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 2016

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 2016, together with the comparative audited figures for the year ended 31 March 2015 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2016

	Notes	**2016** *HK$'000*	2015 *HK$'000*
Revenue	3	**57,247**	51,270
Other income and gains	4	**11,215**	20,450
Net gain in fair value of investment properties		**9,862**	488,000
Staff costs		**(17,678)**	(32,489)
Depreciation of property, plant and equipment		**(80)**	(141)
Other operating expenses		**(27,144)**	(13,159)
Profit from operations	5	**33,422**	513,931
Finance costs	6	**(26,877)**	(26,070)
Profit before taxation		**6,545**	487,861
Taxation	7	**(4,974)**	(1,692)
Profit for the year		**1,571**	486,169
Other comprehensive income for the year, net of tax		**—**	—
Total comprehensive income for the year		**1,571**	486,169

	Notes	**2016**	2015
		HK$'000	*HK$'000*
Profit and total comprehensive income for the year attributable to the owners of the Company		**1,571**	486,169
EARNINGS PER SHARE			
— Basic *(in HK cents)*	8	**0.16**	56.52
— Diluted *(in HK cents)*	8	**0.05**	55.93

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2016

	Notes	2016 HK$'000	2015 HK$'000
ASSETS AND LIABILITIES			
NON-CURRENT ASSETS			
Property, plant and equipment		**82**	128
Investment properties		**3,034,800**	2,494,800
Deferred tax assets		**—**	1,027
		3,034,882	2,495,955
CURRENT ASSETS			
Trade and other receivables	10	**6,220**	4,939
Available-for-sale financial assets		**74**	74
Derivative financial instruments		**21,300**	—
Pledged bank deposits		**—**	15,004
Cash and bank balances		**299,680**	1,146,096
		327,274	1,166,113
CURRENT LIABILITIES			
Other payables, rental deposits received and accruals, current portion	11	**7,783**	11,016
Bank borrowings, current portion (secured)		**26,750**	26,750
Derivative financial instruments		**—**	1,732
Tax payable		**1,924**	640
		36,457	40,138
NET CURRENT ASSETS		**290,817**	1,125,975
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,325,699**	3,621,930

	Notes	2016 HK$'000	2015 HK$'000
NON-CURRENT LIABILITIES			
Other payable and rental deposits received, non-current portion	11	**14,679**	9,933
Bank borrowings, non-current portion (secured)		**1,054,623**	981,374
Convertible notes		**73,170**	—
Deferred tax liabilities		**21,325**	11,531
		1,163,797	1,002,838
NET ASSETS		**2,161,902**	2,619,092
CAPITAL AND RESERVES			
Share capital		**97,180**	95,088
Reserves		**2,064,722**	2,524,004
TOTAL EQUITY		**2,161,902**	2,619,092

Notes:

1. **Basis of Preparation**

(a) *Statement of compliance*

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants. 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 ("CO").

The provisions of the new Hong Kong Companies Ordinance (Cap 622) regarding preparation of accounts and Directors' reports and audits became effective for the Company for the financial year ended 31 March 2016. Further, the disclosure requirements set out in the Listing Rules regarding annual accounts have been amended with reference to the new CO and to streamline with HKFRSs. Accordingly the presentation and disclosure of information in the consolidated financial statements for the financial year ended 31 March 2016 have been changed to comply with these new requirements. Comparative information in respect of the financial year ended 31 March 2015 are presented or disclosed in the consolidated financial statements based on the new requirements. Information previously required to be disclosed under the predecessor CO or Listing Rules but not under the new CO or amended Listing Rules are not disclosed in these consolidated financial statements.

(b) *Basis of preparation of financial statements*

The consolidated financial statements have been prepared on the historical cost basis except for certain properties, share based payments 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 into account 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, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

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 Revised Hong Kong Financial Reporting Standards ("HKFRSs")

In the current year, the Group has adopted all of the new and revised standards, amendments and interpretations ("new and revised 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 2015.

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

Except for the Amendments to HKFRSs — Annual Improvements to HKFRS 2011–2013 Cycle on HKAS 40 Investment Property, the application of the above new and revised HKFRSs had no material effect on the results and financial positions of the Group for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

Annual Improvements to HKFRS 2011–2013 Cycle

- HKAS 40 Investment Property: Clarifies that HKFRS 3, instead of the description of ancillary services in HKAS 40 which differentiates between investment property and owner-occupied property, is used to determine if the transaction is a purchase of an asset or a business combination. The amendment is applied prospectively for acquisition of investment properties. During the year, the Group had acquired certain investment properties through acquisition of subsidiaries and the relevant transactions are classified as acquisition of assets through acquisition of subsidiaries.

