ENRY GROUP OLDINGS LIMITED
鎮科集團控股有限公司

HENRY GROUP HOLDINGS LIMITED
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(Incorporated in Bermuda with limited liability)

(Stock Code: 859)

UNAUDITED INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2013

The board of directors (the "Board") of Henry Group Holdings Limited (the "Company") is pleased to present the unaudited condensed consolidated financial statements of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 September 2013, together with the comparative figures for the corresponding period in last year as follows:

Condensed Consolidated Statement of Comprehensive Income
For the six months ended 30 September 2013

		Unaudited	
		Six months ended 30 September	
		2013	2012
	Notes	***HK$'000***	*HK$'000*
Turnover	*3*	**26,187**	23,572
Other income and gains		**3,119**	1,769
Net (loss)/gain in fair value of investment properties		**(28,425)**	130,875
Other operating expenses		**(24,801)**	(21,737)
(Loss)/profit from operations		**(23,920)**	134,479
Finance costs	*4*	**(18,516)**	(13,414)
(Loss)/profit before taxation		**(42,436)**	121,065
Taxation	*5*	**5,994**	(32,720)
(Loss)/profit for the period	*6*	**(36,442)**	88,345

		Unaudited	
		Six months ended 30 September	
		2013	2012
	Notes	***HK$'000***	*HK$'000*
Other comprehensive income			
Exchange difference arising on translating foreign operations		**8,765**	833
Recognition of hedging reserve of derivative financial instruments		**2,968**	1,571
Other comprehensive income for the period, net of tax		**11,733**	2,404
Total comprehensive (loss)/income for the period		**(24,709)**	90,749
(Loss)/profit for the period attributable to:			
— Owners of the Company		**(16,686)**	34,596
— Non-controlling interests		**(19,756)**	53,749
		(36,442)	88,345
Total comprehensive (loss)/income attributable to:			
— Owners of the Company		**(11,088)**	36,399
— Non-controlling interests		**(13,621)**	54,350
		(24,709)	90,749
(Loss)/earnings per share attributable to owners of the Company	*8*		
— Basic (HK cents)		**(2.33)**	4.83
— Diluted (HK cents)		**(2.33)**	4.81

Condensed Consolidated Statement of Financial Position
At 30 September 2013

	Notes	**Unaudited 30 September 2013 HK$'000**	Audited 31 March 2013 HK$'000
ASSETS AND LIABILITIES			
NON-CURRENT ASSETS			
Property, plant and equipment		**434**	604
Investment properties		**1,904,000**	1,904,000
Available-for-sale financial assets		**3**	3
Amounts due from non-controlling shareholders		**34,792**	32,775
Deferred tax assets		**1,865**	2,881
		1,941,094	1,940,263
CURRENT ASSETS			
Trade and other receivables	*9*	**61,540**	61,526
Available-for-sale financial assets		**74**	74
Tax recoverable		**137**	229
Pledged bank deposits		**15,000**	15,000
Cash and bank balances		**484,936**	379,202
		561,687	456,031
Assets classified as held for sale		**3,919,568**	3,838,589
		4,481,255	4,294,620
CURRENT LIABILITIES			
Other payables, rental deposits received and accruals, current portion		**446,351**	419,530
Bank borrowings, current portion (secured)		**107,343**	109,036
Derivative financial instruments, current portion		**—**	1,579
Amount due to a non-controlling shareholder		**—**	287,434
		553,694	817,579
Liabilities directly associated with assets classified as held for sale		**2,046,813**	1,973,786
		2,600,507	2,791,365

	Unaudited 30 September 2013 *HK$'000*	Audited 31 March 2013 *HK$'000*
NET CURRENT ASSETS	**1,880,748**	1,503,255
TOTAL ASSETS LESS CURRENT LIABILITIES	**3,821,842**	3,443,518
NON-CURRENT LIABILITIES		
Other payables and rental deposits received, non-current portion	**9,304**	7,925
Bank borrowings, non-current portion (secured)	**986,499**	799,874
Derivative financial instruments, non-current portion	**6,363**	8,337
Loan from related parties	**53,680**	99,708
Loans from shareholders	**—**	33,521
Deferred tax liabilities	**9,697**	9,135
	1,065,543	958,500
NET ASSETS	**2,756,299**	2,485,018
CAPITAL AND RESERVES		
Share capital	**71,642**	71,642
Reserves	**1,775,138**	1,777,705
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	**1,846,780**	1,849,347
Non-controlling interests	**909,519**	635,671
TOTAL EQUITY	**2,756,299**	2,485,018

