

# Chairman's Statement

Dear Shareholders,

On behalf of the board of directors (the "Board"), I am pleased to discuss the performance and latest business development of Henry Group Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group").

## NEW INVESTMENTS AND GROWTH STRATEGY

In view of the Group's core business segments of information technology have been loss-making since 2003 and are expected to be hampered by intense competition as well as rapid market and product changes going forward, the Board has spent significant efforts in further developing property-related businesses with the objective of achieving profitability.

In April 2006, the Group completed its acquisition of a controlling stake in a locally established property agency and consultancy company, Uni-Land Property Consultants Limited ("Uni-Land"), which is principally engaged in retail shops broking business. The acquisition of Uni-Land provides an opportunity for the Group to make its first venture into the burgeoning retail property market through Uni-Land's expertise in the retail shop market and thereby positioning the Group to pursue the retail property investment business.

## GOING GINZA

Leveraging the management's experience in pioneering the ginza-style business model for commercial buildings in Hong Kong and in light of the Board's confidence and optimism for the prospect in the Hong Kong retail market resulting from favorable employment conditions and financial market performance, the Board considered it the right time for the Group to acquire Jardine Center (the "Acquisition"). Based on the rental track records of Jardine Center and its prime location, the Directors expect that the Acquisition will broaden the Group's income stream and bring steady returns as well as strong potential of asset value/capital appreciation. The Acquisition was approved by independent shareholders of the Company at the special general meeting of the Company held on 14 June 2007 and completion took place on 25 June 2007. The total consideration of the Acquisition was settled by non-cash elements including the issue and allotment of consideration shares and a 5-year convertible note. Accordingly, the Acquisition has not exerted any cashflow pressure on the Group or resulted in a significant dilution of the shareholding of existing shareholders. Subsequent to the balance sheet date, in June 2007, the Company's issued share capital and share premium were increased by approximately HK\$6.1 million and HK\$53.9 million respectively as a result of the allotment of the consideration shares for the Acquisition.

## OUTLOOK

With the backdrop of soaring rental prices underpinned by a limited supply in prime street shops, many retailers could not afford the street shop rental and opted to move their business "upstairs". The Directors strongly believe that the Group has the market niche to develop the ginza-style buildings for rental business and replicate the success of Jardine Center in other major shopping districts in Hong Kong and other rapidly developing metropolises such as Macau, Shanghai and Beijing. Going forward, we will refine tenant mixes of Jardine Center, thereby delivering attractive and sustainable returns to our shareholders.



# Chairman's Statement

## **APPRECIATION**

The Board would like to take this opportunity to welcome Mr. Cheng Yuk Wo and Mr. Li Kit Chee to the positions of Vice Chairman and independent non-executive director of the Company respectively.

Finally, on behalf of the Board, I would like to express my deepest gratitude to the shareholders of the Company, principal banks and professional advisors for their continuous support to the Group, and to sincerely thank the management and all staff for their dedication and diligence.

**Ng Chun For, Henry**

*Chairman*

Hong Kong, 11 July 2007