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

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(Incorporated in Bermuda with limited liability)

(Stock code: 859)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2018

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 2018, together with the comparative audited figures for the year ended 31 March 2017 which are set out as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		For the year ended 31 March	
		2018	2017
	Notes	***HK$'000***	*HK$'000*
Revenue	3	**47,241**	65,826
Other gains and losses, net	4	**(169)**	4,799
Net gain in fair value of investment properties		**20,500**	30,200
Staff costs		**(10,373)**	(12,123)
Depreciation of property, plant and equipment		**(840)**	(478)
Other operating expenses		**(19,310)**	(17,922)
Profit from operations	5	**37,049**	70,302
Finance costs	6	**(21,707)**	(33,611)
Net gain on disposal of subsidiaries	7	**5,375**	–
Net gain on disposal of an investment property	8	**4,950**	–

	Notes	For the year ended 31 March **2018** *HK$'000*	2017 *HK$'000*
Profit before taxation		**25,667**	36,691
Taxation	9	**(4,965)**	(2,585)
Profit for the year		**20,702**	34,106
Other comprehensive loss, net of income tax			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference on translating foreign operations		**(18)**	–
Other comprehensive loss for the year, net of tax		**(18)**	–
Total comprehensive income for the year		**20,684**	34,106
Profit for the year attributable to the owners of the Company		**20,702**	34,106
Total comprehensive income for the year attributable to the owners of the Company		**20,684**	34,106
EARNINGS PER SHARE			
– Basic *(in HK cents)*	10	**1.90**	3.41
– Diluted *(in HK cents)*	10	**1.89**	3.27

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**As at 31 March 2018** ***HK$'000***	As at 31 March 2017 *HK$'000*
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**2,858**	4,100
Investment properties		**1,927,500**	3,065,000
		1,930,358	3,069,100
Current assets			
Trade and other receivables	12	**2,808**	3,558
Derivative financial instruments		**19**	16,085
Tax recoverable		**121**	907
Cash and bank balances		**749,153**	400,107
		752,101	420,657
Current liabilities			
Other payables, accruals and rental deposits received, current portion	13	**8,788**	12,390
Bank borrowings, current portion (secured)		**17,100**	30,300
Tax payable		**79**	104
		25,967	42,794
Net current assets		**726,134**	377,863
Total assets less current liabilities		**2,656,492**	3,446,963

	Notes	As at 31 March 2018 HK$'000	As at 31 March 2017 HK$'000
Non-current liabilities			
Other payables and rental deposits received, non-current portion	13	**6,312**	11,885
Bank borrowings, non-current portion (secured)		**552,900**	1,142,725
Convertible notes		**8,037**	47,018
Deferred tax liabilities		**10,174**	18,218
		577,423	1,219,846
Net assets		**2,079,069**	2,227,117
CAPITAL AND RESERVES			
Share capital		**112,502**	102,904
Reserves		**1,966,567**	2,124,213
Total equity		**2,079,069**	2,227,117

Notes:

1. BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**) and interpretations issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and by the disclosures requirements of the Hong Kong Companies Ordinance (Cap 622) ("**CO**").

(b) Basis of preparation of financial statements

The consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the Group takes into account the characteristics when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 Share-based Payment, leasing transactions that are within the scope of HKAS 17 Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 Inventories or value in use in HKAS 36 Impairment of Assets.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirely, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSS")

In the current year, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations (the "new and amendments to HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") that are relevant to its operations and effective for annual periods on or after 1 April 2017.

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRS 12 included in Annual Improvements to HKFRS 2014-2016 Cycle	Disclosure of Interests in Other Entities: Clarification of the Scope of HKFRS 12

In the opinion of Directors, the application of the new and amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior periods and on the disclosures set out in these consolidated financial statements.

New and amendments to HKFRSs in issue not yet effective

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

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers[1]
HKFRS 16	Leases[2]
HKFRS 17	Insurance Contracts[3]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[1]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKFRS 15	Clarification of HKFRS 15 Revenue from Contracts with Customers[1]
Amendments to HKAS 19	Employee Benefits[2]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[2]
Amendments to HKAS 40	Transfers of Investment Property[1]
Amendments to HKFRS 1 and HKAS 28	Annual Improvements to HKFRSs 2014-2016 Cycle[1]
Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23	Annual Improvements to HKFRSs 2015-2017 Cycle[2]
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration[1]
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments[2]

1 Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.
2 Effective for annual periods beginning on or after 1 January 2019, with earlier application permitted.
3 Effective for annual periods beginning on or after 1 January 2021, with earlier application permitted.
4 No mandatory effective date yet determined but available for adoption.