New and revised HKFRSs in issue not yet effective

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

HKFRS 9	Financial Instruments[3]
HKFRS 14	Regulatory Deferral Accounts[1]
HKFRS 15	Revenue from Contracts with Customers[3]
HKFRS 16	Leases[4]
Amendments to HKFRS 11	Accounting for Acquisitions of Interest in Joint Operations[2]
Amendments to HKAS 1	Disclosure Initiative[2]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[2]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[2]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[5]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012–2014 Cycle[2]

1 Effective for first annual HKFRS financial statements beginning on or after 1 January 2016, with early application permitted.

2 Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

3 Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

4 Effective for annual periods beginning on or after 1 January 2019, with earlier application permitted that apply HKFRS 15 on or before the date of initial application of HKFRS 16.

5 Effective for annual periods beginning on or after a date to be determined.

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' measurement category for certain simple debt instruments.

Key requirements of HKFRS 9:

- All recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent reporting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at fair value through other comprehensive income. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrecoverable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in HKAS 39. Under HKFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the retrospective quantitative effectiveness test has been removed. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The Directors of the Company anticipate that HKFRS 9 in the future may have a material impact on amounts reported and disclosures made in the consolidated financial statements. However, it is not practical to provide a reasonable estimate of the effect of HKFRS 9 until the Group performs a detailed review.

HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The Directors of the Company anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

HKFRS 16 Leases

HKFRS 16 supersedes HKAS 17 Leases, HK(IFRIC)-Int 4 "Determining whether an Arrangement contain a Lease", HK(SIC)-Int 15 "Operating Lease — Incentives" and HK(SIC)-Int 27 "Evaluating the Substance of Transactions Involving the Legal Form of a Lease". HKFRS 16 eliminates the classification by a lessee of leases as either operating or finance. Instead all leases are treated in a similar way to finance leases in accordance with HKAS 17 "Leases". Under HKFRS 16, leases are recorded on the statement of financial position by recognising a liability for the present value of its obligation to make future lease payments with an asset (comprised of the amount of lease liability plus certain other amounts) either being disclosed separately in the statement of financial position (within right-of-use assets) or together with property, plant and equipment. The most significant effect of the new requirements will be an increase in recognised lease assets and financial liabilities. There are some exemptions. HKFRS 16 contains options which do not require a lessee to recognise assets and liabilities for (a) short term leases (i.e. lease of 12 months or less, including the effect of any extension options) and (b) leases of low value assets (for example, a lease of a personal computer). HKFRS 16 substantially carries forward the lessor's accounting requirements in HKAS 17.

Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. In classifying a sublease, an intermediate lessor shall classify the sublease as a finance lease or an operating lease as follows:

(a) if the head lease is a short-term lease that the entity, as a lessee, the sublease shall be reclassified as an operating lease; (b) otherwise, the sublease shall be classified by reference to the right-of-use asset arising from the head lease, rather than by reference to the underlying asset. HKFRS 16 clarifies that a lessee separates lease components and service components of a contract, and applies the lease accounting requirements only to the lease components.

The Company is in the process of making an assessment of the potential impact of application of HKFRS 16, the Directors consider that it is not practicable to provide a reasonable estimate of the effect of the adoption of HKFRS 16 until the Company performs a detailed review.

Amendments to HKAS 1 Disclosure Initiative

The amendments to HKAS 1 Presentation of Financial Statements give some guidance on how to apply the concept of materiality in practice.

The amendments to HKAS 1 are effective for annual periods beginning on or after 1 January 2016. The Directors of the Company do not anticipate that the application of these amendments to HKAS 1 will have a material impact on the amounts recognised in the Group's consolidated financial statements.

Amendments to HKAS 16 and HKAS 38 Clarification of Acceptable Method of Depreciation and Amortisation

The amendments to HKAS 16 Property, Plant and Equipment prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to HKAS 38 Intangible Assets introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:

a) when the intangible asset is expressed as a measure of revenue; or

b) when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated

The amendments apply prospectively for annual periods beginning on or after 1 January 2016. Currently, the Group uses the straight-line method for depreciation and amortisation for its property, plant and equipment, and intangible assets respectively. The Directors of the Company believe that the straight-line method is the most appropriate method to reflect the consumption of economic benefits inherent in the respective assets and accordingly, the Directors of the Company do not anticipate that the application of these amendments to HKAS 16 and HKAS 38 will have a material impact on the Group's consolidated financial statements.

Amendments to HKAS 16 and HKAS 41 Agriculture: Bearer Plants

The amendments to HKAS 16 Property, Plant and Equipment and HKAS 41 Agriculture define a bearer plant and require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with HKAS 16, instead of HKAS 41. The produce growing on bearer plants continues to be accounted for in accordance with HKAS 41.

The Directors of the Company do not anticipate that the application of these amendments to HKAS 16 and HKAS 41 will have a material impact on the Group's consolidated financial statements as the Group is not engaged in agricultural activities.

