650**	339,794
Staff costs		**(21,667)**	(12,641)
Depreciation for property, plant and equipment		**(635)**	(655)
Other operating expenses		**(22,699)**	(12,957)
Profit from operations	5	**662,244**	358,292
Finance costs	6	**(31,544)**	(38,103)
Profit before taxation		**630,700**	320,189
Taxation	7	**(87,391)**	4,334
Profit for the year		**543,309**	324,523

	Notes	2013 HK$'000	2012 HK$'000 (Restated)
Other comprehensive income/(loss)			
Recognition of hedge reserve of derivative financial instruments		**4,483**	(2,087)
Exchange differences arising on translating foreign operations		**13,381**	19,990
Other comprehensive income for the year, net of tax		**17,864**	17,903
Total comprehensive income for the year		**561,173**	342,426
Profit/(loss) for the year attributable to:			
Owners of the Company		**354,080**	377,623
Non-controlling interests		**189,229**	(53,100)
		543,309	324,523
Total comprehensive income/(loss) attributable to:			
Owners of the Company		**362,605**	381,546
Non-controlling interests		**198,568**	(39,120)
		561,173	342,426
Earnings per share			
Basic (in HK cents)	8	**49.42**	55.70
Diluted (in HK cents)	8	**48.91**	55.54

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2013

	Notes	2013 HK$'000	2012 HK$'000 (Restated)	2011 HK$'000 (Restated)
ASSETS AND LIABILITIES				
NON-CURRENT ASSETS				
Property, plant and equipment		**604**	1,282	1,617
Investment properties		**1,904,000**	4,472,329	3,848,060
Available-for-sale financial assets		**3**	—	—
Amount due from a non-controlling shareholder		**32,775**	29,664	25,094
Deferred tax assets		**2,881**	4,969	5,397
		1,940,263	4,508,244	3,880,168
CURRENT ASSETS				
Trade and other receivables	10	**61,526**	10,182	8,556
Available-for-sale financial assets		**74**	74	74
Tax recoverable		**229**	181	—
Pledged bank deposits		**15,000**	10,000	—
Cash and bank balances		**379,202**	143,337	143,069
		456,031	163,774	151,699
Assets classified as held for sale		**3,838,589**	80,000	79,000
		4,294,620	243,774	230,699
CURRENT LIABILITIES				
Other payables, rental deposits received and accruals, current portion	11	**419,530**	20,744	26,301
Bank borrowings, current portion (secured)		**109,036**	51,896	73,600
Amount due to non-controlling shareholders		**287,434**	—	—
Derivative financial instruments, current portion		**1,579**	—	—
Convertible notes, current portion		**—**	—	16,759
Amount due to a related party		**—**	—	342
Tax payable		**—**	—	464
		817,579	72,640	117,466
Liabilities directly associated with assets classified as held for sale		**1,973,786**	276	323
		2,791,365	72,916	117,789
NET CURRENT ASSETS		**1,503,255**	170,858	112,910
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,443,518**	4,679,102	3,993,078

	Notes	**2013**	2012	2011
		HK$'000	*HK$'000*	*HK$'000*
			(Restated)	(Restated)
NON-CURRENT LIABILITIES				
Other payables and rental deposits received, non-current portion	11	**7,925**	10,077	5,656
Bank borrowings, non-current portion (secured)		**799,874**	1,512,072	1,182,558
Convertible notes, non-current portion		**—**	—	160,533
Derivative financial instruments, non-current portion		**8,337**	15,284	12,784
Loans from related parties		**99,708**	150,709	47,625
Amounts due to non-controlling shareholders		**—**	555,343	534,597
Loans from shareholders		**33,521**	161,885	192,446
Deferred tax liabilities		**9,135**	357,061	362,374
		958,500	2,762,431	2,498,573
NET ASSETS		**2,485,018**	1,916,671	1,494,505
CAPITAL AND RESERVES				
Share capital		**71,642**	71,642	63,638
Reserves		**1,777,705**	1,379,879	926,597
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		**1,849,347**	1,451,521	990,235
Non-controlling interests		**635,671**	465,150	504,270
TOTAL EQUITY		**2,485,018**	1,916,671	1,494,505

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 Hong Kong Financial Reporting Standards ("HKFRSs")