3. REVENUE AND SEGMENT INFORMATION

The Group's revenue comprises:

	2018	2017
	HK$'000	*HK$'000*
Gross rental income from investment properties in Hong Kong	**47,241**	65,826

The segmentations are based on the information about the operation of the Group that management uses to make decisions and regularly review by the chief operating decision maker for the purpose of allocating resources to segments and assessing their performance. For the year ended 31 March 2018 and 31 March 2017, the Group only engaged operating segment in property leasing. No analysis of the Group's results, assets and liabilities of other reportable segment is presented.

Revenue from major products and services

All of the Group's revenue for the year ended 31 March 2018 and 31 March 2017 represented gross rental income from investment properties in Hong Kong.

Geographical information

As all of the Group's revenue are derived from Hong Kong and most of the Group's identifiable assets and liabilities are located in Hong Kong, no geographical segment information is presented in accordance with HKFRS 8 Operating Segments.

Information about major customers

Revenue for the years ended 31 March 2018 and 31 March 2017 represented gross income from leasing of investment properties in Hong Kong.

For the year ended 31 March 2018 and 31 March 2017, no revenue from customers with whom transactions in aggregate have exceeded 10% of the Group's revenue during the year.

4. OTHER GAINS AND LOSSES, NET

	2018	2017
	HK$'000	*HK$'000*
Bank interest income	**923**	1,382
Change in fair value of derivative financial asset component of convertible notes	**(3,199)**	2,604
Reversal of impairment loss on trade receivables	**58**	–
Compensation received from tenants	**398**	–
Forfeiture of convertible note interest payable	**1,536**	717
Sundry income	**115**	96
	(169)	4,799

5. PROFIT FROM OPERATIONS

	2018	2017
	HK$'000	*HK$'000*
Profit from operations is arrived at after charging/(crediting):		
Directors' emoluments	**4,989**	8,480
Other staff costs		
Salaries and allowances	**5,074**	3,353
Retirement benefit scheme contributions	**96**	96
Other benefits in kind	**214**	194
	5,384	3,643
Total staff costs	**10,373**	12,123
Net exchange loss	**3**	–
Auditors' remuneration		
– Audit services	**750**	800
– Non-audit services	**430**	–
Depreciation of property, plant and equipment	**840**	478
Written-off of property, plant and equipment	**442**	–
Impairment loss on trade receivables	**25**	58
Share-based payment expenses	**–**	2,297
Gross rental income from investment properties	**(47,241)**	(65,826)
Less: Direct operating expenses from investment properties that generated rental income during the year	**4,723**	4,975
	(42,518)	(60,851)

6. FINANCE COSTS

	2018	2017
	HK$'000	*HK$'000*
Interest on bank borrowings		
– wholly repayable within five years	**2,492**	9,075
– wholly repayable after five years	**11,688**	12,346
Other finance costs	**5,495**	3,986
Effective interest expense on convertible notes	**2,032**	8,204
	21,707	33,611

7. NET GAIN ON DISPOSAL OF SUBSIDIARIES

On 13 December 2017, the Group disposed of the entire issued share capital of Seedtime International Limited for an aggregate consideration of HK$965,000,000 (subject to post-completion adjustments pursuant to the sales and purchase agreement entered on 13 July 2017). Based on the post-completion adjustments, the consideration was subsequently adjusted downwards from HK$965,000,000 to HK$963,307,000. The consolidated net assets of Seedtime International Limited and its subsidiary, Land Base Limited, at the date of disposal were as follows:

Consideration received:

	HK$'000
Cash received	**963,307**

Analysis of assets and liabilities over which control was lost:

	HK$'000
Investment properties	**960,000**
Trade receivables	**1,720**
Deposits and other receivables	**266**
Bank balances	**1,447**
Other payables, accruals and rental deposits received	**(5,032)**
Provision for litigation	**(2,300)**
Amount due to holding company	**(182,162)**
Tax payable	**(94)**
Deferred tax liabilities	**(5,795)**
Net assets disposed of	**768,050**

Net gain on disposal of subsidiaries:

	HK$'000
Consideration received	**963,307**
Assignment of amount due to holding company	**(182,162)**
Net assets disposed of	**(768,050)**
Transaction costs directly attributable to the disposal	**(7,720)**
Net gain on disposal of subsidiaries	**5,375**

8. NET GAIN ON DISPOSAL OF AN INVESTMENT PROPERTY

Net gain on disposal of an investment property arose from the completion of disposal of the investment property – House No. 12, Villa Bel-Air, Bel-Air on the Peak, Island South, Hong Kong at a consideration of HK$205,000,000 in August 2017.