Amendments to HKAS 27 Equity Method in Separate Financial Statements

The amendments allow an entity to account for investments in subsidiaries, joint ventures and associates in its separate financial statement:

- At cost

- In accordance with HKFRS 9 Financial Instruments (or HKAS 39 Financial Instruments: Recognition and Measurement for entities that have not yet adopted HKFRS 9), or

- Using the equity method as described in HKAS 28 Investments in Associates and Joint Ventures

The accounting option must be applied by category of investments.

The amendments also clarify that when a parent ceases to be an investment entity, or becomes an investment entity, it shall account for the change from the date when the change in status occurred.

In addition to the amendments to HKAS 27, there are consequential amendments to HKAS 28 to avoid a potential conflict with HKFRS 10 Consolidated Financial Statements and to HKFRS 1 First time Adoption of Hong Kong Financial Reporting Standards.

The Directors of the Company do not anticipate that the application of these amendments to HKAS 27 will have a material impact on the Group's consolidated financial statements.

Annual Improvement to HKFRSs 2012–2014 Cycle

The Annual Improvements to HKFRSs 2012–2014 Cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 5 introduce specific guidance in HKFRS 5 for when an entity reclassifies an asset (or disposal group) from held for sale to held for distribution to owners (or vice versa), or when held-for-distribution accounting is discontinued. The amendments apply prospectively.

The amendments to HKFRS 7 provide additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of the disclosures required in relation to transferred assets and clarify that the offsetting disclosures (introduced in the amendments to HKFRS 7 Disclosure — Offsetting Financial Assets and Financial Liabilities issued in December 2011 and effective for periods beginning on or after 1 January 2013) are not explicitly required for all interim periods. However, the disclosures may need to be included in condensed interim financial statements to comply with HKAS 34 Interim Financial Reporting.

The amendments to HKAS 19 clarify that the high quality corporate bonds used to estimate the discount rate for postemployment benefits should be issued in the same currency as the benefits to be paid. These amendments would result in the depth of the market for high quality corporate bonds being assessed at currency level. The amendments apply from the beginning of the earliest comparative period presented in the financial statements in which the amendments are first applied. Any initial adjustment arising should be recognised in retained earnings at the beginning of that period.

The amendments to HKAS 34 clarify the requirements relating to information required by HKAS 34 that is presented elsewhere within the interim financial report but outside the interim financial statements. The amendments require that such information be incorporated by way of a cross reference from the interim financial statements to the other part of the interim financial report that is available to users on the same terms and at the same time as the interim financial statements.

The Directors of the Company do not anticipate that the application of these will have a material effect on the Group's consolidated financial statements.

The Directors of the Company do not anticipate that the application of other new and revised HKFRSs will have a material effect on the Group's consolidated financial statements.

3. Segment information

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 2016 and 2015, the Group only engaged operating segment in property leasing and development. 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 2016 and 2015 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 all 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 year ended 31 March 2016 and 2015 represented gross income from leasing of investment properties in Hong Kong. Included in revenue of approximately HK$57,247,000 (2015: HK$51,270,000) are revenue of approximately HK$9,173,000 (2015: HK$12,967,000) which arose from the Group's largest one (2015: two) customers with whom transactions in aggregate have exceeded 10% of the Group's revenue during the year.

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

	2016	2015
	HK$'000	*HK$'000*
Customer A	**9,173**	7,740
Customer B *(Note)*	**—**	5,227

Note:

No information was disclosed as the corresponding revenue did not contribute over 10% of the Group's revenue.

4. Other income and gains

	2016	2015
	HK$'000	*HK$'000*
Bank interest income	**4,961**	15,662
Change in fair value of derivative financial asset component of convertible notes	**3,799**	—
Fair value gains of derivative financial instruments	**1,732**	3,151
Net exchange gain	**—**	1,290
Sundry income	**723**	347
	11,215	20,450

5. Profit from operations

	2016	2015
	HK$'000	*HK$'000*
Profit from operations is arrived at after charging/(crediting):		
Directors' emoluments	**13,661**	24,334
Other staff costs		
Salaries and allowances	**3,535**	3,573
Retirement benefit scheme contributions	**95**	95
Other benefits in kind	**387**	4,487
	4,017	8,155
Total staff costs	**17,678**	32,489
Net exchange loss/(gain)	**5,486**	(1,290)
Auditors' remuneration		
— Audit services	**780**	650
— Non-audit services	**600**	150
Depreciation of property, plant and equipment	**80**	141
Share-base payment expenses	**14,067**	11,535
Written off of property, plant and equipment	**—**	4
Gross rental income from investment properties	**(57,247)**	(51,270)
Less: Direct operating expenses from investment properties that generated rental income during the year	**3,491**	2,351
	(53,756)	(48,919)

6. Finance costs

	2016	2015
	HK$'000	*HK$'000*
Interest on bank borrowings		
— wholly repayable within five years	**8,285**	9,612
— wholly repayable after five years	**15,469**	16,458
Effective interest expense on convertible notes	**3,123**	—
	26,877	26,070

7. Taxation

	2016	2015
	HK$'000	*HK$'000*
Current tax — Hong Kong		
— Provision for the year	**2,111**	902
— Under/(over) provision in prior years	**999**	(555)
	3,110	347
Deferred taxation		
— Charged to the consolidated statement of profit or loss and other comprehensive income	**1,864**	1,345
	4,974	1,692

Hong Kong profits tax has been provided at 16.5% (2015: 16.5%) of the estimated assessable profits for the year ended 31 March 2016.

