TERMBRAY INDUSTRIES INTERNATIONAL (HOLDINGS) LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 00093)

ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2020

RESULTS

The board of directors (the "Board") of Termbray Industries International (Holdings) Limited (the "Company") announces the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2020 together with the comparative figures for the last year as follows:

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 March 2020

	Notes	2020 HK$'000	2019 HK$'000
Revenue			
– Sales of properties	4	**4,264**	24,673
– Rental income	4	**3,776**	4,199
– Interest income from money lending	4	**6,829**	1,722
		14,869	30,594
Cost of sales		**(3,206)**	(9,857)
Gross profit		**11,663**	20,737
Other income	4	**1,615**	1,368
Other losses, net	4	**(20,167)**	(14,796)
Administrative expenses		**(17,617)**	(18,817)
Finance costs	6	**(34)**	–
Provision for impairment of loan and interest receivables		**(82)**	–
Loss before income tax		**(24,622)**	(11,508)
Income tax expense	7	**(2,361)**	(8,372)
Loss for the year	5	**(26,983)**	(19,880)
Other comprehensive (loss)/income:			
Item that may not be reclassified to profit or loss			
(Loss)/gain on revaluation of leasehold land and buildings		**(11,164)**	5,711
Item that may be reclassified subsequently to profit or loss			
Exchange differences arising on translation of foreign operations		**2,598**	1,088
Other comprehensive (loss)/income for the year, net of tax		**(8,566)**	6,799
Total comprehensive loss for the year		**(35,549)**	(13,081)
		HK cents	*HK cents*
Loss per share attributable to owners of the Company	9		
Basic		**(1.38)**	(1.02)
Diluted		**(1.38)**	(1.02)

Consolidated Statement of Financial Position
At 31 March 2020

	Notes	2020 HK$'000	2019 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**392,820**	409,278
Investment property	*10*	**180,000**	187,000
Deferred income tax assets		**2,716**	2,600
Loan receivables	*11*	**91,957**	22,892
Pledged bank deposits		**2,000**	2,000
		669,493	623,770
Current assets			
Completed properties for sale		**55,100**	60,523
Loan receivables	*11*	**18,809**	21,612
Interest receivables	*11*	**313**	99
Deposits, prepayments and other receivables		**1,978**	2,091
Financial assets at fair value through profit or loss		**167**	374
Cash and cash equivalents		**187,827**	262,015
		264,194	346,714
TOTAL ASSETS		**933,687**	970,484
EQUITY AND LIABILITIES			
Equity			
Share capital		**156,611**	156,611
Reserves		**751,749**	787,298
Equity attributable to owners of the Company		**908,360**	943,909
Non-controlling interests		**–**	417
Total equity		**908,360**	944,326
Liabilities			
Non-current liabilities			
Deferred income tax liabilities		**238**	238
Lease liabilities		**203**	–
		441	238
Current liabilities			
Other payables and accruals		**3,163**	4,845
Contract liabilities		**798**	1,650
Amount due to a related company		**2,494**	2,099
Lease liabilities		**475**	–
Income tax payable		**17,956**	17,326
		24,886	25,920
Total liabilities		**25,327**	26,158
TOTAL EQUITY AND LIABILITIES		**933,687**	970,484

Notes:

1. BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") and disclosure requirements of the Hong Kong Companies Ordinance Cap.622. They have been prepared under the historical cost convention, except for leasehold land and buildings, investment property and financial assets at fair value through profit or loss, which are carried at fair value.

The preparation of the consolidated financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

2. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

(a) New, amended standards and new interpretation adopted by the Group

The following new, amended standards and new interpretation are effective for annual periods beginning after 1 April 2019:

HKFRS 16	Leases
Amendments to HKFRS 9	Prepayment features with negative compensation
Amendments to HKAS 19	Plan amendment, curtailment or settlement
Amendments to HKAS 28	Long-term interests in associates and joint ventures
Amendments to Annual Improvements Project	Annual improvements 2015 – 2017 cycle
HK(IFRIC) – Int23	Uncertainty over income tax treatments

The adoption of these new, amended standards and new interpretation did not result in any substantial change to the Group's accounting policies, except for adoption of HKFRS 16 as disclosed in Note 2(c). The new, amended standards and new interpretation listed above had no material impact on the consolidated financial statements.

(b) New and amended standard not yet adopted by the Group

The Group has not applied any new, amended standards or new interpretation that is not yet effective for the current accounting period.

		Effective for annual periods beginning on or after
Amendments to HKFRS 3 (Revised)	Definition of a business	1 January 2020
HKFRS 17	Insurance contracts	1 January 2021
Amendments to HKAS 1 (Revised) and HKAS 8	Definition of material	1 January 2020
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate and joint venture	To be determined
Conceptual Framework for Financial Reporting 2018	Revised conceptual framework for financial reporting	1 January 2020

Certain new accounting standards and interpretations have been published that are not mandatory for 31 March 2020 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

(c) Impact of the adoption of new standards

This note explains the impact of the adoption of HKFRS 16 "Leases" on the consolidated financial statements.