	2018	2017
	HK$'000	*HK$'000*
Sales proceeds	**205,000**	–
Less:		
– Carrying amount of an investment property	**(198,000)**	–
– Transaction costs directly attributable to the disposal of an investment property	**(2,050)**	–
Net gain on disposal of an investment property	**4,950**	–

9. TAXATION

	2018	2017
	HK$'000	*HK$'000*
Current tax – Hong Kong		
– Provision for the year	**2,493**	2,038
– Under provision in prior years	**1,363**	306
	3,856	2,344
Deferred taxation		
– Charged to the consolidated statement of profit or loss and other comprehensive income	**1,109**	241
	4,965	2,585

Hong Kong profits tax has been provided at the rate of 16.5% (2017: 16.5%) of the estimated assessable profit for the year ended 31 March 2018.

10. EARNINGS PER SHARE

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

	2018	2017
	HK$'000	*HK$'000*
Earnings		
Earnings for the purpose of basic earnings per share	**20,702**	34,106
Effects of dilutive potential ordinary shares		
Effective interest expenses on convertible notes, net of tax	**–**	5,278
Fair value gains on the derivative financial asset component of convertible notes	**–**	(3,817)
Earnings for the purpose of diluted earnings per share	**20,702**	35,567

	2018	2017
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,088,148**	1,000,979
Effects of dilutive potential ordinary shares:		
(i) Share options	**4,421**	8,276
(ii) Convertible notes	**–**	77,088
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,092,569**	1,086,343

The diluted earnings per share for the year ended 31 March 2017 was calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The outstanding share options and convertible notes were assumed to have been converted into ordinary shares, and the profit for the year ended 31 March 2017 was adjusted to reflect the effective interest expense on convertible notes less tax effect, if any.

The diluted earnings per share for the year ended 31 March 2018 was calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The outstanding share options were assumed to have been converted into ordinary shares.

For the year ended 31 March 2018, the Company's outstanding convertible notes were not included in the calculation of diluted earnings per share because the effect of which were anti-dilutive.

11. DIVIDENDS

The Directors do not recommend dividend for the year ended 31 March 2018.

For the year ended 31 March 2017, a final dividend of HK$0.213 per ordinary share was declared and paid in August 2017.

12. TRADE AND OTHER RECEIVABLES

	2018	2017
	HK$'000	*HK$'000*
Trade receivables	**1,383**	2,194
Less: Impairment loss on trade receivables	**–**	(58)
	1,383	2,136
Other receivables and prepayments	**1,425**	1,422
	2,808	3,558

(i) Rentals and deposits are receivable in advance from tenants pursuant to the Group's lease agreements entered into with all tenants.

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 rental receivables. The rental receivables are payable in advance by tenants.

(ii) 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:

	2018	2017
	HK$'000	*HK$'000*
Effective rental receivables (0 days)	**1,220**	1,730
Up to 30 days	**163**	406
	1,383	2,136

(iii) The ageing analysis of trade receivables that are neither individually nor collectively considered to be impaired are as follows:

	2018 HK$'000	2017 HK$'000
Neither past due nor impaired	**1,220**	1,730
Less than 1 month past due	**163**	406
	1,383	2,136

Trade receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Trade receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there have not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

(iv) Movements in the allowance for doubtful debts:

	2018 HK$'000	2017 HK$'000
At the beginning of the year	**58**	–
Impairment loss recognised on trade receivables	**25**	58
Amounts recovered during the year	**(58)**	–
Amounts written-off as uncollectible during the year	**(25)**	–
At the end of the year	**–**	58

Included in the impairment loss on trade receivables are individually impaired trade receivables with an aggregate balance of approximately HK$25,000 (2017: approximately HK$58,000) as the Directors consider that the outstanding amount were not recoverable.

13. OTHER PAYABLES, ACCRUALS AND RENTAL DEPOSITS RECEIVED

	2018 HK$'000	2017 HK$'000
Rental deposits received	**10,075**	15,673
Accruals and other payables	**4,837**	8,341
	14,912	24,014
Advance rental received	**188**	261
	15,100	24,275
Less: Other payables and rental deposits received – Non-current portion	**(6,312)**	(11,885)
	8,788	12,390

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF OPERATIONS

During the year under review, rental income generated from investment properties in Hong Kong continued to be the major source of the Group's revenue. During the financial year, the Group strategically disposed of two investment properties. As a result, the Group no longer generated rental income from the disposed properties after the disposal which has led to a drop in revenue of the Group. Occupancy rate of the investment properties portfolio of the Group was steady on average.