8. Earnings per share

The diluted earnings per share for the year ended 31 March 2016 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 2016 was adjusted to reflect the interest expense on convertible notes less tax effect, if any.

	2016	2015
	HK$'000	*HK$'000*
Earnings		
Earnings for the purpose of basic earnings per share	**1,571**	486,169
Effects of dilutive potential ordinary shares		
Effective interest expenses on convertible notes, net of tax	**2,718**	—
Fair value gain on the derivative component of convertible notes	**(3,799)**	—
Earnings for the purpose of diluted earnings per share	**490**	486,169

	2016	2015
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**965,518**	860,109
Effect of dilutive potential ordinary shares:		
Share options	**6,220**	9,061
Convertible notes	**42,167**	—
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,013,905**	869,170

9. Dividends and distribution

	2016	2015
	HK$'000	*HK$'000*
Distribution, paid, of HK$0.5767 (2015: Nil) per ordinary share	**549,916**	—

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 of the Company on the record date out of the credit standing in the contributed surplus account of the Company (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 at HK$0.5767 per ordinary share on 27 May 2015.

Save as the above, no dividend was paid or proposed during the year ended 31 March 2016, nor has any dividend been proposed since the end of reporting period (2015: nil).

10. Trade and other receivables

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.

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:

	2016	2015
	HK$'000	*HK$'000*
Effective rental receivables (0 days)	**2,506**	1,585
Up to 30 days	**349**	188
	2,855	1,773

11. Other payables, rental deposits received and accruals

	2016	2015
	HK$'000	*HK$'000*
Rental deposits received	**19,380**	16,532
Accruals and other payables	**2,895**	3,950
	22,275	20,482
Advance rental received	**187**	467
	22,462	20,949
Less: Other payables and rental deposits received — Non-current portion	**(14,679)**	(9,933)
	7,783	11,016

12. Comparative financial information

Certain comparative figures have been restated to conform with current year's presentation.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Overview

The year 2015 presented challenges as we experienced new levels of market volatility arising from, *inter alias*, trepidation about the negative spillover of the US interest rate hike, a sharp one-off devaluation of the Chinese yuan causing concern of instability of related exchange rates, the sharp swings in the Mainland stock market amid the deleveraging of market participants, the flare-up of the Greek debt crisis, the Euro Zone extending its quantitative easing programme to further protect its fragile economic recovery, the decrease in oil prices and emerging markets experiencing capital outflows.

Against this backdrop, the Hong Kong economy was inevitably affected, and modestly expanded by 2.4% in real terms in 2015, slightly lower than the 2.6% growth recorded in 2014. Thanks to the remarkable resilience the local domestic consumption held up well and cushioned the overall economy against the adverse global currents. Domestic demand remained the key force propelling economic growth to maintain virtually full employment through the year as the labour market remained broadly stable in 2015. The decline in retail sales was exacerbated by local stock market turmoil — the Hang Seng Index reached a seven-year high in April 2015 and subsequently lost ground. Other negative factors included a continued slowdown in inbound visitors, dragged by diminishing numbers of inbound tourists under the individual visit scheme; a continuous downward spiral in the retail market primarily caused by structural changes in Mainland consumer behaviour; and a greater drop in retail market sales over concern about the significant devaluation of the yuan which prompted Mainland tourists to curb their spending in dollar-denominated Hong Kong. As a result of the retail sales downturn, retail rentals faced their biggest drop in a decade, with high street-shop rents likely to be hit hardest by faltering retail sales.

Looking on the brighter side, the softening retail-leasing market is encouraging the gradual return of mass-market retailers and mid-range brands to prime shopping districts. Statistics of Cushman & Wakefield represented encouraging indicators for ginza-style buildings: (i) street-shop rentals in Hong Kong's core four largest prime shopping districts all dropped by 34% and 48% on average compared with 2014 and 2013 respectively, however, rentals of restaurants for the ginza-style buildings in Causeway Bay recorded an increase of 6.7% and 18.1% as compared with 2014 and 2013 respectively; and (ii) despite their decline street-shop rentals remain up to about 20 times more than rentals of ginza-style buildings. Our Group investment properties at Jardine's Bazaar are predominantly located in the heart of Hong Kong's Causeway Bay, clustered in traditional tourist street market areas, Jardine's Crescent as recommended by the Hong Kong Tourism Board. Leveraging this inherent competitive advantage, Henry Group could continue to implement its distinctive Gin-za-i-za-tion strategy and pivot the retail portfolio towards the mid-range-to-affordable market segments to cope with a generally weak retail environment.