1. BASIS OF PREPARATION

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

These Interim Financial Statements should be read in conjunction with the annual report for the year ended 31 March 2013.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

The Interim Financial Statements have been prepared under the historical cost basis except for investment properties and certain financial instruments, which are measured at fair values.

The accounting policies used in the Interim Financial Statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2013.

In the current interim period, the Company has applied, for the first time, the following new and revised standards, amendments and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are effective for the Company's financial period beginning on 1 April 2013. A summary of the new HKFRSs are set out as below:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009-2011
Amendments to HKFRS 1	First-time Adoption of Hong Kong Financial Reporting Standard — Government Loans
Amendments to HKFRS 7	Disclosures — Offsetting Financial Assets and Financial Liabilities
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
Amendment to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income
HKAS 19 (as revised in 2011)	Employee Benefits
HKAS 27 (as revised in 2011)	Separate Financial Statements
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
HK(IFRIC) — Int 20	Stripping Costs in Production Phase of Surface Mine

The application of the above new HKFRSs had no material effect on the results and financial positions of the Group for the current or prior accounting periods which have been prepared and presented. Accordingly, no prior period adjustment has been required.

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

HKFRS 9	Financial Instruments[2]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[2]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities[1]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets[1]
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting[1]
HK(IFRIC) — Int 21	Levies[1]

1 Effective for annual periods beginning on or after 1 January 2014
2 Effective for annual periods beginning on or after 1 January 2015

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 "Investment Entities"

The "Investment Entities" amendments apply to a particular class of business that qualify as investment entities. The term "investment entity" refers to an entity whose business purpose is to invest funds solely for returns from capital appreciation, investment income or both. An investment entity must also evaluate the performance of its investments on a fair value basis. Such entities could include private equity organisations, venture capital organisations, pension funds, sovereign wealth funds and other investment funds.

Under HKFRS 10, reporting entities were required to consolidate all investees that they control (i.e. all subsidiaries). Preparers and users of financial statements have suggested that consolidating the subsidiaries of investment entities does not result in useful information for investors. Rather, reporting all investments, including investments in subsidiaries, at fair value, provides the most useful and relevant information.

In response to this, the amendments provide an exception to the consolidation requirements in HKFRS 10 and require investment entities to measure particular subsidiaries at fair value through profit or loss, rather than consolidate them. The amendments also set out disclosure requirements for investment entities.

The amendments are effective from 1 January 2014 with early adoption permitted in order to allow investment entities to apply the amendments at the same time they first apply the rest of HKFRS 10.

Amendments to HKAS 36 "Impairment of Assets: Recoverable Amount Disclosures for Non-Financial Assets"

The amendments to HKAS 36 are to remove certain unintended disclosure requirements which may be introduced by the consequential amendments to HKAS 36 when HKFRS 13 was issued. Furthermore, these amendments require the disclosure of additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal. The amendments to HKAS 36 are effective for annual periods beginning on or after 1 January 2014. Earlier application is permitted. However, an entity may not apply those amendments in periods (including comparative periods) in which it does not also apply HKFRS 13.

Amendments to HKAS 39 "Novation of Derivatives and Continuation of Hedge Accounting"

The narrow-scope amendments will allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met (in this context, a novation indicates that parties to a contract agree to replace their original counterparty with a new one).

The amendments will be effective for annual periods beginning on or after 1 January 2014 and applied retrospectively. Earlier application is permitted.

The Group is in the process of assessing the potential impact of the above new HKFRSs upon initial application but is not yet in a position to state whether the above new HKFRSs will have a significant impact on the Group's results of operations and financial position.

3. SEGMENT INFORMATION

The Group has three reportable segments, (i) property leasing and development; (ii) provision of property agency and consultancy services for the retail property sale and leasing market; and (iii) securities investment. The segmentations are based on the information about the operation of the Group that management uses to make decisions.