For the purpose of optimising its investment properties portfolio and reallocating the finances resources to replenish property projects, the Group disposed of two investment properties, the details of which are as follows:

(i) On 11 May 2017, the Group entered into a provisional sale and purchase agreement with an independent third party in relation to the disposal of House No. 12, Villa Bel-Air, Bel-Air on the Peak, Island South, Hong Kong (the "**Bel-Air Disposal**") at a consideration of HK$205 million. The Bel-Air Disposal constituted a disclosable transaction for the Company under the Listing Rules. Completion of the Bel-Air Disposal took place in August 2017 and the Group realized a net gain on disposal of an investment property amounting to approximately HK$4.95 million. Detailed information relating to the Bel-Air Disposal was disclosed in the announcement of the Company dated 11 May 2017; and

(ii) On 13 July 2017, the Group entered into a conditional sale and purchase agreement with an independent third party in relation to the disposal of 100% equity interest in Seedtime International Limited ("**Seedtime**"), which was an indirect wholly-owned subsidiary of the Company through its wholly-owned subsidiary – Land Base Limited holding an investment property situated at Nos. 487-489 Lockhart Road, Hong Kong known as "L'hart" (the "**Seedtime Disposal**"), at a consideration of approximately HK$965 million (subject to post completion adjustments). The Seedtime Disposal constituted a major transaction for the Company under the Listing Rules. Completion of the Seedtime Disposal took place in December 2017 thereby the Group realised a net gain on disposal of subsidiaries amounting to approximately HK$5.4 million (after taking into account of audited post completion adjustment amounted to approximately HK$1.7 million. Detailed information relating to the Seedtime Disposal was disclosed in the announcements of the Company dated 13 July 2017 and 13 December 2017, and the circular of the Company dated 2 August 2017.

The fair value of the Group's investment properties portfolio in Hong Kong as of 31 March 2018 was approximately HK$1,927,500,000. A breakdown of properties valuation and the comparison of the revenue by property for the two financial years ended 31 March 2018 and 2017 as shown below:

By property	Properties Valuation as of 31 March 2018	Revenue for the year ended 31 March 2018	2017	Change
	HK$'000	*HK$'000*	*HK$'000*	
Causeway Bay				
Jardine Center, No. 50 Jardine's Bazaar	**1,490,000**	**27,359**	29,522	**(7.3%)**
L'hart, Nos. 487-489 Lockhart Road *(Seedtime Disposal completed in December 2017)*	**–**	**10,692**	25,582	**(58.2%)**
Ground Floor and Cockloft Floor, No. 38 Jardine's Bazaar	**100,000**	**2,274**	2,245	**1.3%**
First Floor, Nos. 38-40 Jardine's Bazaar	**14,500**	**384**	410	**(6.3%)**
Ground Floor including Cockloft, No. 41 Jardine's Bazaar	**135,000**	**2,532**	2,532	**–**
Ground Floor, No. 57 Jardine's Bazaar	**138,000**	**3,192**	3,167	**0.8%**
Mid-levels West				
Shop No. 1 on Ground Floor of K.K. Mansion, Nos. 119, 121, 125, Caine Road	**50,000**	**–**	119	**(100%)**
Island South				
House No. 12, Villa Bel-Air, Bel-Air on the Peak *(Bel-Air Disposal completed in August 2017)*	**–**	**808**	2,249	**(64.1%)**
Total	**1,927,500**	**47,241**	65,826	**(28.2%)**

After the completion of Bel-Air Disposal and Seedtime Disposal, the Group's investment properties portfolio consists of four commercial properties and one residential property in Causeway Bay as well as one commercial property in Mid-Levels West. The overall occupancy rate of the investment properties portfolio was about 94% as of 31 March 2018. Food & beverage and beauty remained the sectors taking up the most space in the Group's portfolio. The existing leases have different expiring dates (about 40.3% in 2018; 32.39 % in 2019; and 27.31% in 2020 and beyond).

OUTLOOK

According to the First Quarter Economic Report 2018 released by Hong Kong Government, economy of Hong Kong recorded a robust growth of 4.7% over a year benefiting from strong domestic demand and favourable labour market conditions as well as positive business sentiment. The People's Republic of China (the "**PRC**") demonstrated a robust growth track and is expected to be the engine for global economic growth in the medium term. During the financial year, a strong local wealth effect stemming from stock and property market growth, coupled with the expected acceleration in tourist arrivals and spending supported steady growth in retail business. In short run, retail market sentiment is expected to improve further taken into account of the enhanced mobility of logistics and people benefiting from the forthcoming new cross-border infrastructure projects, such as Guangzhou-Shenzhen-Hong Kong Express Rail Link and Hong Kong-Zhuhai-Macao Bridge. Therefore, it is expected that the investment properties portfolio of the Group which are located at prime area will benefit from strong rental demand and will contribute considerable income to the Group.

Going forward, it is the strategy of the Group to continue consolidating and strengthening its existing business while at the same time seeking new opportunities in the real estate sector to broaden its source of revenue. Combining the experience of the Group in the property investment sector in Hong Kong and the network and connection of Sansheng Hongye (Hong Kong) Limited (the controlling shareholder of the Company) in the PRC, the Group intends to expand its business in the PRC initially in the Guangdong-Hong Kong-Macao Bay Area and Yangtze River Delta Area. The Group will seek investment opportunities in property investment, management and development businesses where the Board considers to be with good development prospects to create value for the Company and the Shareholders.