In the current year, the Company has applied, for the first time, the following new, amendments ("new HKFRSs") issued by the HKICPA, which are effective for the Company's financial year beginning 1 April 2012. A summary of the new HKFRSs are set out as below:

HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets
HKFRS 1 (Amendments)	First time adoption of Hong Kong Financial Reporting Standards — Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
HKFRS 7 (Amendments)	Disclosure — Transfer of Financial Assets

Amendments to HKAS 12 Deferred Tax: Recovery of Underlying Assets

The Group has applied for the first time the amendments to HKAS 12 Deferred Tax: Recovery of Underlying Assets in the current year. 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 entirely through sale for the purposes of measuring deferred taxes unless the presumption is rebutted.

The Group measures its investment properties using the fair value model. As a result of the application of the amendments to HKAS 12, the directors reviewed the Group's investment property portfolios and concluded that none of the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, the directors have determined that the 'sale' presumption set out in the amendments to HKAS 12 is not rebutted. The application of the amendments to HKAS 12 has resulted in the Group not recognising any deferred taxes on changes in fair value of the investment properties in Hong Kong as the Group is not subject to any income taxes on disposal of its investment properties in Hong Kong. Previously, the Group recognised deferred taxes on changes in fair value of investment properties on the basis that the entire carrying amounts of the properties in Hong Kong were recovered through use. The amendments to HKAS 12 have been applied retrospectively, resulting in the Group's deferred tax liabilities being decreased by approximately HK$132,090,000 as at 1 April 2011 with the corresponding credit being recognised in retained earnings. Similarly, the deferred tax liabilities have been decreased by approximately HK$192,480,000 as at 31 March 2012.

In the current year, no deferred taxes have been provided for changes in fair value of the Group's investment properties in Hong Kong. The change in accounting policy has resulted in the Group's income tax expense for the years ended 31 March 2013 and 31 March 2012 being reduced by approximately HK$51,645,000 and HK$60,390,000 respectively and hence resulted in profit for the years ended 31 March 2013 and 31 March 2012 being increased by approximately HK$51,645,000 and HK$60,390,000 respectively.

Impact of application of amendments to HKAS 12

Impact on the consolidated statement of comprehensive income for the year:

	Year ended 31 March 2013 *HK$'000*	Year ended 31 March 2012 *HK$'000*
Decrease in taxation and increase in profit for the year	**51,645**	60,390
Increase in profit for the year attributable to:		
Owner of the Company	**51,645**	60,390
Non-controlling interests	**—**	—
	51,645	60,390

Impact on net assets and equity:

	As at 1 April 2011		
	Originally stated	Amendments to HKAS 12 adjustments	As at 1 April 2011 as restated
	HK$'000	*HK$'000*	*HK$'000*
		Increase/(decrease)	
Deferred tax liabilities	494,464	(132,090)	362,374
Total effect on net assets	1,362,415	132,090	1,494,505
Retained profits	7,738	132,090	139,828
Total effect on equity	1,362,415	132,090	1,494,505

	As at 31 March 2012		
	Originally stated	**Amendments HKAS 12 adjustments**	**As at 31 March 2012 as restated**
	HK$'000	***HK$'000***	***HK$'000***
		Increase/(decrease)	
Deferred tax liabilities	**549,541**	**(192,480)**	**357,061**
Total effect on net assets	**1,724,191**	**192,480**	**1,916,671**
Retained profits	**371,173**	**192,480**	**563,653**
Total effect on equity	**1,724,191**	**192,480**	**1,916,671**

	As at 31 March 2013, amendments to HKAS 12
	HK$'000
Decrease in deferred tax liabilities	51,645
Increase in net assets	51,645
Increase in retained profits	51,645
Increase in equity	51,645

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

HKFRS 9	Financial Instruments[4]
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]
Amendments to HKFRS 7	Disclosure — Offsetting Financial Assets and Financial Liabilities[2]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[4]
Amendment to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements Disclosure of Interests in Other Entities: Transition Guidance[2]
Amendment to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities[3]
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]
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income[1]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[3]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2009–2011[2]
HK(IFRIC)-Int 20	Stripping Costs in Production Phase of Surface Mine[2]

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

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described below:

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.

