



Gin-za-i-za-tion

[noun] UK  'gɛn-zä ,aɪ'zeɪ.ʃən

Definition

The rising trend of retail businesses to operate from above the ground-floor level of buildings to maintain an effective presence in the CBD of a city.

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

2015/16
Interim Report

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Board of Directors and Committees

Board of Directors

Executive directors

Mr. Ng Ian (*Chairman*)

Mr. Chan Kwok Hung

Non-executive directors

Mr. Ng Chun For, Henry

Mr. Mak Wah Chi

Independent non-executive directors

Mr. Li Kit Chee

Mr. Chan Kam Man

Mr. Chu Tak Sum

Committees

Audit Committee

Mr. Li Kit Chee*

Mr. Mak Wah Chi

Mr. Chan Kam Man

Nomination Committee

Mr. Chan Kam Man*

Mr. Mak Wah Chi

Mr. Chu Tak Sum

Remuneration Committee

Mr. Li Kit Chee*

Mr. Mak Wah Chi

Mr. Chu Tak Sum

* *Committee Chairman*

Corporate Information

Principal Place of Business

Suite 1711
Tower 2 Times Square
1 Matheson Street
Causeway Bay
Hong Kong

Registered Office

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Authorised Representatives

Mr. Chan Kwok Hung
Mr. Lee Pui Lam

Company Secretary

Mr. Lee Pui Lam

AUDITOR

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Principal Share Registrar and Transfer Office

MUFG Fund Services (Bermuda) Limited
The Belvedere Building
69 Pitts Bay Road
Pembroke HM08
Bermuda

Hong Kong Branch Share Registrar and Transfer Office

Tricor Standard Limited
Level 22
Hopewell Centre
183 Queen's Road East
Hong Kong

Corporate Website

www.henrygroup.hk

Investor and Media Relations

Strategic Financial Relations Limited

Stock Code

859

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 September 2015 (Unaudited)

The board of directors (the "Board") of Henry Group Holdings Limited (the "Company") is pleased to present the unaudited condensed consolidated interim financial statements of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 September 2015, together with the comparative unaudited figures for the corresponding period in 2014 as follows:

		Unaudited	
		Six months ended 30 September	
		2015	2014
	Notes	HK\$'000	HK\$'000
Turnover		24,891	25,577
Other income and gains		6,383	6,481
Net gain in fair value of investment properties	9	5,192	—
Administrative and operating expenses		(21,171)	(22,554)
Profit from operations		15,295	9,504
Finance costs	4	(12,981)	(12,930)
Profit/(loss) before taxation		2,314	(3,426)
Taxation	5	(1,646)	(1,238)
Profit/(loss) for the period	6	668	(4,664)
Other comprehensive income for the period		—	—
Total comprehensive income/(loss) for the period		668	(4,664)
Profit/(loss) and total comprehensive income/(loss) the period attributable to owners of the Company		668	(4,664)
Earnings/(loss) per share	8		
— Basic (HK cents)		0.07	(0.60)
— Diluted (HK cents)		0.07	(0.60)

Condensed Consolidated Statement of Financial Position

At 30 September 2015 (Unaudited)

	Notes	Unaudited 30 September 2015 HK\$'000	Audited 31 March 2015 HK\$'000
ASSETS AND LIABILITIES			
NON-CURRENT ASSETS			
Property, plant and equipment		90	128
Investment properties	9	2,754,100	2,494,800
Deferred tax assets		693	1,027
		2,754,883	2,495,955
CURRENT ASSETS			
Trade and other receivables	10	3,938	4,939
Available-for-sale financial assets		74	74
Pledged bank deposits		15,004	15,004
Cash and bank balances		344,023	1,146,096
		363,039	1,166,113
CURRENT LIABILITIES			
Other payables, rental deposits received and accruals, current portion		8,970	11,016
Bank borrowings, current portion (secured)	12	26,750	26,750
Derivative financial instruments (secured), current portion		—	1,732
Tax payable		1,423	640
		37,143	40,138
NET CURRENT ASSETS		325,896	1,125,975
TOTAL ASSETS LESS CURRENT LIABILITIES		3,080,779	3,621,930

Condensed Consolidated Statement of Financial Position

At 30 September 2015 (Unaudited)

		Unaudited 30 September 2015 HK\$'000	Audited 31 March 2015 HK\$'000
	Notes		
NON-CURRENT LIABILITIES			
Other payables and rental deposits received, non-current portion		13,302	9,933
Bank borrowings, non-current portion (secured)	12	967,999	981,374
Deferred tax liabilities		12,122	11,531
		993,423	1,002,838
NET ASSETS			
		2,087,356	2,619,092
CAPITAL AND RESERVES			
Share capital	13	97,180	95,088
Reserves	14	1,990,176	2,524,004
TOTAL EQUITY			
		2,087,356	2,619,092

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2015 (Unaudited)

	(Unaudited)									
	Attributable to owners of the Company									
	Share capital HK\$'000	Share premium HK\$'000	Special reserve HK\$'000	Capital reserve HK\$'000	Share-based payment reserve HK\$'000	Contribution from shareholders HK\$'000	Contributed surplus HK\$'000	Other reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1 April 2015	95,088	718,549	9,628	926	14,172	250,139	—	1,119	1,529,471	2,619,092
Profit for the period	—	—	—	—	—	—	—	—	668	668
Total comprehensive income for the period	—	—	—	—	—	—	—	—	668	668
Issue of shares upon exercise of share options	2,092	18,113	—	—	(6,976)	—	—	—	—	13,229
Recognition of share-based payment	—	—	—	—	4,283	—	—	—	—	4,283
Share premium reduction and transfer between share premium and contributed surplus (note 14)	—	(720,617)	—	—	—	—	720,617	—	—	—
Distribution (note 7)	—	—	—	—	—	—	(549,916)	—	—	(549,916)
At 30 September 2015	97,180	16,045	9,628	926	11,479	250,139	170,701	1,119	1,530,139	2,087,356

