

Report of the Directors

The directors of the Company ("Directors") present their annual report together with the audited consolidated financial statements for the year ended 31st March, 2006.

Principal Activities

The Company acts as an investment holding company. The principal activities of its subsidiaries are set out in note 32 to the consolidated financial statements.

Change of Name of the Company

On 3rd June, 2006, the name of the Company was changed from Zida Computer Technologies Limited to Henry Group Holdings Limited.

Results and Appropriations

The results of the Group for the year ended 31st March, 2006 are set out in the consolidated income statement on page 25 of this annual report.

The Directors do not recommend the payment of a dividend.

Reserves

Details of the movements in the reserves of the Group and the Company during the year are set out on pages 28 and 59 of this annual report respectively.

Property, Plant and Equipment

Details of the movements in property, plant and equipment of the Group during the year are set out in note 13 to the consolidated financial statements.

Share Capital

Details of the movements in share capital of the Company during the year are set out in note 23 to the consolidated financial statements.

Financial Summary

A summary of the results and its assets and liabilities of the Group for the past five years is set out on page 70 of this annual report.

Report of the Directors

Directors

The Directors during the year and up to the date of this report were:

Executive directors

Mr. Ng Chun For, Henry (<i>Chairman</i>)	(appointed on 30 th April, 2005)
Mr. Ng Ian (<i>Chief Executive Officer</i>)	(appointed on 30 th April, 2005)
Mr. Chan Kwai Ping, Albert	(appointed on 30 th April, 2005)
Mr. Chang Chung Wa, Eddie	(resigned on 20 th May, 2005)
Ms. Tang Kit Ching, Venus	(resigned on 20 th May, 2005)

Non-executive director

Mr. Mak Wah Chi	(appointed on 1 st May, 2005)
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Independent non-executive directors

Mr. Cheng Yuk Wo	(appointed on 1 st May, 2005)
Mr. Ng Hoi Yue	(appointed on 1 st May, 2005)
Mr. Tsang Kwok Ming, Rock	(appointed on 1 st May, 2005)
Dr. Li Chi Kwong	(resigned on 20 th May, 2005)
Mr. Henry Fung	(resigned on 20 th May, 2005)
Prof. Pan Xiao Mei	(resigned on 20 th May, 2005)

In accordance with Bye-law 87 of the Company's Bye-laws, Mr. Chan Kwai Ping, Albert, Mr. Mak Wah Chi, Mr. Cheng Yuk Wo, Mr. Ng Hoi Yue and Mr. Tsang Kwok Ming, Rock will retire at the forthcoming annual general meeting and, being eligible, will offer themselves for re-election.

Directors' Service Contracts

None of the Directors who are proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

Directors' Interest In Contracts of Significance

No contract of significance to which the Company, its holding company, any of its subsidiaries or fellow subsidiaries was a party and in which any Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Major Customers and Suppliers

During the year, the aggregate turnover attributable to the Group's five largest customers was approximately 29.4% of the Group's total turnover and the Group's largest customer accounted for approximately 10.8% of the Group's total turnover.

The aggregate purchase attributable to the Group's five largest suppliers during the year accounted for approximately 44.3% of the total cost of sales of the Group and the largest supplier accounted for approximately 16.6% of the total cost of sales of the Group.

None of the Directors, their associates or any shareholder of the Company (which to the knowledge of the Directors owns more than 5% of the Company's issued share capital) had an interest in major customers or suppliers noted above.

Connected Transactions

On 1st February, 2006, Tactful Finance Limited, (a former intermediate holding company of the Company in which Mr. Chang Chung Wa, Eddie, a former director of the Company ("Mr. Chang") had a beneficial interest) agreed to extend the maturity date of advances amounting to HK\$5,080,000 to the Group, from 30th April, 2006 up to 30th April, 2007. It is unsecured and non-interest bearing. In addition, Mr. Chang had given guarantee to a bank in connection with banking facilities maturing in December 2010 amounting to HK\$1,350,000 granted to the Company's wholly-owned subsidiary, Vida Design Limited.

Discloseable Transaction

On 9th March, 2006, Henry Group Holdings Limited, a company incorporated in the British Virgin Islands with limited liability which is an indirect wholly-owned subsidiary of the Company, entered into a conditional sale and purchase agreement in relation to the acquisition of 55% equity interest in Uni-Land Property Consultants Limited at a total consideration of HK\$3,300,000. The transaction constituted a discloseable transaction as defined by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and was announced by way of a press announcement by the Company on 13th March, 2006. Details of the transaction have been included in the circular to shareholders dated 30th March, 2006.