With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that 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 of financial liabilities attributable to changes in the financial liabilities' 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 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 HKFRS 9 that will be adopted in the Group's consolidated financial statements for the annual period beginning 1 April 2015 and that the application of new standard may have a significant impact on amounts reported in respect of Group's financial assets. However, it is not practical to provide a reasonable estimate of that effect until a detailed review has been completed.

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.

In July 2012, the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 were issued to clarify certain transitional guidance on the application of these five HKFRSs for the first time.

The directors do not anticipate that the amendments will have any significant effect on the Group's consolidated financial statements.

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 do not anticipate that the amendments will have any significant effect on the Group's consolidated financial statement.

The amendments to HKAS 32 clarify existing application issues relating to the offset of financial assets and financial liabilities 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 amendments to HKFRS 7 are effective for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods. The disclosures should 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.

The directors anticipate that the application of these amendments to HKAS 32 and HKFRS 7 may result in more disclosures being made with regard to offsetting financial assets and financial liabilities in the future.

The amendments to HKAS 1 introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to HKAS 1, a statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and an income statement is renamed as a statement of profit or loss. 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 items of other comprehensive income to be grouped into two categories in the other comprehensive income section: (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 do not change the option to present items of other comprehensive income either before tax or net of tax.

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.

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 January 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.

The Annual Improvements to HKFRSs 2009–2011 Cycle include a number of amendments to various HKFRSs. The amendments are effective for annual periods beginning on or after 1 April 2013. Amendments to HKFRSs include:

The amendments to HKAS 1 require an entity that changes accounting policies retrospectively, or make a retrospective restatement or reclassification to present a statement of financial position as at the beginning of the preceding period (third statement of financial position). The amendments to HKAS 1 clarify that an entity is required to present a third statement of financial position only when the retrospective application, restatement or reclassification has a material effect on the information in the third statement of financial position and that related notes are not required to accompany the third statement of financial position.

The amendments to HKAS 16 clarify that spare parts, stand-by equipment and servicing equipment should be classified as property, plant and equipment when they meet the definition of property, plant and equipment in HKAS 16 and as inventory otherwise. The directors do not anticipate that the amendments to HKAS 16 will have a significant effect on the Group's consolidated financial statements.

The amendments to HKAS 32 clarify that income tax on distributions to holders of an equity instrument and transaction costs of an equity transaction should be accounted for in accordance with HKAS 12 Income Taxes. The directors anticipate that the amendments to HKAS 32 will have no effect on the Group's consolidated financial statements as the Group has already adopted this treatment.

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	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
GROSS PROCEEDS	**49,977**	39,330	**—**	—	**—**	—	**49,977**	39,330
TURNOVER	**49,977**	39,330	**—**	—	**—**	—	**49,977**	39,330
RESULTS								
Segment profit/(loss)	**686,235**	370,848	**(1)**	73	**(3)**	—	**686,231**	370,921
Unallocated corporate income							**73**	271
Unallocated corporate expenses							**(24,060)**	(12,900)
Profit from operations							**662,244**	358,292
Finance costs							**(31,544)**	(38,103)
Profit before taxation							**630,700**	320,189

Turnover reported above represents revenue generated from external customers. There were no inter-segment sales during the year (2012: 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	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000* (Restated)
ASSETS								
Segment assets	**2,343,648**	4,590,400	**39**	40	**77**	79	**2,343,764**	4,590,519
Unallocated corporate assets							**3,891,119**	161,499
Consolidated total assets							**6,234,883**	4,752,018
LIABILITIES								
Segment liabilities	**1,654,522**	2,367,827	**34**	34	**—**	—	**1,654,556**	2,367,861
Unallocated corporate liabilities							**2,095,309**	467,486
Consolidated total liabilities							**3,749,865**	2,835,347

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	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Capital additions	**308,260**	169,866	**—**	—	**—**	—	**7**	25	**308,267**	169,891
Depreciation for property, plant and equipment	**602**	593	**—**	—	**—**	—	**33**	62	**635**	655
Gain on disposal of property, plant and equipment	**—**	—	**—**	—	**—**	—	**—**	(17)	**—**	(17)
Net gain in fair value of investment properties	**(642,650)**	(338,794)	**—**	—	**—**	—	**(10,000)**	(1,000)	**(652,650)**	(339,794)
Impairment loss on trade and other receivables	**—**	260	**—**	—	**—**	—	**—**	—	**—**	260

(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 2013, 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 2013 *HK$'000*	At 31 March 2012 *HK$'000*	**Year ended 31 March 2013** *HK$'000*	Year ended 31 March 2012 *HK$'000*
The PRC	**32,775**	2,901,261	**308,255**	169,599
Hong Kong	**1,904,604**	1,602,014	**12**	292
	1,937,379	4,503,275	**308,267**	169,891

* Non-current assets excluding deferred tax assets and available-for-sale financial assets.