	(Unaudited)									
	Attributable to owners of the Company									
	Share capital HK\$'000	Share premium HK\$'000	Special reserve HK\$'000	Capital reserve HK\$'000	Share-based payment reserve HK\$'000	Contribution from shareholders HK\$'000	Other reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000	
At 1 April 2014	74,302	558,303	9,628	926	21,719	250,139	1,119	1,043,302	1,959,438	
Loss for the period	—	—	—	—	—	—	—	(4,664)	(4,664)	
Total comprehensive loss for the period	—	—	—	—	—	—	—	(4,664)	(4,664)	
Issue of shares upon open offer	14,860	111,453	—	—	—	—	—	—	126,313	
Transaction costs attributable to issue of shares on open offer	—	(2,726)	—	—	—	—	—	—	(2,726)	
Issue of shares upon exercise of share options	3,673	31,634	—	—	(11,954)	—	—	—	23,353	
Recognition of share-based payment	—	—	—	—	11,360	—	—	—	11,360	
At 30 September 2014	92,835	698,664	9,628	926	21,125	250,139	1,119	1,038,638	2,113,074	

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2015 (Unaudited)

		Unaudited Six months ended 30 September	
Note	2015 HK\$'000	2014 HK\$'000	
	15,220	16,704	
	(253,290)	—	
	4,522	4,780	
	(4)	(6)	
	(248,772)	4,774	
	—	100,000	
	—	123,587	
	13,229	23,353	
	(13,375)	(78,375)	
	(12,981)	(12,930)	
7	(549,916)	—	
	(563,043)	155,635	
	(796,595)	177,113	
	(5,478)	—	
	1,146,096	964,792	
	344,023	1,141,905	

Notes to The Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2015 (Unaudited)

1. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements for the six months ended 30 September 2015 (the “Interim Financial Statements”) have been prepared in accordance with Hong Kong Accounting Standard (HKAS) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and with the applicable disclosure provisions 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 2015.

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

The Interim Financial Statements have been prepared under the historical cost basis as modified for investment properties, available-for-sale financial assets and certain financial instruments and derivative 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 2015.

In the current period, the Group has applied, for the first time, a number of new standards, amendments and interpretations issued by the HKICPA (hereinafter collectively referred to as the “new and revised HKFRSs”), which are effective for the Group’s accounting period beginning on 1 April 2015.

HKFRSs (Amendments)	Annual Improvements to HKFRSs 2010–2012 Cycle
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2011–2013 Cycle
HKAS 19 (Amendments)	Defined Benefit Plans: Employee Contributions

The application of the new and revised HKFRSs has no material effect on the condensed consolidated financial statements for the current or prior accounting periods.

Notes to The Condensed Consolidated Interim Financial Statements

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

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

HKFRSs (Amendments)	Annual Improvements to HKFRSs 2012–2014 Cycle ¹
HKFRS 9	Financial Instruments ³
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets Between an Investor and its Associates or Joint Venture ¹
HKFRS 10, HKFRS 12 and HKAS 28 (Amendments)	Investment Entities: Applying the Consolidation Exceptions ¹
HKFRS 11 (Amendments)	Accounting for Acquisitions of Interests in Joint Operations ¹
HKFRS 14	Regulatory Deferral Accounts ¹
HKFRS 15	Revenue from Contracts with Customers ²
HKAS 1 (Amendments)	Disclosure Initiative ¹
HKAS 16 and HKAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation ¹
HKAS 16 and HKAS 41 (Amendments)	Agriculture: Bearer Plants ¹
HKAS 27 (Amendments)	Equity Method in Separate Financial Statements ¹

¹ Effective for annual periods beginning on or after 1 January 2016

² Effective for annual periods beginning on or after 1 January 2017

³ Effective for annual periods beginning on or after 1 January 2018

The Group is in the process of assessing the potential impact of the new and revised HKFRSs but is not yet in a position to determine whether the new and revised HKFRSs will have a significant impact on how its results of operations and financial position are prepared and presented. The new and revised HKFRSs may result in changes in the future as to how the results and financial position are prepared and presented.

Notes to The Condensed Consolidated Interim Financial Statements

3. SEGMENT INFORMATION

For the six months ended 30 September 2015 and 2014, the Group was only engaged in property leasing and development in Hong Kong and most of the assets of the Group were located in Hong Kong as at 30 September 2015 and 31 March 2015.

Information about major customers

Unaudited turnover for the six months ended 30 September 2015 and 2014 represented gross income from leasing of investment properties. Included in unaudited turnover of approximately HK\$24,891,000 (2014: HK\$25,577,000) are unaudited turnover of approximately HK\$4,300,000 (2014: HK\$6,780,000) which arose from the Group's largest one (2014: two) customer with whom transactions in aggregate have exceeded 10% of the Group's unaudited turnover during the period.