FINANCIAL REVIEW

The Group recorded revenue of approximately HK$47.2 million for the year ended 31 March 2018 (2017: approximately HK$65.8 million, representing a decrease of approximately 28.2% as compared with last year. The decline was mainly due to the pro rata effect of rental income generated from the disposed investment properties upon their respective completion of disposals which took place in August and December 2017.

Operating expenses comprised investment properties related expenses, rental expenses, utilities charges and legal and professional fees. An increase in operating expenses was mainly due to the professional fees in relation to the mandatory unconditional cash offers triggered by change in controlling shareholders of the Company and the Bel-Air Disposal and Seedtime Disposal.

Staff costs comprised salaries, directors' fee, retirement benefit costs and share based payments. Staff cost decreased by 14.4% as compared with last year. Such decrease was mainly due to the decrease in directors' remunerations upon the substantial changes in the composition of the Board in early February 2018 and the absence of share-based payment for the year (2017: approximately HK$2,297,000).

The Group's unrealized fair value gains on investment properties (mainly contributed by Jardine Center) amounted to HK$20 million. The Group's investment properties were revalued by Savills Valuation and Professional Services Limited, an independent valuer.

Finance costs comprised bank borrowings interest expenses, new bank borrowings arrangement fee and imputed interest cost arose from convertible notes. Such decrease was primarily attributable to (i) the substantial decrease in imputed interest cost as result of the substantial portion of convertible notes being converted into ordinary shares; and (ii) pro rata effect of reduction in bank borrowings interest expenses as a result of the mandatory repayment of bank borrowings being triggered by Bel-Air Disposal and Seedtime Disposal.

Profit for the year amounted to approximately HK$20.7 million as compared with a profit of approximately HK$34.1 million in the previous year. Reported profit decrease was due to net combined effect of (i) decrease in revenue; (ii) a decrease in unrealized fair value gains on investment properties; and (iii) non-recurring gains arising from disposal of the investment properties as aforesaid mentioned Bel-Air Disposal and Seedtime Disposal.

Liquidity and Financial Resources

The Group mainly finances its business operations with its internal resources and bank borrowings. As at 31 March 2018, the Group had cash and bank balances (included bank deposits) of approximately HK$749.2 million (as at 31 March 2017: approximately HK$400.1 million). The increase in cash and bank balances was mainly attributable to the new bank borrowing raised subsequent to the cash payments for (i) distribution of final dividends for the year ended 31 March 2017 to shareholders of the Company in August 2017; and (ii) repayment of bank borrowings during the year. The Group's cash and bank balances are deposited in Hong Kong Dollars ("**HKD**") which mainly are preserved in risk-free bank deposits to maintain highly liquidity financial resources available for facilitating future investment activities and acquisitions when opportunities arise.

As at 31 March 2018, the Group's bank borrowings of HK$570 million all denominated in HKD and carry interest at Hong Kong Interbank Offer Rate (HIBOR) plus a margin (as at 31 March 2017: approximately HK$1,173 million) with maturity profile set out as follows:

	2018 HK$'000	2017 HK$'000
Repayable		
Within one year	**17,100**	30,300
Within a period of more than one year but within two years	**17,100**	33,300
Within a period of more than two years but within five years	**535,800**	275,425
Within a period of more than five years	**–**	834,000
	570,000	1,173,025

The Group's gearing ratio as of 31 March 2018, which is calculated on the basis of total liabilities over total assets, was approximately 22.5% (2017: approximately 36.2%) whilst the current ratio of the Group which is expressed as a ratio of current assets over current liabilities as of 31 March 2018, was approximately 29.0 (2017: approximately 9.8). The Group will continue to adopt a prudent financial policy so as to sustain an optimal level of borrowings to meet its funding requirements.

Capital Structure

As of 31 March 2018, the issued share capital of the Company has been increased to 1,125,027,072 ordinary shares due to (i) issue and allotment of 65,310,492 ordinary shares of the Company by virtue of partial conversion of a convertible note with principal amount of HK$61,000,000 at its conversion price of HK$0.934 per share; and (ii) issue and allotment of 30,673,046 ordinary shares of the Company by virtue of exercise of 30,673,046 share options.

As at 31 March 2018, audited net assets amounted to approximately HK$2,079.1 million (2017: approximately HK$2,227.1 million), representing a decrease of approximately 6.6% as compared with the same as of 31 March 2017. With the total number of 1,125,027,072 ordinary shares in issue as of 31 March 2018, the audited net assets value per share was approximately HK$1.85 (2017: approximately HK$2.16).