Information about major customers

Included in turnover arising from property leasing and development of approximately HK$49,977,000 (2012: HK$39,330,000) are turnover of approximately HK$18,780,000 (2012: HK$12,689,000) which arose from turnover to the Group's largest two (2012: two) customers with whom transactions have exceeded 38% 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

	2013 *HK$'000*	2012 *HK$'000*
Bank interest income	**1,204**	547
Imputed interest income	**3,111**	4,570
Reversal of over-provision of rates	**—**	20
Sundry income	**303**	284
	4,618	5,421

5. Profit from operations

	2013	2012
	HK$'000	*HK$'000*
Profit from operations is arrived at after charging/(crediting):		
Directors' remuneration	**10,039**	4,573
Other staff costs		
Salaries and allowances	**9,378**	7,124
Retirement benefit scheme contributions	**76**	69
Social security contributions	**623**	445
Other benefits in kind	**1,551**	430
	11,628	8,068
Total staff costs	**21,667**	12,641
Net exchange loss	**515**	3
Auditors' remuneration	**580**	570
Depreciation for property, plant and equipment	**635**	655
Gain on disposal of property, plant and equipment	**—**	(17)
Impairment loss on trade and other receivables	**—**	260
Share-based payment expenses	**7,174**	647
Loss on redemption of convertible notes	**—**	58
Gross rental income from investment properties	**(49,977)**	(39,330)
Less: Direct operating expenses from investment properties that generated rental income during the year	**1,122**	201
	(48,855)	(39,129)

6. Finance costs

	2013	2012
	HK$'000	*HK$'000*
Interest on bank borrowings		
— wholly repayable within five years	**12,953**	9,114
— wholly repayable after five years	**66,398**	50,618
Interest on amounts due to non-controlling shareholders	**19,357**	21,597
Interest on loans from shareholders	**7,163**	8,239
Interest on loan from a related party	**2,879**	99
Imputed interest on convertible notes	**—**	16,137
Imputed interest on interest-free loan from a related party	**4,936**	4,394
	113,686	110,198
Less: amounts classified as capitalised into investment properties under construction	**(82,142)**	(72,095)
Total	**31,544**	38,103

The finance costs have been capitalised at the average rate ranging from 5–9% (2012: 5–9%) per annum.

7. Taxation

	2013	2012
	HK$'000	*HK$'000*
		(Restated)
Current tax — Hong Kong		
— Provision for the year	**76**	380
— Over-provision in prior years	**(26)**	(242)
	50	138
Deferred taxation		
— Charged/(credited) to the consolidated statement of comprehensive income	**87,341**	(4,472)
	87,391	(4,334)

Hong Kong profits tax has been provided at the rate of 16.5% (2012: 16.5%) on the estimated assessable profits for the year ended 31 March 2013.

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 (2012: 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:

	2013	2012
Earnings	*HK$'000*	*HK$'000*
		(Restated)
Earnings for the purpose of basic and diluted earnings per share	**354,080**	377,623

	2013	2012
Number of shares	*'000*	*'000*
Weighted average number of ordinary shares for the purpose of basic earnings per share	**716,419**	678,032
Effect of dilutive potential ordinary shares:		
Share options	**7,475**	1,906
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**723,894**	679,938

9. Dividend

No dividend was paid or proposed during the year ended 31 March 2013, nor has any dividend been proposed since the end of reporting period (2012: 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:

	2013	2012
	HK$'000	*HK$'000*
Up to 30 days	**1,598**	2,216
31–60 days	**8**	1
61–90 days	**36**	7
More than 90 days	**14**	6
	1,656	2,230