Business Review

The Group recorded an audited revenue for the year ended 31 March 2016 of approximately HK$57.2 million compared with approximately HK$51.3 million in the same period of 2015, representing an increase of 11.5% over last year. The increase of revenue was due to additional recurring rental income contributed by the leasing of four investment properties which the acquisitions are approved by the Company's independent shareholders at two special general meetings held on 13 May 2015 and 11 November 2015 and completed during the year ("Acquisitions"). The Acquisitions presented a unique opportunity to add four properties including one residential house located at Island South, a street-shop located in a traditional luxury residential area located at Midlevels West and two street-shops located in traditional shopping districts in Causeway Bay thereby further diversifying the Group's asset portfolio to expand its recurring income base. For details of the Acquisitions, please refer to the Company's circulars dated 20 April 2015 and 26 October 2015.

Profit and total comprehensive income for the year attributable to the owners of the Company was approximately HK$1.6 million compared with approximately HK$486.2 million in the corresponding period last year. The decrease in profit was mainly due to the decreases in net gain in fair value of investment properties taken into account of the relatively stable year-end valuation of investment properties (other than the Acquisitions) as at 31 March 2016 as compared to that of as at 31 March 2015. If the aforementioned financial impact of non-cash flow accounting adjustments in relation to unrealised fair value gains on investment properties held for long term for both years in 2016 and 2015 were excluded, the profit and total comprehensive income for the year attributable to the owners of the Company for the two financial years ended 31 March 2016 would have adjusted to loss and total comprehensive loss for the year attributable to the owners of the Company of approximately $8.3 million and approximately $1.8 million respectively.

	2016 ***HK$'000***	2015 *HK$'000*
Profit and total comprehensive income for the year attributable to the owners of the Company	**1,571**	486,169
Excluding effect of unrealised net gain in fair value of investment properties	**(9,862)**	(488,000)
Adjusted loss and total comprehensive loss for the year attributable to the owners of the Company	**(8,291)**	(1,831)

After completion of the Acquisitions, the Group's investment properties portfolio included two core ginza-style buildings, four street-shops, one residential flat and one residential house, with a total appraised fair values of HK$3,034.8 million as of 31 March 2016, which are predominantly clustered in the heart of Hong Kong's bustling Causeway Bay.

Details of our portfolio of investment properties (included the Acquisitions) as of 31 March 2016 are shown in the following table:

Properties and location	Type of property	Appraised Valuation approximately *(HK$'000)*
Causeway Bay		
Jardine Center, No. 50, Jardine's Bazaar	Ginza-style building	1,280,000
L'hart, Nos. 487–489 Lockhart Road	Ginza-style building	1,100,000
Ground Floor of No. 38, Jardine's Bazaar	Street-shop	102,000
Ground Floor of No. 41, Jardine's Bazaar[3]	Street-shop	139,000
Ground Floor of No. 57, Jardine's Bazaar[1, 3]	Street-shop	143,000
1st Floor, Nos. 38–40, Jardine's Bazaar	Residential flat	12,800
Mid-levels West		
Ground Floor of K.K. Mansion, Nos. 119, 121, 125 Caine Road[1, 2]	Street-shop	56,000
Island South		
House No. 12, Villa Bel-Air, Bel-Air on the Peak[2]	Residential house	202,000
		3,034,800

1. The Acquisitions were financed by net proceeds of the open offer announced by the Company on 22 July 2014 (the "Open Offer"), details of usage of proceeds of the Open Offer has been disclosed in the Company's announcement dated 8 June 2016.

2. Discloseable and connected transaction in relation to acquisition of two properties approved by independent shareholders of the Company at a special general meeting held on 13 May 2015. For details of the transaction, please refer to the Company's circular dated 20 April 2015.

3. Major and connected transaction in relation to acquisition of two commercial properties through acquisition of two companies involving the issue of the convertible notes approved by independent shareholders of the Company at a special general meeting held on 11 November 2015. For details of the transaction, please refer to the Company's circular dated 26 October 2015.

Overall leasing rate of the Group's investment property portfolio was around 96% with 2% vacancy due to our structural construction works at prime ground floor leasable areas and the lobby of Jardine Center. These works were initiated with a view to maximise layout efficiency to better cater to peak customer traffic hours and boosting the attraction of the building to shoppers as a whole in order to reap a long term benefit and strengthen its competitive advantage as well as differentiate itself from several new ginza-style buildings opening in Causeway Bay. Good progress was made in Jardine Center's refurbishment and enhancement work which is expected to be completed by the end of June 2016.