The Group has adopted HKFRS 16 "Leases" from its mandatory adoption date of 1 April 2019. The Group has applied the simplified transition approach, and has not restated comparatives for the 2019 reporting period, as permitted under the specific transition provisions in the standard. The reclassifications arising from the new leasing rules are therefore recognised in the opening statement of financial position on 1 April 2019.

(i) Adjustments recognised on the adoption of HKFRS 16

On adoption of HKFRS 16, the Group, as a lessee, recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of HKAS 17 "Leases". These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 April 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 April 2019 was 3.6%.

	HK$'000
Operating lease commitments disclosed as at 31 March 2019	1,581
Discounted using the lessee's incremental borrowing rate at the date of initial application	(53)
(Less): short-term leases recognised on a straight-line basis as expense	(392)
Lease liabilities recognised as at 1 April 2019	1,136
Of which are:	
– Current lease liabilities	458
– Non-current lease liabilities	678
	1,136

The associated right-of-use assets were measured as an amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the consolidated statement of financial position as at 31 March 2019. There was no onerous lease contract that would have required an adjustment to the right-of-use assets at the date of initial application. The recognised right-of-use assets relate to the leasehold land and leased office premises.

Changes in accounting policies affected the following items in the consolidated statement of financial position on 1 April 2019:

Consolidated statement of financial position (extract)

	31 March 2019 as originally presented *HK$'000*	Effects of the adoption of HKFRS 16 *HK$'000*	1 April 2019 Restated *HK$'000*
Non-current assets			
Property, plant and equipment	–	1,136	1,136
Current liabilities			
Lease liabilities	–	458	458
Non-current liabilities			
Lease liabilities	–	678	678

In applying HKFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics;
- relying on previous assessments on whether leases are onerous;
- accounting for operating leases with a remaining lease term of less than 12 months as at 1 April 2019 as short-term leases;
- exempting operating leases for which the underlying assets are of low value excluding initial direct costs for the measurement of the right-of-use assets at the date of initial application; and
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying HKAS 17 and HK(IFRIC)-Int 4 "Determining whether an Arrangement contains a Lease".

(ii) The Group's leasing activities and how these are accounted for

The Group leases various land and office premise. Rental contracts are typically made for a range from 75 years to 90 years and fixed period of 3 years for land and office premise, respectively. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants.

Until 31 March 2019, leases of office premises were classified as operating leases and leases of land were classified as finance leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease. Payments made under leases of land were prepaid upfront and leasehold land were depreciated over the lease term.

From 1 April 2019, leases are recognised as a right-of-use assets (included in property, plant and equipment which are presented in the consolidated statement of financial position) and a corresponding liability at the date at which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;

- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date;

- amounts expected to be payable by the Group under residual value guarantees;

- the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and

- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liabilities;

- any lease payments made at or before the commencement date less any lease incentives received;

- any initial direct costs; and

- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

3. SEGMENT INFORMATION

Management has determined the operating segments based on the information reviewed by the chief operating decision maker ("CODM") that are used to making strategic decisions. The CODM is identified as the Executive Directors of the Company.

During the year ended 31 March 2020, the CODM assessed the performance of the Group by reviewing the results of two reportable segments:

Property development and investment – Property development for sale of properties in the PRC and property investment for letting of properties in Hong Kong and the PRC.

Money lending – Provide mortgage loan financing to customers.

The CODM reviews the performance of the Group on a regular basis and reviews the Group's internal reporting in order to assess performance and allocate resources.

Information provided to the CODM is measured in a manner consistent with that in the consolidated financial statements.

The segment results and other segment items are as follows:

	Property development and investment *HK$'000*	**Money lending** *HK$'000*	**Total** *HK$'000*
For the year ended 31 March 2020			
Revenue	**8,040**	**6,829**	**14,869**
Segment results	**(11,748)**	**4,661**	**(7,087)**
Unallocated other income			**620**
Unallocated other losses, net			**(3,227)**
Unallocated expenses			**(14,928)**
Loss before income tax			**(24,622)**
For the year ended 31 March 2019			
Revenue	28,872	1,722	30,594
Segment results	7,242	454	7,696
Unallocated other income			873
Unallocated other losses, net			(3,247)
Unallocated expenses			(16,830)
Loss before income tax			(11,508)

For the years ended 31 March 2020 and 2019, unallocated expenses and unallocated other gains and losses represent corporate expenses and unrealised net exchange losses, respectively. Segment results represent the loss before income tax earned by each segment without allocation of certain other income, other gains and losses and expenses. This is the measure reported to the CODM for the purpose of resource allocation and performance assessment.