Revenue from major customers, each of them amounted to 10% or more of the Group's unaudited revenue, are set out below:

	Unaudited	
	Six months ended 30 September	
	2015	2014
	HK\$'000	HK\$'000
Customer A	4,300	4,200
Customer B	—	2,580

4. FINANCE COSTS

	Unaudited	
	Six months ended 30 September	
	2015	2014
	HK\$'000	HK\$'000
Interest on bank borrowings		
— wholly repayable within five years	5,074	4,997
— wholly repayable after five years	7,907	7,933
	12,981	12,930

Notes to The Condensed Consolidated Interim Financial Statements

5. TAXATION

	Unaudited Six months ended 30 September	
	2015 HK\$'000	2014 HK\$'000
Current tax — Hong Kong		
— Provision for the period	720	826
Deferred taxation		
— Charged to the consolidated statement of profit or loss and other comprehensive income	926	412
	1,646	1,238

Hong Kong profits tax has been provided at the rate of 16.5% (2014: 16.5%) on the estimated assessable profits arising in or derived from Hong Kong.

Notes to The Condensed Consolidated Interim Financial Statements

6. PROFIT/(LOSS) FOR THE PERIOD

	Unaudited Six months ended 30 September	
	2015 HK\$'000	2014 HK\$'000
Profit/(loss) for the period is arrived at after charging/(crediting) the followings:		
Directors' remuneration	6,566	10,219
Other staff costs	1,888	5,321
Total staff costs	8,454	15,540
Depreciation of property, plant and equipment	16	81
Share-based payment expenses	4,283	11,360
Fair value gain of derivative financial instruments	(1,732)	(1,518)
Exchange loss/(gain)	5,478	(363)
Gross rental income from investment properties, net of direct outgoings of approximately HK\$1,720,000 (2014: HK\$1,868,000)	(23,171)	(23,709)

Notes to The Condensed Consolidated Interim Financial Statements

7. DIVIDENDS AND DISTRIBUTION

On 31 March 2015, the board of directors has resolved to make the distribution of an aggregate payment of approximately HK\$550,000,000 to the shareholders (the "Distribution"). The Distribution was approved by the shareholders of the Company at a special general meeting held on 13 May 2015 and it was paid in cash out of the credit standing in the contributed surplus account of the Company on 27 May 2015.

Save as the above, no dividend was paid or proposed during the six months ended 30 September 2015, nor has any dividend been proposed since the end of period under review (2014: Nil).

8. EARNINGS/(LOSS) PER SHARE

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

	Unaudited	
	Six months ended 30 September	
	2015	2014
	HK\$'000	HK\$'000
Earnings/(loss)		
Earnings/(loss) for the period for the purpose of calculating basic and diluted earnings/(loss) per share	668	(4,664)

Notes to The Condensed Consolidated Interim Financial Statements

8. EARNINGS/(LOSS) PER SHARE (Continued)

	Unaudited Six months ended 30 September	
	2015 Number of ordinary shares	2014 Number of ordinary shares
Weighted average number of ordinary shares		
Weighted average number of ordinary shares for the purpose of calculating basic earnings/(loss) per share	959,238,774	778,816,469
Effect of dilutive potential ordinary shares: Share options	4,702,075	14,079,805
Weighted average number of ordinary shares for the purpose of calculating diluted earnings/(loss) per share	963,940,849	792,896,274

Diluted loss per share for the six months ended 30 September 2014 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.

Notes to The Condensed Consolidated Interim Financial Statements

9. MOVEMENT IN INVESTMENT PROPERTIES

During the six months ended 30 September 2015, the Group acquired two investment properties with their respective amount of approximately \$197,954,000 and \$56,154,000 on acquisition of assets through acquisition of subsidiaries, details of which are set out in note 11(i) and note 11(ii) respectively and generated net gains in fair value of investment properties recognized by the acquisition of approximately \$5,192,000.

10. TRADE AND OTHER RECEIVABLES

Included in trade and other receivables were trade receivables of approximately HK\$1,808,000 (net of provisions) (31 March 2015: HK\$1,773,000). Rental income from leasing of investment properties are received in advance and sufficient rental deposits are held to cover potential default risk. The trade receivables represented rental receipt in arrears. The aging analysis of the Group's trade receivables (net of provisions) is as follows:

	Unaudited 30 September 2015 HK\$'000	Audited 31 March 2015 HK\$'000
Up to 30 days	1,808	1,773
31–60 days	—	—
61–90 days	—	—
More than 90 days	—	—
	1,808	1,773

Notes to The Condensed Consolidated Interim Financial Statements

11. ACQUISITION OF ASSETS THROUGH ACQUISITION OF SUBSIDIARIES

- (i) On 20 May 2015, the Group acquired 100% issued share capital of South Shine Limited and its subsidiaries ("South Shine Group") for a cash consideration of approximately HK\$197,650,000. South Shine Group is principally engaged in property investment and its major assets are residential property in Hong Kong classified as investment properties. This transaction had been accounted for as an acquisition of assets as the acquisition did not meet the definition of a business combination.

	HK\$'000
Net assets acquired:	
Investment properties	197,954
Trade and other receivables	130
Cash and bank balances	32
Bank loan	(80,444)
Loan from a shareholder	(85,159)
Rental deposit received	(374)
Trade and other payables	(178)
	<u>31,961</u>
Satisfied by:	
Net assets acquired	31,961
Assignment of loans	85,159
Bank loan consideration	<u>80,530</u>
Cash consideration paid	<u>197,650</u>
Net cash outflow arising on acquisition:	
Cash consideration paid	197,650
Cash and bank balances acquired	<u>(32)</u>
	<u>197,618</u>

Notes to The Condensed Consolidated Interim Financial Statements

11. ACQUISITION OF ASSETS THROUGH ACQUISITION OF SUBSIDIARIES (Continued)

- (ii) On 28 May 2015, the Group acquired 100% issued share capital of Pioneer Delight Limited ("Pioneer Delight") for a cash consideration of approximately HK\$55,733,000. Pioneer Delight is principally engaged in property investment and its major assets are commercial property in Hong Kong classified as investment properties. This transaction had been accounted for as an acquisition of assets as the acquisition did not meet the definition of a business combination.