Thanks to the dedicated efforts and capability of our management we are able to configure a strategic well-balanced and diverse tenant mix responsive to the market and business environment while nurturing the portfolio growth of our investment properties. During the financial year, food and beverage tenants accounted for 51.9% of the total leased areas of the Group's portfolio of investment properties. According to the Report on Quarterly Survey of Restaurant Receipts and Purchase issued by the Census and Statistics Department of the HKSAR, the total estimated value of restaurants receipts in the third quarter of 2015, has reached $26.2 billion, increasing by 3.3% over the previous year. Rentals of restaurants at upper-levels of retail buildings located in prime district shopping areas have outperformed street shop rentals in the same district, surprisingly recording a moderate year-on year growth of 6.7% in Causeway Bay and Tsimshatsui, 6.2% in Central and 5.7% in Mongkok, according to statistics produced by Cushman & Wakefield. The Group intends to continue to ride on this opportunity and translate our properties into value and returns to our shareholders.

Corporate Social Responsibility

The Group proactively believes strongly in environmental protection and sustainable development. The Group is a responsible corporate citizen and promulgates ecofriendly in its operations of investment properties. It again supported the World Wide Fund for 10th Earth Hour held in March 2016. The Group cares about its employees and procured additional production equipment and daily necessities for its employees, with a view to effectively resolve practical problems encountered by its employees and improve the work environment.

Outlook

Going forward, Hong Kong is an open economy and inevitably will be constrained by the slower growth of the global economy affected by a number of factors including the shifting of the economic growth in Mainland China to a lower gear, the uncertainties associated with US interest rate normalization and diverging monetary policies including adoption of negative interest rates among major foreign central banks potentially leading to global financial volatility. Against this backdrop, the Hong Kong economy is projected to expand by 1–2% in 2016, compared to the 2.4% growth in 2015 and the average annual growth of 3.4% in the past ten years, according to official Financial Secretary's Office Government of the HKSAR report announced in February 2016. The prospects for reduced growth takes into account Hong Kong's retail sales sector continuing to face headwinds arising from the dual adverse effects of the structural changes of consumer behaviour in Mainland China and the expected depreciation of the yuan dampening tourists spending. Mitigating these factors to some extent is Hong Kong's favorable position to seize the opportunities arising from the "Belt and Road" strategic initiative and to contribute a wide range of high-end services to Mainland China. The Group continues to ride on the opportunities in response to the changing consumption patterns of local consumers and Mainland visitors to refine and solidify its tenant mix. Its tenant portfolio of differentiated services-based retailers offering top quality services as well as food and beverage outlets generate synergies to uplift the value of investment properties and maximise the interest of our shareholders. During the year, the Company established a record of delivering attractive returns for its shareholders through the cash distribution out of its credit standing in the contributed surplus account in a total of HK$0.5767 per ordinary share or approximately HK$550 million.

FINANCIAL REVIEW

Revenue

The Group's audited consolidated revenue for the year was approximately HK$57.2 million (2015: HK$51.3 million) which represented rental income generated from investment properties in Hong Kong. The increase in rental revenue was mainly due to additional recurring rental income contributed by the leasing of four investment properties which the acquisitions are approved by independent shareholders of the Company at two special general meetings held on 13 May 2015 and 11 November 2015 ("Acquisitions").

Other income and gains

Other income and gains for the year was approximately HK$11.2 million (2015: HK$20.5 million). The decrease was mainly due to reduction in bank deposits interest income.

Other operating expenses

Other operating expenses for the year was approximately HK$27.1 million (2015: HK$13.2 million). The increase was mainly due to (i) realisation of exchange loss of approximately HK$5.4 million arose from conversion of fixed deposits from RMB to HKD; (ii) legal and professional fee incurred for the Acquisitions of approximately HK$2.9 million; and (iii) share base payments of approximately HK$6.4 million.

Finance costs

Finance costs for the year was approximately HK$26.9 million (2015: HK$26.1 million). The decrease was mainly due to repayment of bank borrowings.

Profit and total comprehensive income for the year attributable to owners of the Company

Profit and total comprehensive income for the year attributable to owners of the Company was approximately HK$1.6 million, representing a decrease of approximately 99.7% from approximately HK$486.2 million recorded in the corresponding year in 2015. The decrease was mainly attributable to the decrease in net gain in fair value of investment properties of approximately HK$478.1 million.

DIVIDENDS AND DISTRIBUTION

On 31 March 2015, the Board resolved to make the distribution of an aggregate payment of approximately HK$550,000,000 to the shareholders of the Company on the record date out of the credit standing in the contributed surplus account of the Company (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 by the Company at HK$0.5767 per ordinary share on 27 May 2015.

Save as the above, no dividend was paid or proposed during the year ended 31 March 2016, nor has any dividend been proposed since the end of year under review (2015: Nil).