(a) Segment turnover and results

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

	Unaudited Six months ended 30 September							
	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	**26,187**	23,572	**—**	—	**—**	—	**26,187**	23,572
TURNOVER	**26,187**	23,572	**—**	—	**—**	—	**26,187**	23,572
RESULTS								
Segment profit	**16,297**	16,448	**—**	—	**—**	—	**16,297**	16,448
Net (loss)/gain in fair value of investment properties							**(28,425)**	130,875
Unallocated corporate income							**1,953**	30
Unallocated corporate expenses							**(13,745)**	(12,874)
(Loss)/profit from operations							**(23,920)**	134,479
Finance costs							**(18,516)**	(13,414)
(Loss)/profit before taxation							**(42,436)**	121,065

Turnover reported above represents revenue generated from external customers. There were no inter-segment sales during the period (2012: Nil).

(b) Segment assets and liabilities

An analysis of the Group's assets and liabilities by reportable segment is presented below:

	Property leasing and development		Provision of property agency and consultancy services		Securities investment		Consolidated total	
	Unaudited	Audited	**Unaudited**	Audited	**Unaudited**	Audited	**Unaudited**	Audited
	30.9.2013	31.3.2013	**30.9.2013**	31.3.2013	**30.9.2013**	31.3.2013	**30.9.2013**	31.3.2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
ASSETS								
Segment assets	**2,197,635**	2,343,648	**39**	39	**75**	77	**2,197,749**	2,343,764
Unallocated corporate assets							**4,224,600**	3,891,119
Consolidated total assets							**6,422,349**	6,234,883
LIABILITIES								
Segment liabilities	**1,565,458**	1,654,522	**34**	34	**—**	—	**1,565,492**	1,654,556
Unallocated corporate liabilities							**2,100,558**	2,095,309
Consolidated total liabilities							**3,666,050**	3,749,865

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, deferred tax liabilities and liabilities directly associated with assets classified as held for sale.

(c) Geographical segments

The Group's operations are located in Hong Kong and the PRC.

For the six months ended 30 September 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 analysed by the geographical area in which the assets are located:

	Non-current assets*	
	Unaudited At 30 September 2013	Audited At 31 March 2013
	HK$'000	*HK$'000*
The PRC	**34,792**	32,775
Hong Kong	**1,904,434**	1,904,604
	1,939,226	1,937,379

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

4. FINANCE COSTS

	Unaudited Six months ended 30 September 2013 HK$'000	2012 HK$'000
Interest charge on bank borrowings		
— wholly repayable within five years	**6,444**	5,977
— wholly repayable after five years	**36,829**	31,046
Imputed interest on interest-free loan from a related party	**2,663**	2,359
Interest on loan from a related company	**973**	1,455
Interest on amounts due to non-controlling shareholders	**—**	11,558
Interest on loans from shareholders	**262**	3,923
	47,171	56,318
Less: amount capitalised into investment properties under construction to be disposed of	**(28,655)**	(42,904)
	18,516	13,414

5. TAXATION

	Unaudited Six months ended 30 September 2013 HK$'000	2012 HK$'000
The charge/(credit) comprises:		
Profits tax — Hong Kong		
— Provision for the period	**151**	—
— Over-provision in prior years	**(30)**	—
	121	—
Deferred taxation		
— Change in fair value of investment properties	**(7,106)**	32,720
— Others	**991**	—
	(6,115)	32,720
	(5,994)	32,720

Hong Kong Profits Tax has been provided at the rate of 16.5% on the estimated assessable profits for the six months ended 30 September 2013.

No provision for Hong Kong Profits Tax has been made for the six months ended 30 September 2012 as the Group did not have significant assessable profits to Hong Kong Profits Tax.

Pursuant to the income tax rules and regulations of the PRC, provision for PRC Enterprise Income Tax is calculated based on a statutory rate of 25% on the assessable profits of the PRC subsidiary. No provision for the PRC Enterprise Income Tax for the period has been made as the PRC subsidiary incurred a loss for the six months ended 30 September 2013 (2012: Nil).