	HK\$'000
Net assets acquired:	
Investment properties	56,154
Trade and other receivables	8
Cash and bank balances	61
Amount due to a director	(51,297)
Rental deposit received	(390)
Trade and other payables	(38)
Provision for taxation	(62)
	4,436
Satisfied by:	
Net assets acquired	4,436
Assignment of loan	51,297
	55,733
Cash consideration paid	
Net cash outflow arising on acquisition:	
Cash consideration paid	55,733
Cash and bank balances acquired	(61)
	55,672

Notes to The Condensed Consolidated Interim Financial Statements

12. BANK BORROWINGS — SECURED

	Unaudited 30 September 2015 HK\$'000	Audited 31 March 2015 HK\$'000
Bank loans	994,749	1,008,124
Less: current portion	26,750	26,750
Non-current portion	967,999	981,374

The bank borrowings are repayable as follows:

	Unaudited 30 September 2015 HK\$'000	Audited 31 March 2015 HK\$'000
On demand or within one year	26,750	26,750
After one year but within two years	26,750	26,750
After two years but within five years	398,252	395,252
After five years	542,997	559,372
	994,749	1,008,124

The bank borrowings are secured by the Group's assets which were set out in the paragraph under the heading "Charge On Group Assets" under the Management Discussion and Analysis section of this interim report on page 27.

Notes to The Condensed Consolidated Interim Financial Statements

13. SHARE CAPITAL

	Unaudited			
	Number of shares		Amount	
	2015 Number '000	2014 Number '000	2015 HK\$'000	2014 HK\$'000
Authorised:				
Ordinary shares of HK\$0.10 each				
At 1 April	2,000,000	1,000,000	200,000	100,000
Increase in authorised share capital (note (a))	—	1,000,000	—	100,000
At 30 September	2,000,000	2,000,000	200,000	200,000
Issued and full paid:				
Ordinary shares of HK\$0.10 each				
At 1 April	950,877	743,019	95,088	74,302
Issue of shares pursuant to open offer (note (b))	—	148,604	—	14,860
Issue of shares upon exercise of the share options (note (c))	20,919	36,729	2,092	3,673
At 30 September	971,796	928,352	97,180	92,835

Notes to The Condensed Consolidated Interim Financial Statements

13. SHARE CAPITAL (Continued)

Notes:

- (a) Pursuant to the ordinary resolution passed by the shareholders of the Company on 5 September 2014, the authorised share capital of the Company was increased from HK\$100,000,000 divided into 1,000,000,000 ordinary shares of HK\$0.10 each to HK\$200,000,000 divided into 2,000,000,000 ordinary shares of HK\$0.10 each by the creation of additional 1,000,000,000 new ordinary shares of HK\$0.10 each.
- (b) On 4 September 2014, 148,603,879 ordinary shares of HK\$0.10 each were issued by way of open offer at a price of HK\$0.85 per share for cash consideration of approximately HK\$126,313,000. The excess of the open offer over the par value of the shares issued was credited to the share premium of the Company. The Company intends to apply the net proceeds from the open offer for commercial property investment and development in Hong Kong.
- (c) During the period, the Company allotted and issued 20,919,688 shares by virtue of exercise of share options in aggregate of 19,419,688 share options granted under share option scheme adopted on 3 September 2003 and 1,500,000 share options granted under share option scheme adopted on 3 September 2013.

All the share issued by the Company during the six months ended 30 September 2015 rank pari passu with the then existing ordinary shares in all respects.

14. Reserves

Share premium reduction and transfer between share premium and contributed surplus

Pursuant to a resolution passed by the shareholders of the Company on 13 May 2015 and the memorandum of reduction of share premium of the Company issued by the Registrar of Companies in Bermuda on 14 May 2015, being the effective date of the share premium reduction, amount of approximately HK\$720.6 million standing to the credit of the share premium account of the Company immediately prior to such reduction and to wholly transfer the credit arising from the said reduction to the contributed surplus account of the Company. The Company applied part of the credit standing in the contributed surplus of the Company as enlarged after the share premium reduction to facilitate the payment of the Distribution.

Notes to The Condensed Consolidated Interim Financial Statements

15. OPERATING LEASE ARRANGEMENTS

The Group as lessee

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases for premises which fall due as follows:

	Unaudited 30 September 2015 HK\$'000	Audited 31 March 2015 HK\$'000
Within one year	1,115	1,028
In the second to fifth year inclusive	94	534
	1,209	1,562

Operating lease payments represented rental payables by the Group for certain of its office and warehouse premises. Leases are negotiated for an average term of 3 years and rentals are fixed during the lease period.