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

	2013	2012
	HK$'000	*HK$'000*
Construction costs payables	**144,495**	9,922
Rental deposits received	**15,790**	14,568
Accruals	**6,401**	4,708
Deposit from purchaser of assets classified as held for sale	**407,966**	—
	574,652	29,198
Advanced rental received	**2,080**	1,899
	576,732	31,097
Less: Other payables and rental deposits received — non-current portion	**(7,925)**	(10,077)
Other payables, rental deposits received and accruals directly associated with assets classified as held for sale	**(149,277)**	(276)
	419,530	20,744

12. Comparative financial information

Certain comparative figure have been restated to conform with current year presentation.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Marketplace

The overall Hong Kong leasing market remained solid during the year under review. Retail sector performance was good against the backdrop of stable employment conditions, continuous growth of income and higher tourist spending. The Group's holdings of more than 90,000 square feet of well-diversified, quality investment properties in the prime sites of Causeway Bay enable a stable growth of the investment value and return in terms of the rental income and occupancy of its portfolio and positive rental reversions were achieved during the year under review. More new buildings, shopping centers and hotels to be established in the next few years in Causeway Bay should create more dynamic shopping activities in Causeway Bay.

Operating Performance

Overall gross rental income from the Group's investment properties portfolio showed remarkable growth for the year under review, with occupancy remaining high. Turnover of the Group's property rental for the year was approximately HK$49,977,000 (2012: HK$39,330,000), representing an increase of 27% when compared with the same of last year. This increase was mainly attributable to increasing rental rates for the Group's retail properties in Hong Kong as strong demand for retail properties continued to be driven by growing tourist and domestic consumption.

As of the end of reporting period, the Group recorded an increase in fair value of investment properties and assets classified as held for sale in Hong Kong of approximately HK$313,000,000 based on professional valuation.

Hong Kong Operation — solid foundation set for growth

The Group has built a prime portfolio across Causeway Bay over the past years, and this now totals over 90,000 square feet in terms of gross floor area ("GFA"). The Group is committed to enhancing the value of its investment properties to grow together with its tenants by means of constantly upgrading and renovating the buildings while introducing innovative marketing campaigns. A major renovation of Jardine Center was completed in 2012 and continual tenant mix refinement have strengthened its positioning as a young and trendy lifestyle and food & beverage destination in Causeway Bay.

Mainland China Operation — Very Substantial Disposal and Major Acquisition

Unlock investment and capture an abundant yield at the right time

During the year under review, the Group has accounted for a significant disposal of its joint venture-based property under construction ("JV Project") located at No. 68 Yu Yuan Road, Jing An district of Shanghai ("West Site") by way of entering into a conditional sale and purchase agreement dated 14 November 2012 ("Agreement") for disposal of the entire interest in High Luck International Limited (being a non-wholly owned subsidiary of the Company) and its shareholders' loan to Double Favour Limited ("Purchaser" or "Double Favour") at a total consideration of approximately RMB2.97 billion less outstanding constructions loan liabilities prior to completion (subject to post completion adjustment) ("VSD"). The VSD has been approved by independent shareholders of the Company by way of poll at a special general meeting held on 24 January 2013 ("SGM"). The details of the VSD have been disclosed in the announcement dated 12 December 2012 and circular dated 8

January 2013. Having considered the uncertainty of China's property market adversely affected by continued imposition and implementation of new stricter property transaction curbs and austerity measures, the board has decided to shift its strategy on the JV Project from "build and hold" to "build to sell" in order to halt allocating further resources in the China market. The shift would unlock the potential appreciation value of the JV Project through the yield of a return on investment to the Group thereby preserving more financial resources to broaden its business horizon in Hong Kong. During the year under review, the Group has received part of this return in a net cash inflow of approximately HK$327 million attributable to the Group by virtue of the settlement of the shareholders' loan provided to the JV Project which has been approved at the SGM.