6. (LOSS)/PROFIT FOR THE PERIOD

	Unaudited Six months ended 30 September 2013 *HK$'000*	2012 *HK$'000*
(Loss)/profit for the period has been arrived at after charging/(crediting) the followings:		
Directors' remuneration	**8,470**	9,200
Other staff costs	**8,179**	3,498
Total staff costs	**16,649**	12,698
Depreciation of property, plant and equipment	**225**	330
Imputed interest income generated from amount due from a non-controlling shareholder	**(1,438)**	(1,298)
Interest income on bank deposits	**(1,705)**	(279)
Property rental income under operating leases, net of direct outgoings of approximately HK$1,111,000 (2012: HK$849,000)	**(25,076)**	(22,723)

7. DIVIDENDS

The Directors do not recommend the payment of interim dividend for the six months ended 30 September 2013 (2012: Nil).

8. (LOSS)/EARNINGS PER SHARE

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

	Unaudited Six months ended 30 September 2013 *HK$'000*	2012 *HK$'000*
(Loss)/earnings		
(Loss)/profit for the period attributable to owners of the Company for the purpose of calculating basic and diluted (loss)/earnings per share	**(16,686)**	34,596

	Unaudited Six months ended 30 September	
	2013	2012
	Number of ordinary shares	*Number of ordinary shares*
Weighted average number of ordinary shares		
Weighted average number of ordinary shares for the purpose of calculating basic (loss)/earnings per share	**716,419,399**	716,419,399
Effect of dilutive potential ordinary shares:		
Share options	**31,989,137**	2,851,902
Weighted average number of ordinary shares for the purpose of calculating diluted (loss)/earnings per share	**748,408,536**	719,271,301

Diluted loss per share for the six months ended 30 September 2013 is the same as basic loss per share as the share options outstanding at the end of reporting period had an anti-dilutive effect on the diluted loss per share.

9. TRADE AND OTHER RECEIVABLES

Included in trade and other receivables were trade receivables of approximately HK$1,924,000 (net of provisions) (31 March 2013: HK$1,656,000). The trade receivables represented rental receivables. The aging analysis of the Group's trade receivables (net of provisions) is as follows:

	Unaudited 30 September 2013	Audited 31 March 2013
	HK$'000	*HK$'000*
Up to 30 days	**1,153**	1,598
31–60 days	**540**	8
61–90 days	**198**	36
More than 90 days	**33**	14
	1,924	1,656

The Group maintains a defined and restricted credit policy to assess the credit quality of each counterparty or tenant. 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 payable in advance by tenants.

MANAGEMENT DISCUSSION AND ANALYSIS

The Board takes great pleasure to present the unaudited interim results of the Group for the six months ended 30 September 2013 ("Interim Period").

Overview

During the first half of 2013, the global financial market has shown signs of improvement, driven by a number of favorable factors such as easing of the credit crisis in the Euro-zone; GDP growth of 7.6% in China; revival of the job and real estate markets in the United States; and continuing implementation of monetary easing policies including sustained low interest rates by major central banks. The Hong Kong economy has remained solid, benefiting from China's upswing and supported by higher tourism spending and continued stability in terms of local employment and income levels.

Reviews of Core Business — Investment Properties in Hong Kong

The Group's distinguished and quality investment properties found in unrivalled locations in Causeway Bay ("CWB") attract a large concentration of consumers and thriving businesses. This portfolio consists of a broad and diverse tenant mix, representing various business segments, including entertainment and dining. Enjoying high occupancy levels, these core assets are able to deliver stable, recurring rental income to the Group. During the Interim Period, average rental price committed from new leases and lease renewals recorded a 28% growth compared to the existing leases. Gross rental income from the investment properties portfolio achieved steadily growth. The unaudited turnover from investment properties rental for the Interim Period amounted to approximately HK$26,187,000 (2012: HK$23,572,000), representing a year-on-year growth of 11%. This increase was mainly due to the Group's ability to command higher rental price and that it is in line with market growth which has seen demand extend beyond first-tier streets in core shopping areas to include neighboring second-tier streets. Many local retailers have consequently been forced to move out of core locations or locate their outlets to higher floors during the recent prolonged rental rally.