The Group as lessor

At the end of the reporting period, the Group had contracted with certain tenants for the following future minimum lease receivables:

	Unaudited 30 September 2015 HK\$'000	Audited 31 March 2015 HK\$'000
Within one year	47,746	37,466
In the second to fifth year inclusive	42,237	27,281
	89,983	64,747

Management Discussion and Analysis

Business Review

The Group recorded an unaudited turnover for the six months ended 30 September 2015 of approximately \$24,891,000 (2014: \$25,577,000), representing a decline of 2.7% over the same period last year, a result of its strategy to execute some structural construction works to improve the commercial podium leasable area of Jardine Center for long term benefit, inevitably leading to a reduction of its rental contributions during the renovation. The Group also reported a profit for the period of approximately \$668,000 (2014: loss \$4.6 million) primarily attributable to the net gain in fair value of investment properties recognised by the acquisition of assets through acquisition of subsidiaries.

With regard to the acquisition of properties, the Company has completed a discloseable and connected transaction in relation to the acquisition of two properties included (i) House No. 12, Villa Bel-Air, Bel-Air on the Peak, Island South, Hong Kong; and (ii) Shop No. 1 on Ground Floor, K.K. Mansion, Nos. 119, 121 & 125 Caine Road with their respective appraised market values of approximately \$202 million and approximately \$57.3 million at an aggregate purchase consideration of approximately \$253.4 million in May 2015 ("Acquisition"). By virtue of the Acquisition, the Group's investment properties portfolio value grew from approximately \$2,494 million to approximately \$2,754 million as of 30 September 2015 and accordingly its statement of profit or loss for the six months ended 30 September 2015 recorded a net gain in fair value of investment properties of approximately \$5.2 million under the relevant applicable accounting standards. In addition, the two newly acquired properties contributed a rental revenue income stream of approximately HK\$1.3 million during the interim period under review. Meanwhile, subsequent to interim period end, the Company has announced the proposed acquisition of two retail properties included (i) ground floor No. 41 Jardine's Bazaar, Hong Kong; and (ii) ground floor, No. 57 Jardine's Bazaar, Hong Kong with their respective appraised market values of approximately \$139 million and approximately \$143 million at an aggregate purchase consideration of approximately \$275 million to be settled by a combination of approximately \$150 million in cash and issue of convertible notes of approximately \$125 million ("Proposed Acquisitions"). The Proposed Acquisitions are subjected to independent shareholders' approval at a special general meeting will be held on 11 November 2015. Full details of the Proposed Acquisitions can be found in the Company's announcement dated 5 October 2015 and circular dated 26 October 2015. The Board has considered that the Proposed Acquisitions will also enlarge and diversify the Group's investment portfolio, most of which is located in Jardine's Bazaar, strengthening synergies in its property rental business and bolstering its market presence. The Proposed Acquisitions

Management Discussion and Analysis

have taken into account (i) the approximately 2.5% discount to the market value of the properties to be acquired; (ii) no requirement for the Group to pay any agent commission; (iii) the willingness of the seller to accept 5-year convertible notes for the settlement of a substantial part of the consideration for the Proposed Acquisitions which effectively reduces the immediate cash outflow of the Group; and (iv) the properties to be acquired are generating stable revenue. The board of directors believes that both the Acquisition and the Proposed Acquisitions would strengthen the Group's earning asset base to expand stable revenue in the long run for the best interests to the shareholders of the Company.

Outlook

According to the Hong Kong Institute of Economics and Business Strategy local economic growth is expected to slow. For the whole year of 2015, the local economy is forecast to grow at 2.3%. As the US economy continues to recover, and the Hong Kong dollar's peg to the US dollar has strengthened the former's foreign exchange value, Hong Kong's export performance has inevitably been adversely affected. In addition, weakness in the Mainland economy has also held back Hong Kong economic growth as evidenced by the ongoing downtrend in retail sales as a result of tourists reining in their spending and other adverse factors. Accordingly, it was noted that the expected GDP growth would rely more on local demand during the second half of 2015. Within our market segment, we have observed that luxury brands are consolidating their networks and terminating their leased space well ahead of expiry as their concerns on trends of weaker demand have been confirmed. Therefore, non-luxury retailers are set to become the main driver of leasing demand in the Hong Kong retail market. Most of the Group portfolio of tenants operate service-based businesses (i.e. personal beauty, food & beverage, education, etc.) or are non-luxury retailers and their customers are also from the mass-market segment, thus the impact of the weak retail trend has not been so materially adverse. Looking ahead, we believe that the retail market should remain healthy, supported by strong local domestic consumption. The Group for its part continues to monitor market changes (such as shopping patterns and on-line spending) with a view to adjust and maintain a balanced tenant mix and a quality property portfolio while exploring further investment opportunities in order to achieve future growth.

Management Discussion and Analysis

FINANCIAL REVIEW

Liquidity and financial resources

The Group mainly finances its business operations with its internal resources and bank borrowings. As at 30 September 2015, the Group had cash and bank balances (including pledged deposits) of approximately HK\$359.0 million (as at 31 March 2015: HK\$1,161.1 million). The decrease in cash and bank balances was mainly attributable to the Acquisition and the Distribution. 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 acquisition when opportunities arise. In addition, the Group has a standby revolving line of approximately HK\$100 million (as at 31 March 2015: HK\$100 million) for unanticipated and non-recurring extraordinary needs of business operation. Accordingly the Board considered that the Group has maintained adequate financial resources to satisfy its working capital requirements and to meet its financial obligations when they fall due in the foreseeable future.