Liquidity and financial resources

Save for the Acquisitions was partially financed by the issue of 1.68% convertible notes due on 7 December 2020 with an aggregate principal amounts of HK$125 million issued in December 2015, the Group mainly finances its business operations by its internal resources and bank borrowings. As at 31 March 2016, the Group's cash and bank balances amounted to approximately HK$299.7 million

(2015: HK$1,146.0 million). The decrease in cash and bank balances was mainly due to the Acquisitions and the Distribution. As of 31 March 2016, the Group has a undrawn standby revolving credit facility of approximately HK$100 million in place 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 of 31 March 2016, the Group's total bank borrowings all denominated in Hong Kong Dollars ("HKD") and are on a floating rate based in aggregate of approximately HK$1,081.4 million (2015: HK$1,008.1 million) with maturity profile set out as follows:

	2016	2015
	HK$'000	*HK$'000*
Repayable		
Within 1 year	**26,750**	26,750
After 1 year but within 2 years	**29,750**	26,750
After 2 years but within 5 years	**498,251**	395,252
Over 5 years	**526,622**	559,372
	1,081,373	1,008,124

The Group's gearing ratio as of 31 March 2016, which was calculated on the basis of total liabilities over total assets, was approximately 35.7% (2015: 28.5%). Whilst the Group's current ratio as of 31 March 2016, which was expressed a ratio of current assets over current liabilities, was approximately 9.0 (2015: 29.1).

Capital Structure

During the year under review, the Company issued and allotted of 20,921,688 ordinary shares by virtue of exercise of 20,921,688 share options pursuant to the Company's share option schemes and accordingly the issued share capital of the Company enlarged to 971,798,352 ordinary shares as of 31 March 2016. In addition, pursuant to a special resolution passed by shareholders of the Company at a special general meeting held on 13 May 2015, entire amount standing to the credit of share premium account of approximately HK$720.6 million transferred to the contributed surplus account to facilitate the payment of the Distribution ("Share Premium Reduction"). The Share Premium Reduction became unconditional effective on 14 May 2015.

As at 31 March 2016, the audited net assets of the Group amounted to approximately HK$2,161.9 million (as at 31 March 2015: HK$2,619.1 million), representing a decrease of approximately 17.5% as compared with the same as of 31 March 2015, by reason of the Distribution. With the total number of 971,798,352 ordinary shares in issue as of 31 March 2016, the audited net assets value per share was approximately HK$2.22 (as at 31 March 2015: HK$2.75).

Treasury Policy

It is the Group's treasury management policy restricted to engage in speculative derivative products. In this respect, the Group continued to adopt a conservative approach to financial risk management. The Group's business has been conducted in Hong Kong and its monetary assets and liabilities are mainly denominated in HKD. Save for an interest rate swap contract for hedging purpose was expired and terminated during the year, the Group has not employed any interest rate swap to manage interest rate risk for its banking facilities are principally on floating rate basis.

CORPORATE GUARANTEES

As of 31 March 2016, the Company provided several corporate guarantees of approximately HK$1,877,500,000 (2015: HK$1,575,000,000) and its subsidiaries provided certain cross corporate guarantee of approximately HK$955,000,000 (2015: HK$955,000,000) both of which given to banks for securing banking facilities granted to the Company's subsidiaries.

CHARGES ON GROUP'S ASSETS

At of 31 March 2016, the following Group's assets were pledged to secure the Group's banking facilities:

1. Certain investment properties with an aggregate carrying values of approximately HK$2,740 million (2015: HK$2,482 million); and

2. Share mortgage in respect of the entire equity interests of certain subsidiaries of the Group.

CONTINGENT LIABILITIES

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 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).

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.

As of 31 March 2016, there was no Relevant Claims reported. Save as disclosed aforesaid, the Group did not have any significant contingent liabilities as at 31 March 2016.

COMMITMENTS

As of 31 March 2016, the Group had no material capital commitments.

LITIGATION

On 21 November 2014, Land Base Limited ("LBL"), a wholly owned subsidiary of the Company, the owner of a building named "L'hart" located at Nos. 487 and 489 Lockhart Road Hong Kong, which is built upon certain pieces of land including The Remaining Portion of Subsection 14 of Section A of Inland Lot No. 2836 ("Subsection 14"), received an originating summons issued by Tierra Trading Limited and Keep Forever Development Limited (as Plaintiffs), the owners of a building named "Kyoto Plaza" located at Nos. 491, 493, 495, 497 and 499 Lockhart Road, Hong Kong, which is built upon certain pieces of land, including Subsection 15 of Section A of Inland Lot No. 2836 ("Subsection 15") against LBL (as defendant) and filed with the High Court of the Hong Kong Special Administrative Region Court of First Instance.