Report of the Directors

Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company or Any of Its Associated Corporations

As at 31st March, 2006, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), which were notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Listing Rules as adopted by the Company, to be notified to the Company and the Stock Exchange, were as follows:

(I) Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company

(a) Long positions in ordinary shares of HK\$0.1 each of the Company

Name of Director	Capacity and nature of interest	Number of issued ordinary shares held	Approximate percentage of issued share capital of the Company
Mr. Ng Chun For, Henry ("Mr. Ng")	Interest of a controlled corporation	152,618,000 (Note)	68.09%

Note:

Mr. Ng owned 152,618,000 shares of the Company through Henry Jewellery Holdings Limited, a company incorporated in the British Virgin Islands ("HJHL") (formerly known as True Ever Group Limited). Mr. Ng is entitled to exercise or control the exercise of one-third or more of the voting rights of HJHL so he is deemed to be interested in all shares held by HJHL by virtue of the SFO.

(b) *Long positions in underlying shares of the Company*

As at 31st March, 2006, the Directors had personal interests in share options of the Company granted under the share option scheme adopted on 3rd September, 2003 as follows:

Name of Director	Option grant date	Exercise period	Exercise price	Number of share options outstanding	Approximate percentage of interest in issued share capital
Mr. Ng	28 th October, 2005	28 th October, 2005 to 27 th October, 2015	0.676	2,000,000	0.89%
Mr. Ng Ian	28 th October, 2005	28 th October, 2005 to 27 th October, 2015	0.676	2,000,000	0.89%
Mr. Chan Kwai Ping, Albert	28 th October, 2005	28 th October, 2005 to 27 th October, 2015	0.676	2,000,000	0.89%
				6,000,000	

(II) Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Associated Corporations of the Company

Long positions in the shares of the associated corporation of the Company:

Name of Director	Name of associated corporation	Capacity and nature of interest	Number of issued ordinary shares held	Approximately percentage of issued share capital of the associated corporation
Mr. Ng	HJHL (<i>Note</i>)	Personal Beneficial owner	70	70%
Mr. Ng Ian	HJHL (<i>Note</i>)	Personal Beneficial owner	10	10%
Mr. Chan Kwai Ping, Albert	HJHL (<i>Note</i>)	Personal Beneficial owner	10	10%

Note:

HJHL: Interests since 30th April, 2005 and first recorded on 5th December, 2005. The Company's ultimate holding company is a company incorporated in the British Virgin Islands.

Report of the Directors

Save as disclosed above, as at 31st March, 2006, none of the Directors or chief executives of the Company and their respective associates had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

Substantial Shareholders

So far as is known to any Directors or chief executives of the Company, as at 31st March, 2006, shareholders who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO or had otherwise notified to the Company and the Stock Exchange were as follows:

Long positions in ordinary shares of HK\$0.1 each of the Company

Name of shareholder	Capacity and nature of interest	Number of issued ordinary shares held	Approximate percentage of issued share capital of the Company
Mr. Ng	Interest of a controlled corporation (<i>Note</i>)	152,618,000	68.09%
HJHL	Beneficial owner	152,618,000	68.09%

Note:

Mr. Ng owned 152,618,000 shares of the Company through Henry Jewellery Holdings Limited, a company incorporated in the British Virgin Islands ("HJHL") (Formerly known as True Ever Group Limited). Mr. Ng is entitled to exercise or control the exercise of one-third or more of the voting rights of HJHL so he is deemed to be interested in all shares held by HJHL by virtue of the SFO.

Save as disclosed above, as at 31st March, 2006, the Company had not been notified by any person who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO or as otherwise notified to the Company and the Stock Exchange.

Share Options

Particulars of the Company's share option schemes are set out in note 27 to the consolidated financial statements.