Substantial disposal of 30% equity interests in property development project in the PRC

In light of uncertainty in China's property market which has been adversely affected by the continuing implementation of new and harsher restrictions on property transactions, the Board has decided to shift its strategy with respect to its 30% equity interests in joint-venture based property development project ("JV Project") at No. 68 Yu Yuan Road, in the Jing An district of Shanghai ("West Site"), changing from "Build and Hold" to "Build to Sell". This will enable the Group to halt allocating further resources to the China market. The shift will also unlock the potential appreciation value of the JV Project, deliver a return on investment to the Group, and reserve greater financial resources for exploring more business opportunities in Hong Kong.

On 14 November 2012, High Fly Investments Limited ("High Fly"), being a non-wholly owned subsidiary of the Group and Premium Assets Development Limited ("Premium Assets") (collectively "Vendors") entered into a sale and purchase agreement ("Sale and Purchase Agreement") with Double Favour Limited ("Double Favour"). Pursuant to this agreement, the Vendors shall transfer all equity interests in the entire issued shares of High Luck International Limited ("High Luck") and their respective shareholders' loans to Double Favour at a total consideration of approximately RMB2.97 billion less outstanding construction loan liabilities prior to completion (subject to post completion adjustment) ("Disposal Consideration") in a way to dispose of their 100% equity interests in the JV Project ("VSD"). The VSD had 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 via an announcement dated 12 December 2012 and circular dated 8 January 2013.

To fulfill the conditions required for completion of the Sales and Purchase Agreement, it was noted that during the process of obtaining a certificate of real estate ownership of the JV Project, the issuance of such certificate may entail payment of an additional land premium and related taxes thereon ("Additional Land Premium And Taxes"). On 8 August 2013, Double Favour and the Vendors, by virtue of having entered into the Deed of Memorandum (the "Deed"), agreed that Double Favour shall be responsible for and bear up to 20% of the Additional Land Premium And Taxes up to RMB13,000,000 (the "Purchaser Portion"), and the Vendors (being pro-rated among themselves as to 55% to High Fly and as to 45% to Premium Assets) shall be responsible for and bear up to 80% of the Additional Land Premium and Taxes up to RMB52,000,000 (the "Vendors Portion"). Pursuant to the Deed, Double Favour initially paid RMB10,244,000 to the JV Project and paid RMB40,976,000 to the Vendors (deemed as and constituted an integral part of the total deposits as if it were part and parcel of the second deposit of the Sale and Purchase Agreement) for the Vendors further advanced to High Luck for financing of the initial portion of the Additional Land Premium And Taxes. The details of the Deed have been disclosed through an announcement dated 8 August 2013. Subsequently, all the conditions precedent as stipulated under the Sale and Purchase Agreement have been satisfied and disposal completion took place on 4 October 2013. Prior to the disposal completion, Double Favour has exercised the deferral payment option. On 25 November 2013, the Group received an aggregate amount of approximately HK$831 million as the Disposal Consideration (including deposit of approximately HK$223 million already received in the last financial year ended 31 March 2013) attributable to its 30% interest in the JV Project after taken into account of the post completion adjustment.

As earlier disclosed in the circular dated 8 January 2013 and annual report for the financial year ended 31 March 2013, the Group entered into a shareholders' agreement with Double Favour ("Shareholders' Agreement") dated 26 November 2012 pursuant to which, Uptodate Management Limited ("Uptodate"), a wholly owned subsidiary of the Company, has subscribed 4% equity interest in the issued shares of Double Favour which through its subsidiaries to hold property development project located in the West Site and No.15, Jing An district of Shanghai in the PRC ("East Site"). In addition, Uptodate shall bear conditional committed funding obligations limited to not more than about RMB158 million ("Financial Obligations") and the said 4% equity interest in issued share of Double Favour is subject to a call option granted by Uptodate ("Uptodate DF Call Option") to Effective Global Limited ("EGL"). On 14 November 2013, EGL served a notice to Uptodate for the exercise of the Uptodate DF Call Option and designated Topnotch as the purchaser which shall acquire from Uptodate all the DF Shares held by Uptodate. A sale and purchase agreement dated 14 November 2013 (the "4% Sale and Purchase Agreement") was entered into among Uptodate, Topnotch and Double Favour in this respect. Upon the completion of 4% Sale and Purchase Agreement to be taking place on 28 November 2013 (after trading hours), the Group shall no longer hold any interest in the West Site and East Site and the Financial Obligations under the Shareholders' Agreement shall be fully released.