As at 30 September 2015, the Group's total bank borrowings all denominated in HKD and are on a floating rate based in aggregate amounted to approximately HK\$994.7 million (as at 31 March 2015: HK\$1,008.1 million) with maturity profile set out as follows:

	Unaudited As at 30 September 2015 HK\$'000	Audited As at 31 March 2015 HK\$'000
Repayable		
Within 1 year	26,750	26,750
After 1 year but within 2 years	26,750	26,750
After 2 years but within 5 years	398,252	395,252
Over 5 years	542,997	559,372
	994,749	1,008,124

Management Discussion and Analysis

The Group's gearing ratio as of 30 September 2015, which is calculated on the basis of total liabilities over total assets, was approximately 33.1% (as at 31 March 2015: 27.5%) whilst the current ratio of the Group which expressed a ratio of current assets over current liabilities as of 30 September 2015, to reflect the adequacy of the financial resources was approximately 9.8 (as at 31 March 2015: 39.1). The directors of the Company (the "Directors") will continue to adopt a prudent financial policy so as to sustain an optimal level of borrowings to meet the Group's funding requirements.

Capital Structure

During the period under review, the Company issued and allotted of 20,919,688 ordinary shares by virtue of exercise of 20,919,688 share options, the issued share capital of the Company further increased from 950,876,664 ordinary shares to 971,796,352 ordinary shares as of 30 September 2015.

As at 30 September 2015, the unaudited net assets attributable to owners of the Company amounted to approximately HK\$2,087.3 million (as at 31 March 2015: HK\$2,619.1 million), representing a decrease of approximately 20.3% as compared with the same as of 31 March 2015, by reason of the Distribution. With the total number of 971,796,352 ordinary shares in issue as of 30 September 2015, the unaudited net assets value per share was approximately HK\$2.15 (as at 31 March 2015: HK\$2.75).

Treasury Policy

The Group's business has been conducted in Hong Kong and its monetary assets and liabilities are mainly denominated in HKD.

DIVIDENDS AND DISTRIBUTION

On 31 March 2015, the board of directors has resolved to make the distribution of an aggregate payment of approximately HK\$550,000,000 to the shareholders (the "Distribution"). The Distribution was approved by the shareholders of the company at a special general meeting held on 13 May 2015 and it was paid in cash out of the credit standing in the contributed surplus account of the Company on 27 May 2015.

Save as the above, no dividend was paid or proposed during the six months ended 30 September 2015, nor has any dividend been proposed since the end of period under review (2014: Nil).

Management Discussion and Analysis

CHARGES ON GROUP ASSETS

At of 30 September 2015, the Group has pledged the following assets for securing certain bank borrowings granted from several banks to its wholly-owned subsidiaries:

- (1) Certain investment properties in Hong Kong with an aggregate carrying amount of approximately HK\$2,482,000,000 (31 March 2015: HK\$2,482,000,000);
- (2) Pledged deposits of approximately HK\$15,004,000 (31 March 2015: HK\$15,004,000); and
- (3) Share mortgage of several wholly-owned subsidiaries.

CONTINGENT LIABILITIES

1. As of 30 September 2015, the Company had given several guarantees of approximately HK\$1,809,000,000 (2014: HK\$1,575,000,000) for securing banking facilities granted to their subsidiaries and cross guarantee executed by certain of the Company's subsidiaries.
2. High Fly Investments Limited ("High Fly"), an indirect non-wholly subsidiary of the Company which were dissolved by virtue of voluntary liquidation with the British Virgin Islands BVI Registry of Corporate Affairs approved 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 sale and purchase agreement ("SPA") with Double Favour Limited ("Double Favour"). Pursuant to the Deed, each of the Indemnifiers hereby severally, pro rata to their respective shareholdings in the High Luck International Limited ("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 ("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) ("Relevant Period"), or in respect of any gross receipts, income, profits or

Management Discussion and Analysis

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 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 an hold harmless or 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 ("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).

Management Discussion and Analysis

Pursuant to the Deed, the Board 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.

LITIGATION

On 21 November 2014, Land Base Limited (“LBL”), an indirectly wholly owned subsidiary of the Company, received an originating summons issued by Tierra Trading and Keep Forever Development Limited (“Plaintiffs”) in the High Court of the Hong Kong Special Administrative Region Court of First Instance (the “Proceedings”).

LBL is the current owner of a building named “L’hart” located at Nos. 487 and 489 Lockhart Road Hong Kong and the land it was built on (including The Remaining Portion of Subsection 14 of Section A of Inland Lot No. 2836 (“Subsection 14”)), whereas the Plaintiffs are owners of a building named “Kyoto Plaza” located at Nos. 491, 493, 495, 497 and 499 Lockhart Road, Hong Kong, and the land it was built on (including Subsection 15 of Section A of Inland Lot No. 2836 (“Subsection 15”). The Plaintiffs claim ownership of a strip of land (the “Disputed Area”) located on Subsection 15, in between L’hart and Kyoto Plaza, which is currently enclosed by a facade erected by LBL. LBL raises a defence of adverse possession.

It is LBL’s case that, since, the demolition of the old building on Subsection 15 and the construction of Kyoto Plaza in 1992, the Plaintiffs have abandoned the Disputed Area and LBL’s predecessors in title had been in continuous exclusive possession, management and control of the Disputed Area by using the common staircase and other parts of the Disputed Area for various purposes. In 2004, when LBL became the registered owner of Subsection 14, it continued in exclusive possession, management and control of the Disputed Area without interruption. In particular, since the development of the L’hart building, LBL has, for safety, hygiene and aesthetic reasons, sealed off the Disputed Area by erecting a façade over the entrance to the Disputed Area, which had the same look and feel as L’hart and which LBL intended to form part of the L’hart building.

LBL have instructed Messrs. Mayer Brown JSM and senior counsel to act for it in the Proceedings.