Treasury Policy

The Group's business has been conducted in Hong Kong and its monetary assets and liabilities are mainly denominated in HKD. The Group regularly reviews its major funding positions to ensure that it has adequate financial resources in meeting its financial obligations.

DIVIDEND

The Directors do not recommend any dividend for the year ended 31 March 2018.

A final dividend of HK$0.213 per ordinary share for the year ended 31 March 2017 to shareholders of the Company was paid in August 2017.

CORPORATE GUARANTEE

As of 31 March 2018, the Company has given several corporate guarantees in aggregate of HK$656,000,000 (31 March 2017: HK$1,316,000,000) for securing banking facilities granted to its subsidiaries which were fully repaid in December 2017. As at 31 March 2018, the Company provided corporate guarantee of HK$570,000,000 which given to a bank for securing banking facilities granted to its subsidiary.

CHARGES ON GROUP ASSETS

As at 31 March 2018, the Group had pledged the following assets:

1. investment properties in Hong Kong with an aggregate carrying amount of HK$1,763,000,000 (2017: HK$3,051,000,000) for securing certain bank borrowings of its wholly-owned subsidiaries;

2. share mortgage of several subsidiaries for securing their respective bank borrowings; and

3. rent assignments in respect of the investment properties held by the Group.

CONTINGENT LIABILITIES

(1) High Fly Investments Limited ("**High Fly**"), an indirect non-wholly owned subsidiary of the Company which was dissolved by virtue of voluntary liquidation in the British Virgin Islands ("**BVI**") approved by Registry of Corporate Affairs on 24 January 2014 and Premium Assets Development Limited ("**Premium Assets**") (collectively the "**Indemnifiers**") had signed Deed of Indemnity (the "**Deed**") on 4 October 2013 (being date of completion of the sales and purchase agreement dated 14 November 2012 entered into between High Fly, Premium Assets and Double Favour Limited ("**Double Favour**") in relation to the disposal of the entire equity interests in High Luck International Limited ("**High Luck**") (the "**SPA**") with Double Favour. Pursuant to the Deed, each of indemnifiers severally, pro rata to their respective shareholdings in the High Luck immediately before completion of the SPA (i.e. 45% as to Premium Assets and 55% as to High Fly) (the "**Relevant Proportion**") undertakes to Double Favour (for itself and as trustee of the High Luck and its subsidiaries (the "**Disposal Group**") to pay them an amount or amounts equal to each of the following:

(a) any liability to taxation in connection with any claim in respect of all taxation falling on any member of the Disposal Group resulting from or by reference to any transaction, event, matters or thing occurred or effected during the period from 1 September 2007 to 4 October 2013 (being date of completion of the SPA) (the "**Relevant Period**"), or in respect of any gross receipts, income, profits or gains earned, accrued or received, or alleged or deemed to have been earned, accrued, or received by any member of the Disposal Group during the Relevant Period, whether alone or in conjunction with any other circumstances whenever occurring and whether or not such taxation is chargeable against or attributable to any other person, firm or company; and

(b) all action, claims, losses, damages, cost (including all legal costs), charges, expenses, interests, penalties or any other liabilities to which any member of the Disposal Group is or may be subject or which any member of the Disposal Group or Double Favour may reasonably and properly incur in connection with:

    (i) any investigation, assessment or the contesting of any claim or any of the matter referred to in (a) above;

    (ii) the settlement of any claim or any of the matters referred to in (a) above;

    (iii) any legal proceedings or actions in which the Purchaser or any member of the Disposal Group claims under or in respect of the Deed and in which judgment is given in favour of the Double Favour or any member to the Disposal Group; or

    (iv) the enforcement of any such settlement or judgment,

and each of the Indemnifiers severally in the Relevant Proportion undertakes to indemnify and hold harmless on demand any member of the Disposal Group and Double Favour in respect of the matters referred to (a) to (b) (inclusive) above.

Notwithstanding anything to the contrary herein provided and the guarantee provided in the SPA, Double Favour further agrees and acknowledges to High Fly acting as trustee for the benefit of Uptodate Management Limited ("**Uptodate**"), an indirect wholly owned subsidiary of the Company and Best Task Limited that their respective obligations under the guarantee in respect of any obligations arising from any claims against High Fly under the Deed and/or the SPA (the "**Relevant Claims**"), the obligations of Uptodate under the guarantee for such Relevant Claims should only be limited to 54.55% of the said claims (i.e. not more than 30% of total claims).

Pursuant to the Deed, the board of directors is of the opinion that it would be unlikely for the Group through Uptodate to suffer any material financial loss as a result of giving the aforesaid indemnity on several basis limited to 30% of the Relevant Claims.

As at 31 March 2018, there was no relevant claims reported.