The litigation relates to a dispute regarding the ownership of a strip of land (the "Disputed Area") which is the common staircase located on Subsection 15, in between L'hart and Kyoto Plaza, which the Plaintiffs had not used since 1992. It is LBL's case that, since, the demolition of the old building on Subsection 14 and the construction of Kyoto Plaza which has been in use since 1992, LBL's predecessors in title had been in exclusive possession, management and control of the Disputed Area by using the common staircase and other parts of the Disputed Area for various purposes. Since LBL became the registered owner of Subsection 14, it continued in exclusive possession, management and control of the Disputed Areas without interruption. Since the development of the L'hart building, LBL have, for safety, hygiene and aesthetic reasons, sealed off the Disputed Area by erecting a façade over the entrance to the Disputed Area from Lockhart Road forming part of L'hart.

The hearing was convened on 13 August 2015. On 21 August 2015, Recorder Cheng SC handed down a written decision refusing LBL's application and acceding to the Plaintiffs' application to proceed in the form of Originating Summons and gave directions for the cross-examination of witnesses and the filing of a report by a single joint expert (the "Order"). The Order further provides for leave for filing a further Affirmation by LBL ("2nd Affirmation").

On 4 September 2015, LBL and the Plaintiffs agreed to jointly appoint Mr. Daniel Tong of Daniel Tong Chartered Architect and Associates Limited ("Mr. Tong") as single joint expert to opine on three issues.

On 15 September 2015, LBL filed the 2nd Affirmation in reply to the 2nd Affirmation of Leung Mei Sze, following which neither party may file further affirmation evidence without leave of the court.

LBL has requested that two additional issues (which only came in place after the filing of the 2nd Affirmation) be addressed by Mr. Tong. These relate to (1) the residual plot ratio of Subsection 15, and (2) whether the permissible plot ratio of the Kyoto Plaza development was in fact exceeded.

The Plaintiffs refused to include the additional issues and LBL have on 7 October 2015 issued a summons for the matter to be heard before a judge. On 15 February 2016 Recorder Cheng SC handed down a written decision granting leave to include the first issue.

On 17 March 2016, joint instructions were sent to Mr. Tong, who has accordingly rendered his report on 13 April 2016. The next step forward would be for parties to fix the date for the substantive hearing of the originating summons in consultation with counsel's diary, with 5 days reserved. So far, the parties have not yet proceeded to fix the date for the said hearing.

The Directors, based on legal advice, consider that the case does not have any adverse financial impact upon the Group at all. Therefore, no provision in respect of such claims was made in the consolidated financial statements.

EMPLOYEES AND REMUNERATION POLICY

As of 31 March 2016, the Group had about 8 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 complied with the code provisions (the "Code Provisions") set out in the Corporate Governance Code and Corporate Governance Report Code (the "CG Code") as set out in Appendix 14 of the Listing Rules throughout the year, with the following reasons for exceptions:

1. **Under Code Provision A.2.1, 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) 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 in Mainland China.

2. **Under Code Provision A.6.7, 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 did not attend two special general meetings of the Company held on 13 May 2015 and 11 November 2015 as well as 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.

3. **Under Code Provision D.1.4, 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.**

   The Company has no formal letters of appointment for all Directors as most of them have been serving as Directors for a considerable period of time, a clear understanding of the terms and conditions of their appointment already exists between the Company and the Directors, and so there is no written record of the same. In any event, all Directors, including those without a letter of appointment and those appointed for a specific term, shall be 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 are given information that is reasonably necessary for them to make an informed decision on the reappointment of the relevant Directors.

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. Having made 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 preliminary announcement of the Group's results for the year ended 31 March 2016 have been agreed by the Group's auditors, HLB Hodgson Impey Cheng Limited ("HLB"), to the amounts set out in the Group's 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 Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by HLB on the preliminary announcement.

AUDIT COMMITTEE

The audit committee comprises a non-executive Director and two independent non-executive Directors, namely, Mr. Mak Wah Chi, Mr. Li Kit Chee (Committee Chairman) and Mr. Chan Kam Man. 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 including the review of the audited consolidated financial statements for the year ended 31 March 2016 as set out in this announcement have been agreed by the Group's auditor.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS

Apart from the discloseable and connected transaction announced on 31 March 2015 and major and connected transaction announced on 5 October 2015 regarding the Acquisitions, the Group did not have any significant investments, material acquisitions or disposals during the year.

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 at the above websites in due course.

By Order of the Board
Ng Ian
Chairman

Hong Kong, 24 June 2016

As at the date of this announcement, the Board comprises Mr. Ng Ian and Mr. Chan Kwok Hung as executive Directors; Mr. Ng Chun For, Henry and Mr. Mak Wah Chi as non-executive Directors and Mr. Li Kit Chee, Mr. Chan Kam Man and Mr. Chu Tak Sum as independent non-executive Directors.

* *for identification purposes only*