Management Discussion and Analysis

Given the complexity of the Proceedings LBL made an application for the Proceedings to continue as if begun by writ. The application was heard on 13 August 2015 and on 21 August 2015, Senior Counsel Cheng SC, the Recorder of the Court of First Instance of the High Court, handed down a written decision in which she gave directions for the Proceedings to proceed in the form of originating summons.

The parties have filed all of their affidavit evidence and agreed to the appointment of a single joint expert. They are currently in the process of settling their joint instructions to the single joint expert and the issues the expert report should address. Once the joint instructions are finalised the single joint expert will be formally appointed and provide an expert report within 28 days of the date of his appointment. The parties will then fix the matter for trial with 5 days reserved.

On the current pleaded case, should the Plaintiffs succeed in the action, they will get the relief sought, which include regaining possession of the Disputed Area and obtaining legal costs from LBL. All legal costs awarded by the court are subject to assessment/taxation by the court, which is usually around or no more 70% of the actual costs incurred.

If LBL succeeds in defending the action and its counterclaim, it will get possessory title over the Dispute Area, meaning no one can disturb its possession or quiet enjoyment of or challenge its title to the Disputed Area, and legal costs.

COMMITMENTS

As of 30 September 2015, the Group had no material capital commitments.

EMPLOYEES AND REMUNERATION POLICY

As of 30 September 2015, the Group had about 6 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.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS

Save as disclosed in note 11 to the condensed consolidated interim financial statements, the Group did not have any significant investments, material acquisitions or disposals during the period under review.

Additional Information Required Under The Listing Rules

SHARE OPTION SCHEMES

The Company has adopted a new share option scheme pursuant to a resolution passed on 3 September 2013 (“2013 Scheme”) upon the share option scheme previously adopted on 3 September 2003 and lapsed on 2 September 2013 (“2003 Scheme”). After the 2003 Scheme expired on 2 September 2013, no further option could be granted under the 2003 Scheme, but the provisions of the 2003 Scheme shall remain in full force in all respects with its share options granted prior to such expiry which will continue to be exercisable in accordance with the 2003 Scheme.

Details of the movements of the share options granted under the 2003 Scheme were as follows:

Name of Grantee	Notes	Date of grant of share options	Exercise price per share option HK\$ (note 7)	Number of share options			Outstanding as at 30 September 2015
				Outstanding as at 1 April 2015	Granted during the period	Exercised during the period	
Mr. Ng Ian (Director)	(5)	12 April 2012	0.5421	7,102,290	—	(7,102,290)	—
	(6)	25 April 2013	0.6328	7,102,290	—	(7,102,290)	—
Mr. Mak Wah Chi (Director)	(2)	2 April 2007	0.6761	2,029,225	—	(2,029,225)	—
	(1)	28 October 2005	0.6663	649,352	—	(649,352)	—
	(2)	2 April 2007	0.6761	2,029,225	—	(2,029,225)	—
Eligible participants	(3)	31 August 2007	1.1394	1,014,612	—	—	1,014,612
	(2)	2 April 2007	0.6761	507,306	—	(507,306)	—
Employees	(4)	18 April 2011	0.6505	3,551,144	—	—	3,551,144
				23,985,444	—	(19,419,688)	4,565,756

Notes:

- (1) The exercisable period is from 28 October 2005 to 27 October 2015 (both dates inclusive).
- (2) The exercisable period is from 2 April 2007 to 1 April 2017 (both dates inclusive).
- (3) The exercisable period is from 31 August 2007 to 30 August 2017 (both dates inclusive).
- (4) The exercisable period is from 18 April 2016 to 17 April 2021 (both dates inclusive).
- (5) The exercisable period is from 12 April 2012 to 11 April 2022 (both dates inclusive).
- (6) The exercisable period is from 25 April 2013 to 24 April 2023 (both dates inclusive).
- (7) Exercise price per share option after adjustments for open offer applicable to the outstanding share options as of 4 September 2014 with effect from 4 September 2014.

Additional Information Required Under The Listing Rules

The primary purpose of the 2013 Scheme is to provide incentives to participant (as defined in the 2013 Scheme including but not limited to (a) any employees; (b) any supplier of goods or services to any member of the Group; (c) any customer of the Group; and (d) any director or independent non-executive director and/or shareholder of the Company and/or any member of the Group) who has contribution to the Group and to enable the Group to recruit and retain high caliber employees.

Details of the movement of the share options granted under the 2013 Scheme were as follows:

Name of Grantee	Notes	Date of grant of share options	Exercise price per share option HK\$	Number of share options			Outstanding as at 30 September 2015
				Outstanding as at 1 April 2015	Granted during the period	Exercised during the period	
Mr. Ng Ian (<i>Director</i>)	(3)	28 August 2015	0.878	—	5,300,000	—	5,300,000
Mr. Chan Kwok Hung (<i>Director</i>)	(1)	30 April 2014	*1.0211	1,014,612	—	—	1,014,612
	(2)	5 September 2014	0.9100	4,350,000	—	(1,500,000)	2,850,000
Eligible participants	(3)	28 August 2015	0.878	—	5,200,000	—	5,200,000
	(1)	30 April 2014	*1.0211	7,102,290	—	—	7,102,290
				12,466,902	10,500,000	(1,500,000)	21,466,902

Notes:

- (1) The exercise period is from 30 April 2014 to 29 April 2024 (both dates inclusive).
 - (2) The exercise period is from 5 September 2014 to 4 September 2024 (both dates inclusive).
 - (3) The exercise period is from 28 August 2015 to 27 August 2025 (both dates inclusive).
- * Exercise price per share option after adjustments for open offer applicable to the outstanding share options as of 4 September 2014 with effect from 4 September 2014.