2. Under the agreement for sale and purchase of share in and debts owed by Seedtime International Limited signed between the Company, Rose City Group Limited (the "**Vendor**") and Prime Magic Holdings Limited (the "**Purchaser**") on 13 July 2017, the Company acts as guarantor in favour of the Purchaser for the disposal of entire issued share capital of Seedtime International Limited, which was completed on 13 December 2017.

   The Company irrevocably and unconditionally guarantees to the Purchaser the due and punctual observance and performance by the Vendor of all its obligations undertaken in the agreement and the Vendor's warranties; and undertakes that if for any reason the Vendor fails to observe or perform any of such obligations and/or is in breach of any Vendor's warranties, it shall on demand observe or perform or procure the Vendor to observe or perform the same in respect of which the Vendor shall be in default and make good to the Purchaser and indemnify and hold harmless the Purchaser against all reasonable losses, damages, costs and expenses arising or incurred by the Purchaser as a result of such non-observance or non-performance.

   As at 31 March 2018, there was no relevant claims reported.

Save as disclosed aforesaid, the Group did not have any significant contingent liabilities as at 31 March 2018.

EVENTS AFTER THE REPORTING PERIOD

(1) On 23 April 2018, the Board announced that it has resolved to change the financial year end date of the Company from 31 March to 31 December effective after the publication of the annual results for the year ended 31 March 2018. After the publication of the annual results for the year ended 31 March 2018, the next financial year end date of the Company will be 31 December 2018 and the next audited financial statements of the Group will cover the period of nine months from 1 April 2018 to 31 December 2018.

(2) A special resolution was passed by the Company's shareholders at the special general meeting held on 24 May 2018 to approve the change of the English name of the Company from "Henry Group Holdings Limited" to"Zhongchang International Holdings Group Limited" and the adoption of "中昌國際控股集團有限公司" as the secondary name in Chinese of the Company to replace its existing secondary name in Chinese "鎮科集團控股有限公司" which is used for identification purpose only.

(3) On 15 June 2018, Top Bright, an indirect wholly-owned subsidiary of the Company, entered into a supplemental agreement with a financial institution for a term loan facility in the principal amount of HK$212 million. On the same day, each of Smart Land Properties Limited and Pioneer Delight Limited, both being indirect wholly-owned subsidiaries of the Company, entered into an agreement with a financial institution for a term loan facility in their respective principal amount of HK$50 million and HK$25 million. Pursuant to the terms of the aforesaid loan agreements, it will constitute an event of default if Mr. Chen Lijun and Mr. Chen Jianming (the ultimate controlling shareholder of the Company) fail to collectively maintain not less than 55% beneficial shareholding in the Company or maintain control over the management and business of the Group.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2018, the Group had 7 employees based in Hong Kong. The Group offers its employees competitive remuneration packages which commensurate with their performance, experience and job nature. The Group also provides other benefits including but not limited to medical insurance, discretionary bonus, share options and mandatory provident fund schemes.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE AND CORPORATE GOVERNANCE REPORT

The Company has adopted a corporate governance code prepared based on the code provisions (the "**Code Provisions**") of the latest revised code on corporate governance (the "**CG Code**") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") from time to time as the guidelines for corporate governance of the Company, and has complied with the CG Code throughout the year, with the following exceptions:

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.**

   Mr. Ng Ian was appointed as the chairman of the Company and resigned as the deputy Chairman and chief executive officer of the Company ("**CEO**") on 28 March 2013 and no CEO has been appointed since then. For the period from 1 April 2017 to 2 February 2018 (being date of Mr. Ng Ian's resignation), Mr. Ng Ian took up both the roles of the chairman and CEO. The Board considered that the management structure of the Board could be optimised by Mr. Ng Ian taking up both the roles of Chairman and CEO of the Company after considering the following factors:

   a. it would not impair the balance of power and authority between the Board and the management of the Company. The balance of power and authority was ensured by the operations of the Board, which comprises experienced and high calibre individuals who meet regularly to discuss issues pertaining to the operations of the Company; and

   b. it was conducive to strong and consistent leadership, and enabled the Group to make and implement decisions promptly and efficiently.

   With Mr. Ng Ian's resignation as an executive director and the chairman of the Company with effect from 2 February 2018, Mr. Wang Junyong (an executive Director of the Company appointed on 12 January 2018) has been appointed as the chairman of the Company with effect from 2 February 2018. Since then, the duties and responsibilities of the CEO have been taken up by the executive committee of the Company. The Company is presently identifying a suitable candidate to be appointed as the CEO and will make further announcement upon such appointment.

2. **Code Provision A.6.7 of the CG Code stipulates that independent non-executive Directors and other non-executive Directors should attend the general meetings of the Company and develop a balanced understanding of the views of the shareholders.**

   Mr. Ng Chun For, Henry (being non-executive director of the Company then) did not attend the annual general meeting of the Company 2016-2017 held on 17 August 2017 due to his other prior business engagement.