(a) 2000 Share Option Scheme

The following table discloses details of share options outstanding under the Company's 2000 share option scheme adopted on 29th April, 2000 and subsequently terminated on 3rd September, 2003 ("Old Option Scheme") and movement during the year:

	Notes	Date of grant of share options	Exercise price of share options HK\$	Number of share options				
				Outstanding at beginning of the year	Granted during the year	Lapsed/ cancelled during the year	Exercised during the year	Outstanding at end of the year
Former Directors								
Dr. Li Chi Kwong	(1)&(5)	5 th September, 2000	0.770	500,000	-	(500,000)	-	-
Prof. Pan Xiao Mei	(1)&(5)	5 th September, 2000	0.770	100,000	-	(100,000)	-	-
Mr. Chang Chung Wa, Eddie	(2)&(5)	21 st May, 2001	0.260	4,700,000	-	(4,700,000)	-	-
Ms. Tang Kit Ching, Venus	(2)&(5)	21 st May, 2001	0.260	4,700,000	-	(4,700,000)	-	-
Total for Former Directors				10,000,000	-	(10,000,000)	-	-
Employees								
	(3)&(5)	15 th July, 2000	0.568	675,000	-	(675,000)	-	-
	(4)&(5)	29 th January, 2001	0.240	210,000	-	(210,000)	-	-
Total for Employees				885,000	-	(885,000)	-	-
Total				10,885,000	-	(10,885,000)	-	-

Notes:

- (1) The exercise period was divided into two tranches with 50% exercisable during the period from 26th August, 2001 to 25th August, 2005 and the other 50% exercisable during the period from 26th August, 2002 to 25th August, 2005.
- (2) The exercise period was 7th May, 2002 to 6th May, 2006.
- (3) The exercise period was divided into three tranches with 40% exercisable during the period from 15th January, 2001 to 14th July, 2005, 30% exercisable during the period from 15th July, 2001 to 14th July, 2005 and 30% exercisable during the period from 15th January, 2002 to 14th July, 2005.
- (4) The exercise period was divided into two tranches with 50% exercisable during the period from 29th January, 2002 to 28th January, 2006 and the other 50% exercisable during the period 29th July, 2002 to 28th January, 2006.
- (5) According to the terms of General Offer made in April 2005 and as detailed in the Company's announcement on 20th May, 2005, 9,400,000 share options granted to certain former Directors lapsed after 13th May, 2005 and all the remaining share options were cancelled on 20th May, 2005.

Report of the Directors

(b) 2003 Share Option Scheme

The following table discloses details of share options outstanding under the Company's 2003 share option scheme adopted on 3rd September, 2003 ("New Option Scheme") and movement during the year:

	Note	Date of grant of share options	Exercise price HK\$	Number of share options				Outstanding at end of the year
				Outstanding at beginning of the year	Granted during the year	Lapsed/ cancelled during the year	Exercised during the year	
Grantees								
Mr. Ng Chun For, Henry (Director)	(1)	28 th October, 2005	0.676	-	2,000,000	-	-	2,000,000
Mr. Ng Ian (Director)	(1)	28 th October, 2005	0.676	-	2,000,000	-	-	2,000,000
Mr. Chan Kwai Ping, Albert (Director)	(1)	28 th October, 2005	0.676	-	2,000,000	-	-	2,000,000
Eligible person	(1)	28 th October, 2005	0.676	-	1,280,000	-	-	1,280,000
				-	7,280,000	-	-	7,280,000

Note:

(1) The exercise period is 28th October, 2005 to 27th October, 2015

Apart from the foregoing, at no time during the year was the Company, its holding Company, or any of its subsidiaries or fellow subsidiaries, a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Purchase, Sale or Redemption of Share

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's issued shares during the year.

Pre-emptive Rights

There is no provision for pre-emptive rights under the Company's Bye-laws, or the laws of Bermuda, which would obligate the Company to offer new shares on a pro-rata basis to existing shareholders.

Sufficiency of Public Float

The Company has maintained a sufficient public float as required under the Listing Rules during the year.

Post Balance Sheet Event

Details of significant events occurring after the balance sheet date are set out in note 30 to the consolidated financial statements.

Auditors

Messrs. Deloitte Touche Tohmatsu acted as auditors of the Company for financial years 2003/2004 and 2004/2005 and retired in 2005/2006. In 2005/2006, Horwath Hong Kong CPA Limited was appointed as auditors of the Company.

A resolution will be submitted to the annual general meeting to re-appoint Horwath Hong Kong CPA Limited as auditors of the Company.

On behalf of the Board

Ng Ian

Chief Executive Officer

Hong Kong, 21st July, 2006