Additional Information Required Under The Listing Rules

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 30 September 2015, the interests or 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 ("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 ("Model Code") set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange ("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 ("Share")

Name of director	Number of Shares held, capacity and nature of interests			Approximate percentage of the Company's total issued share capital
	Personal interests	Corporate interests	Total	%
Mr. Ng Ian	93,509,071	581,240,665	674,749,736	69.43%
Mr. Ng Chun For, Henry	127,200	—	127,200	0.01%
Mr. Mak Wah Chi	2,029,225	—	2,029,225	0.21%

Note 1: The corporate interests of 581,240,665 Shares represented the aggregate of (i) 568,676,782 Shares held by Golden Tool International Limited ("Golden Tool"), a corporation wholly owned and controlled by Mr. Ng Ian; and (ii) 12,563,883 Shares held by Trade Icon Holdings Limited ("Trade Icon"), a corporation wholly owned and controlled by Mr. Ng Ian. Therefore, Mr. Ng Ian is deemed to be interested in any Shares or equity derivatives held by Golden Tool and Trade Icon.

Additional Information Required Under The Listing Rules

(b) Long positions in underlying Shares of share options of the Company

Share options granted under the 2013 Scheme

As at 30 September 2015, the following directors had personal interests in share options granted under the 2013 Scheme were as follows:

Name of director	Date of grant	Exercisable period	Exercise price per share option HK\$	Number of share options outstanding	Approximate percentage of interest in issued share capital
Mr. Ng Ian	28 August 2015	28 August 2015 to 27 August 2025	0.878	5,300,000	0.55%
Mr. Chan Kwok Hung	30 April 2014	30 April 2014 to 29 April 2024	1.0211	1,014,612	0.10%
	5 September 2014	5 September 2014 to 4 September 2024	0.9100	2,850,000	0.29%
	28 August 2015	28 August 2015 to 27 August 2025	0.878	5,200,000	0.54%
				14,364,612	1.48%

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

Long positions in the shares of associated corporations of the Company as at 30 September 2015:

Name of director	Name of associated corporation	Capacity and nature of interests	Number of issued ordinary shares held	Approximate percentage of issued share capital of the associated corporation
Mr. Ng Ian	Golden Tool	Personal interests (held as beneficial owner)	1	100%
Mr. Ng Ian	Trade Icon	Personal interests (held as beneficial owner)	1	100%

Additional Information Required Under The Listing Rules

Save as disclosed above, as at 30 September 2015, 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 30 September 2015, shareholders who had interests or short positions in the Shares or underlying Share 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 been notified to the Company were as follows:

Long positions in the Shares or Underlying Share

Name of shareholder	Note	Capacity and nature of interests	Number of Shares held	Approximate percentage of the Company's total issued share capital
Mr. Ng Ian	(1)	Personal and interests in corporation	680,049,736	70.05%
Golden Tool	(1)	Beneficial owner	568,676,782	58.52%

Note 1: By virtue of the SFO, Mr. Ng Ian was taken to be interested in 680,049,736 Shares in the Company (being the aggregate of (i) personal interests of 93,509,071 Shares; (ii) personal interests of 5,300,000 share options; and (iii) corporate interests of 581,240,665 Shares (of which 568,676,782 Shares through Golden Tool, a corporation is beneficially owned by Mr. Ng Ian and 12,563,883 Shares through Trade Icon, a corporation is beneficially owned by Mr. Ng Ian).

Additional Information Required Under The Listing Rules

Save as disclosed above, as at 30 September 2015, the Company has not been notified by any persons 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.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Listing Rules during the period under review, with the following exceptions that:

1. Code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. After the appointment of Mr. Ng Ian as the Chairman of the Company with effect from 28 March 2013, he resigned as the Deputy Chairman and Chief Executive Officer ("CEO") of the Company. The Board considered that the management structure of the Board could be optimised by Mr. Ng Ian (the former CEO of the Company, the current Chairman and executive Director of the Company) taking up both the roles of Chairman and CEO of the Company after considering the following factors:
 - a. it will not impair the balance of power and authority between the Board and the management of the Company. The balance of power and authority is 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;
 - b. it is conducive to strong and consistent leadership, and enables the Group to make and implement decisions promptly and efficiently; and
 - c. it is beneficial to the Company and its shareholders as a whole having taken into account that the Group's business scale has been narrowed down to business operation in Hong Kong after disposal of the joint-venture-based property under construction (located at No.68 Yu Yuan Road, Jing An district of Shanghai).

Additional Information Required Under The Listing Rules

- 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. Mr. Ng Chun For, Henry did not attend the special general meeting of the Company held on 13 May 2015 and Mr. Ng Chun For, Henry and Mr. Chu Tak Sum did not attend annual general meeting of the Company 2014-2015 held on 12 August 2015 due to their respective 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 six months ended 30 September 2015.

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 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 period 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 period.

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

Hong Kong, 5 November 2015

Additional Information Required Under The Listing Rules

The directors of the Company as at the date of this report are:

Executive directors

Mr. Ng Ian (*Chairman*)

Mr. Chan Kwok Hung

Non-executive directors

Mr. Ng Chun For, Henry

Mr. Mak Wah Chi

Independent non-executive directors

Mr. Li Kit Chee

Mr. Chan Kam Man

Mr. Chu Tak Sum