Prospects

With respect to the second half of 2013, the Group is optimistic about the Hong Kong retail property market due to ongoing market growth, low interest rate environment and healthy retail sector. Consequently, the values and rents of retail properties are expected to rise steadily. In particular, retail properties in the core shopping district of CWB where there is inherently tight supply of prime locations and which benefit from the 'Hysan Place effect' will outperform the market. In view of the importance of CWB, the management will seek to identify quality investment opportunities in the district, as well as other prime districts in Hong Kong and abroad, and apply its expertise in creating vertical ginza-style retail properties, mirroring the success of Jardine Center and L'hart. In this way, the Group will be able to provide shareholders with sustainable returns and have the means to realise further growth.

Appreciation

The Board would like to take this opportunity to express its appreciation for the efforts of retired director Mr. Lee Kwan Yee, Herrick during his tenure of office as executive director and extend its warmest welcome to Mr. Chan Kwok Hung for joining the Company as executive director.

FINANCIAL REVIEW

The Group recorded unaudited consolidated turnover for the six months ended 30 September 2013 increased by 11% to approximately HK$26,187,000 (2012: HK$23,572,000). Such increase was primarily attributable to continuous positive rental reversion of its investment properties.

The net loss in fair value of investment properties was primarily attributable to the fair value of completed investment properties located in the West Site to be disposed of.

Finance costs charged to the consolidated statement of comprehensive income were approximately HK$18,516,000 (2012: HK$13,414,000) after capitalisation of borrowing costs directly associated with the investment properties under construction to be disposed of which has been categorised into assets classified as held for sale approximately HK$28,655,000 (2012: HK$42,904,000). The increase in finance costs was mainly due to increase in bank borrowings.

The Group recorded a loss attributable to owners of the Company was approximately HK$16,686,000 (2012: profit of HK$34,596,000). If the unrealised loss in fair values of investment properties (net of deferred tax) attributable to the Company were to be excluded of approximately HK$6,396,000, loss for the year attributable to owners of the Company would be approximately HK$10,290,000 (2012: HK$179,000).

INTERIM DIVIDEND

The Board does not recommend the payment of interim dividend for the six months ended 30 September 2013 (2012: Nil).

LIQUIDITY AND FINANCIAL RESOURCES

The Group continued to maintain a healthy financial position with sufficient surplus cash of approximately HK$484,936,000 (excluding pledged bank deposits) (31 March 2013: HK$379,202,000) and recorded a current ratio of 1.7 as of 30 September 2013. The Board is of the view that the Group has sufficient available financial resources to satisfy its working capital requirements and meeting business expansion opportunities when arise. As of 30 September 2013, the Group's total bank borrowings amounted to approximately HK$1,093,842,000 (31 March 2013: HK$908,910,000). The increase in bank borrowings was primarily attributable to the utilisation of new bank borrowings for the refinancing of loans from shareholders and loan from a related party. As of 30 September 2013, the gearing ratio of the Group expressed as total liabilities over total assets was 57% (31 March 2013: 60.1%).

Whilst the Group's all bank borrowings beared interest rates at prevailing market floating rates, the Group has secured fixed interest rate swap arrangements with a bank for an aggregate notional amount of HK$120,000,000 (2012: HK$240,000,000) to mitigate the risk of market interest rate upward trends.

The Group's bank borrowings as of 30 September 2013 were summarised as follows:

Currency of bank loans	**Total**	**Due within one year**	**Due more than one year but not exceeding two years**	**Due more than two years but not exceeding five years**	**Due after five years**
	HK$ million	*HK$ million*	*HK$ million*	*HK$ million*	*HK$ million*
USD	80.59	80.59	—	—	—
HK$	1,013.25	26.75	26.75	351.25	608.50
	1,093.84	107.34	26.75	351.25	608.50

As of 30 September 2013, the unaudited net assets attributable to owners of the Company of approximately HK$1,846,780,000 (31 March 2013: HK$1,849,347,000). With the total number of ordinary shares in issue of 716,419,399 as at 30 September 2013 (31 March 2013: 716,419,399 shares), the unaudited net assets value per share was approximately HK$2.58 (31 March 2013: HK$2.58).