4% acquisition in Double Favour maintains connection with the Mainland China

To ensure the Group has an opportunity to enjoy the potential growth in the PRC property market in a risk-averse prudent manner by reducing the magnitude of requisite equity investments, on 26 November 2012, the Group entered into a shareholders' agreement ("Shareholders' Agreement") with Double Favour pursuant to which subscription of 4% equity interest in its shares and bearing conditional committed funding obligations confined to not more than about RMB158 million (such draw down becoming effective subject to Double Favour fully settlement of total consideration of VSD) ("Financial Obligations"). Double Favour upon its successful completion of the dual acquisitions of the West Site and adjacent east site (located at No. 15 Jing An district of Shanghai) from local vendor ("East Site") will become the sole owner of the shopping malls in the West Site and East Site equipped with a combined retail GFA of approximately 121,000 square meters. The Shareholders' Agreement containing provisions of Financial Obligations and grant of call option constituted as major and connected transactions defined under the Listing Rules and thus they have been approved at the SGM by way of poll. Details of the Shareholders' Agreement have been disclosed in the announcement dated 12 December 2012 and circular dated 8 January 2013. The Board believes that the 4% investment in Double Favour in combined form of a confined equity investment and shareholders' loan could minimise financial risks while maximising return on investment to the Group by ways of contribution of a recurring cash inflow and income in form of dividends to be received from Double Favour in the long run.

Looking Ahead

As a stepping stone to the Mainland China market, international retailers recognise Causeway Bay is one of the ideal retail hotspots to establish regional flagship stores. In line with the opening of a greater number of these kinds of of stores by renowned retailers, the value of ground floor shops frequently sets record highs these days. As a result of the market forces caused by leasing competition among tenants, local retailers and service operators, including restaurants and spas, have decided to locate their outlets upstairs in Causeway Bay for the last few years. This elevation of the ground floor shops to the upstairs units of the building was described a few years ago as "Ginzalization". In fact, Ginzalization is not confined to Causeway Bay. Some of the buildings in Tsim Sha Tsui, such as Harbour City office buildings have recently experienced this trend. After a refitting of some of the office floors, operators such as spas and beauty salons will occupy what was once office space. The Group's strategy of Ginzalization has proven to be a viable development model which should continue to bring steady and healthy growth in the years to come.

Going forward, the Board believes that market sentiment of Hong Kong is generally positive driven by the healthy economic growth of mainland China and the appreciation of the Renminbi. Both of these trends are contributing to the increased interest of mainland tourists to visit Hong Kong and support the capital value and rents of Hong Kong prime retail properties. We believe retail properties in the core shopping districts, like Causeway Bay are expected to maintain a most influential role in the local retail market and the Group's properties will be further capitalised due to their prime location advantage in Causeway Bay. We believe that the recent administration measures introduced by the Government aimed at curbing investment activities, would stabilise the market and eliminate price volatility. These effects in turn would enhance a healthy growth of the retail property market that would bring mutual benefits to business retailers and property owners alike.

Looking forward, financial results of the Group for the financial year of 2013/2014 are expected to continue to benefit from both the strong retail rental market in Hong Kong and the realisation of return on investment attributable to the disposal of JV Project upon completion and settlement of the VSD.

Appreciation

With effect from 28 March 2013, Mr Ng Chun For Henry has tendered his resignation as the Chairman of the Board due to his other business commitments which require more of his attention and has been re-designated as a non-executive Director of the Company until the conclusion of annual general meeting for 2015/2016. The Board would like to sincerely thank Mr Ng Chun For Henry for his leadership as the Chairman. Mr Ng Ian also has been elected by the Board as the Chairman of the Company with effect from 28 March 2013.

FINANCIAL REVIEW

The Group recorded audited consolidated turnover of approximately HK$49,977,000, representing an increase of approximately 27.1% 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$82,142,000 (2012: HK$72,095,000) interest expenses and related borrowing costs directly associated with the construction cost of JV Project under construction were approximately HK$31,544,000 (2012: HK$38,103,000). The decrease of finance costs was mainly due to the refinancing of bank borrowings with better competitive pricing terms and partial repayment of loan from shareholders.

The audited profit for the year attributable to owners of the Company amounted to approximately HK$354,080,000 (2012: HK$377,623,000 (restated)) which represented a decrease of approximately 6% as compared with the same of previous year. The slightly decrease in profit attributable to owners of the Company was primarily attributable to the decrease of unrealised valuation gain of investment properties in Hong Kong. If the unrealised significant gain in fair values 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$43,988,000 (2012: HK$9,721,000).

The Board does not recommend the payment of a dividend for the year (2012: Nil).