3. **Code Provision D.1.4 of the CG Code stipulates that all Directors should clearly understand delegation arrangements in place, and the Company should have formal letters of appointment for Directors setting out the key terms and conditions of their appointment.**

   For the period from 1 April 2017 to 2 February 2018, the Company had no formal letters of appointment for (i) Mr. Ng Ian and Mr. Chan Kwok Hung, the executive Directors of the Company then; (ii) Mr. Ng Chun For Henry and Mr. Mak Wah Chi, the non-executive Directors of the Company then; and (iii) Mr. Li Kit Chee, Mr. Chan Kam Man and Mr. Chu Tak Sum, the independent non-executive Directors of the Company then (collectively "**Former Directors**") as most of them had been serving as Directors of the Company for a considerable period of time, and clear understanding of the terms and conditions of their appointment already existed between the Company and the Former Directors, and so there was no written record of the same. In any event, all Former Directors, including those without a letter of appointment and those appointed for a specific term, were subject to retirement by rotation in the manner prescribed under the Bye-laws of the Company and on re-election of the retiring Directors, shareholders would be given information that is reasonably necessary for them to make an informed decision on the reappointment of the relevant Directors.

   On the other hand, each of the executive Directors appointed with effect from 12 January 2018 (i.e. Mr. Wang Junyong, Mr. Fan Xuerui, Mr. Sun Meng and Mr. Sun Feng) has entered into a service contract with the Company for an initial term of three years from 12 January 2018 to 11 January 2021 (both dates inclusive); and each of the independent non-executive Directors (i.e. Mr. Hung Ka Hai Clement, Mr. Liew Fui Kiang and Mr. Wong Sai Tat) has entered into an appointment letter with the Company for an initial term of three years from 12 January 2018 to 11 January 2021 (both dates inclusive).

   The Former Directors resigned as directors of the Company on 2 February 2018. Since then, the Company has complied with the code provision D.1.4 of the CG Code.

DIRECTORS' SECURITIES TRANSACTIONS COMPLIANCE WITH MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules ("**Model Code**") as its own code of conduct regarding Directors' securities transactions. Following specific enquiry by the Company, all the Directors have confirmed that they have fully complied with the Model Code for the year under review.

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.

SCOPE OF WORK OF HLB HODGSON IMPEY CHENG LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, and the related notes thereto for the year ended 31 March 2018 as set out in the preliminary announcement have been agreed by the Group's auditors, HLB Hodgson Impey Cheng Limited ("**HLB**"), to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by HLB in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by HLB on the preliminary announcement.

AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") comprises three independent non-executive Directors, namely, Mr. Hung Ka Hai Clement (Chairman), Mr. Liew Fui Kiang and Mr. Wong Sai Tat. 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 and have reviewed the audited consolidated financial statements for the year ended 31 March 2018 (which have been agreed by the Group's auditors) as set out in this announcement.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS

Apart from (i) the disclosable transaction – Bel-Air Disposal announced on 11 May 2017 and (ii) the major transaction – Seedtime Disposal announced on 13 July 2017, the Group did not have any significant investments, material acquisitions or disposals during the year.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the annual general meeting of the Company ("**AGM**"), the register of members of the Company will be closed from Tuesday, 21 August 2018 to Friday, 24 August 2018 (both dates inclusive), during which period no transfer of shares can be registered. In order to be eligible to attend and vote at the AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar in Hong Kong, Tricor Standard Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong by not later than 4:30 p.m. on Monday, 20 August 2018.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the website of the Company at www.henrygroup.hk and the website of The Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk. The annual report and the notice of annual general meeting will be despatched to the shareholders of the Company and will be available on the above websites in due course.

By Order of the Board
Henry Group Holdings Limited
Fan Xuerui
Executive Director

Hong Kong, 25 June 2018

As at the date of this announcement, the Board comprises Mr. Wang Junyong (Chairman), Mr. Fan Xuerui, Mr. Sun Meng and Mr. Sun Feng as executive Directors; and Mr. Hung Ka Hai Clement, Mr. Liew Fui Kiang and Mr. Wong Sai Tat as independent non-executive Directors.

* *The special resolution regarding the change of the English name of the Company from "Henry Group Holdings Limited" to "Zhongchang International Holdings Group Limited" and the adoption of "中昌國際控股集團有限公司" as the secondary name in Chinese of the Company to replace "鎮科集團控股有限公司" (used for identification purpose only) was approved by the shareholders of the Company at the special general meeting of the Company held on 24 May 2018 and the Registrar of Companies in Bermuda has on 4 June 2018 issued the Certificate of Incorporation on Change of Name and the Certificate of Secondary Name confirming that the aforementioned change was registered on 28 May 2018. It is now pending for the notification/registration procedures in the Companies Registry in Hong Kong.*