CHARGE ON ASSETS

At of 30 September 2013, the Group has pledged the following assets:

a. Investment properties and assets classified as held for sale in Hong Kong in aggregate fair values of approximately HK$1,994 million for securing bank borrowings granted from several banks to its wholly-owned subsidiaries;

b. Investment properties in the PRC to be disposal of under assets classified as held for sale at a fair value of approximately HK$3,756 million for securing construction loans limited to the extent of approximately RMB710 million granted from a bank in the PRC to its disposing non-wholly-owned subsidiary;

c. Pledged deposits of approximately HK$15 million for securing a interest rate swap contract; and

d. Entire issued shares of several wholly-owned subsidiaries for securing their respective bank borrowings.

CONTINGENT LIABILITIES

At of 30 September 2013, the Group has provided several corporate guarantees in favour of certain banks for securing bank borrowings granted to its wholly-owned subsidiaries amounted to approximately HK$1,266 million (31 March 2013: HK$1,070 million).

COMMITMENTS

As of 30 September 2013, the Group had no capital commitments.

EMPLOYEES AND REMUNERATION POLICY

As at the end of Interim Period, the Group had about 22 employees based in Hong Kong and the PRC. The Group offers its employees competitive remuneration packages which commensurate with their performance, experience and job nature. The Group also provides other benefits including medical insurance and contribution to mandatory provident fund schemes. At the annual general meeting of the Company held on 3 September 2013 ("AGM"), the shareholders of the Company approved the adoption of a new share option scheme ("New Share Option Scheme") upon the then share option scheme adopted on 3 September 2003 ("Old Share Option Scheme") which had been lapsed on the date of AGM. Notwithstanding the expiration of the Old Share Option Scheme, the provisions of the Old Share Option Scheme shall remain in full force in all respects with respect to the outstanding options of 99,440,000 shares which will continue to be exercisable in accordance with the Old Share Option Scheme. No share option has been granted under the New Share Option Scheme since its adoption.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS

The Group did not have any significant investments, material acquisitions or disposals during the Interim Period.

EVENT AFTER THE REPORTING PERIOD

On 4 October 2013, High Fly has completed the disposal of its 55% equity interests in High Luck and its subsidiaries ("High Luck Group") and the High Luck Group ceased as non-wholly owned subsidiaries of the Group accordingly.

CORPORATE GOVERNANCE

Compliance with the Corporate Governance Code

The Company has applied the principles and complied with the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Listing Rules, and all other relevant laws and regulations during the Interim Period, with the exception of the following deviations:

i. Pursuant to Code A.2.1 of the CG Code, 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.

ii. Pursuant to Code A.6.7 of the CG Code, independent non-executive directors and other non-executive directors should attend the general meetings of the Company. One non-executive director was unable to attend the annual general meeting of the Company held on 3 September 2013 due to other prior business engagement.

Review by Audit Committee

The Audit Committee comprises an non-executive director and two independent non-executive directors, namely, Mr. Mak Wah Chi, Mr. Li Kit Chee (Chairman of the Audit Committee) and Mr. Chan Kam Man. The Audit Committee had reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the unaudited Interim Financial Statements for the Interim Period.

Compliance with the Model Code for Securities Transactions

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

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the period.

PUBLICATION OF THE INTERIM RESULTS AND INTERIM REPORT

The interim results announcement is published on the website of The Stock Exchange of Hong Kong Limited (www.hkex.com.hk) as well as the website of the Company (www.henrygroup.hk). The 2013/2014 interim report will be despatched to shareholders and will be published on the aforementioned websites in due course.

By order of the Board
Henry Group Holdings Limited
Ng Ian
Chairman

Hong Kong, 28 November 2013

As at the date of this announcement, the Board comprises Mr. Ng Ian and Mr. Chan Kwok Hung 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 purpose only*