LIQUIDITY AND FINANCIAL RESOURCES

During the year under review, the Group's operation was financed by internal financial resources, loans from shareholders, amounts due to non-controlling shareholders and bank borrowings Subsequent to the end of reporting period, the Group has obtained a new banking facilities of HK$200,000,000 preserving for working capital. The Board is of the view that, after taking into account these aforesaid available resources, the Group has sufficient financial resources to satisfy its commitments, capital expenditure and working capital requirements.

As at 31 March 2013, the Group's total bank borrowings amounted to approximately HK$908,910,000 (2012: HK$1,563,968,000). Cash and bank balances (excluding pledged bank deposits) amounted to approximately HK$379,202,000 (2012: HK$143,337,000). The substantial decrease in bank borrowings was primarily attributable to the reclassification of certain bank borrowings used for JV Project as liabilities directly associated with assets classified as held for sale.

Whilst the Group's all 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 (2012: HK$240,000,000) to mitigate the risk of market interest rate upward trends.

The Group's bank borrowings as at 31 March 2013 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*
USD	82.29	82.29	—	—	—
HKD	826.62	26.75	26.75	148.25	624.87
	908.91	109.04	26.75	148.25	624.87

The Group's gearing ratio, expressed as total liabilities over total assets, has been slightly increased from 59.7% (restated) in 2012 to 60.1% in 2013.

As at 31 March 2013, the audited net assets attributable to owners of the Company amounted to approximately HK$1,849,347,000 (2012: HK$1,451,521,000 (restated)), representing an increase of approximately HK$397,826,000 or 27.4% when compared to last year. With the total number of ordinary shares in issue of 716,419,399 as at 31 March 2013, the net assets value per share was approximately HK$2.58 (2012: HK$2.0 (restated)).

CHARGES ON GROUP ASSETS

At 31 March 2013, the Group has pledged the followings:

a. Investment properties in Hong Kong of approximately HK$1,904,000,000, bank deposits of approximately HK$15,000,000 and assets classified as held for sale in Hong Kong of approximately HK$90,000,000 as part of securities for bank borrowings granted from several banks in Hong Kong to its certain subsidiaries; and

b. Investment properties under construction in the Mainland China reclassified as assets classified as held for sale of approximately HK$3,625,505,000 pledged as security for bank borrowings from a bank in the Mainland China to its subsidiary for meeting its 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 in aggregate of approximately HK$1,070,000,000 (2012: HK$853,500,000) in favor of several banks for securing bank borrowings granted to its certain subsidiaries. The Company has not recognised any liability in respect of the corporate guarantees given as their fair value cannot be reliably measured.

EVENT AFTER THE REPORTING PERIOD

As announced on 25 April 2013, 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, 7,000,000 Options were granted to an executive Director, Mr. Ng Ian and 7,000,000 options were granted to a non-executive Director, Mr. Ng Chun For Henry. Each of Options shall entitle its holder to subscribe for one ordinary share of HK$0.1 each in the capital of the Company.

CAPITAL COMMITMENTS

There was no significant capital commitments outstanding at the end of reporting period.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2013, the Group had about 22 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 but not limited to 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.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

Code provision A.4.1 of the corporate governance code ("CG Code") stipulates that non-executive Directors should be appointed for a specific term, subject to re-election. The non-executive Director Mr. Ng Chun For Henry will hold office as a non-executive Director of the Company until the close of the annual general meeting of the Company for year 2015–2016 subject to retirement and rotation in accordance with the Bye-laws of the Company. 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 24 August 2012 ("AGM 2012"), 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 2012, 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.

Code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. After the appointment of Mr. Ng Ian as the Chairman of the Company with effect from 28 March 2013, he resigned as the Deputy Chairman and Chief Executive Officer of the Company ("CEO") but will remain as an executive director and in all other positions in the Company and its subsidiaries. Prior to identifying a suitable candidate for the appointment of the CEO, the duties and responsibilities of the CEO will be shared among the other executive members of the Board. The Company is presently identifying a suitable candidate to be appointed as the CEO and will make further announcement upon such appointment.

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.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS

Apart from the VSD and the Shareholders' Agreement both announced and disclosed in announcement dated 12 December 2012 and circular dated 8 January 2013 which have been approved at the SGM, the Group did not have any significant investments, material acquisitions or disposals during the year under review.

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
Chairman

Hong Kong, 20 June 2013

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

* *for identification purposes only*