The segment assets and liabilities are as follows:

	Property development and investment *HK$'000*	**Money lending** *HK$'000*	**Total** *HK$'000*
As at 31 March 2020			
Assets			
Segment assets	**352,178**	**125,196**	**477,374**
Unallocated assets			**456,313**
Consolidated total assets			**933,687**
Liabilities			
Segment liabilities	**19,802**	**1,423**	**21,225**
Unallocated liabilities			**4,102**
Consolidated total liabilities			**25,327**
As at 31 March 2019			
Assets			
Segment assets	369,707	70,479	440,186
Unallocated assets			530,298
Consolidated total assets			970,484
Liabilities			
Segment liabilities	21,848	98	21,946
Unallocated liabilities			4,212
Consolidated total liabilities			26,158

All assets are allocated to operating and reportable segments other than property, plant and equipment, financial assets at fair value through profit or loss ("FVPL"), certain cash and cash equivalents and certain deposits, prepayments and other receivables.

All liabilities are allocated to operating and reportable segments other than amount due to a related company, deferred income tax liabilities, certain other payables and accruals and certain income tax payable.

Amounts included in the measure of segment results are as follows:

	Property development and investment *HK$'000*	Money lending *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
For the year ended 31 March 2020				
Depreciation	**35**	**490**	**5,836**	**6,361**
Interest income	**778**	**146**	**192**	**1,116**
Interest expense	**–**	**34**	**–**	**34**
Income tax expense	**1,743**	**618**	**–**	**2,361**
	2,556	**1,288**	**6,028**	**9,872**
For the year ended 31 March 2019				
Depreciation	60	10	5,731	5,801
Interest income	308	17	459	784
Income tax expense	8,295	77	–	8,372
	8,663	104	6,190	14,957

Revenue from external customers, based on the location where the goods are delivered and services are rendered, and non-current assets, other than pledged bank deposits and deferred income tax assets, by geographical location are as follows:

	Revenue from external customers		Non-current assets	
	2020 *HK$'000*	2019 *HK$'000*	**2020** *HK$'000*	2019 *HK$'000*
Hong Kong	**8,781**	3,678	**664,777**	619,170
The PRC	**6,088**	26,916	**–**	–
	14,869	30,594	**664,777**	619,170

For the years ended 31 March 2020 and 2019, no single customer contributed to 10% or more of the Group's total revenue.

A reconciliation of reportable segment assets to total assets and reportable segment liabilities to total liabilities is provided as follows:

	As at 31 March	
	2020	2019
	HK$000	*HK$000*
Reportable segment assets	**477,374**	440,186
Financial assets at fair value through profit or loss	**167**	374
Cash and cash equivalents	**61,686**	119,085
Property, plant and equipment	**392,154**	409,278
Deposits, prepayments and other receivables	**2,306**	1,561
Total assets per consolidated statement of financial position	**933,687**	970,484
Reportable segment liabilities	**21,225**	21,946
Amount due to a related company	**2,494**	2,099
Deferred income tax liabilities	**238**	238
Other payables and accruals	**676**	1,798
Income tax payable	**694**	77
Total liabilities per consolidated statement of financial position	**25,327**	26,158

4. REVENUE, OTHER INCOME AND OTHER LOSSES, NET

Revenue, other income and other losses, net recognised during the year is as follows:

	Year ended 31 March	
	2020	**2019**
	HK$000	*HK$000*
Revenue		
Sales of properties in the PRC *(Note)*	**4,264**	24,673
Rental income (under HKFRS 16)	**3,776**	4,199
Interest income from money lending business (under HKFRS 9)	**6,829**	1,722
	14,869	30,594

Note: Revenue from sales of properties is recognised at a point in time. All sales of properties are entered in a contract that has an original expected completion of one year or less.

Other income		
Interest income on bank deposits	**1,116**	784
Sundry income	**499**	584
	1,615	1,368
Other losses, net		
Losses on disposal of property, plant and equipment	**69**	–
Exchange losses, net	**12,891**	14,443
Fair value losses on financial assets at fair value through profit or loss	**207**	353
Fair value loss on investment property *(Note 10)*	**7,000**	–
	20,167	14,796

5. LOSS FOR THE YEAR

	2020	2019
	HK$'000	*HK$'000*
Loss for the year has been arrived at after charging:		
Depreciation of property, plant and equipment	**6,361**	5,801

6. FINANCE COSTS

	Year ended 31 March	
	2020	2019
	HK$'000	*HK$'000*
Interest expense on lease liabilities	**34**	–

7. INCOME TAX EXPENSE

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years. The Group has estimated the tax provision for PRC LAT according to the requirements set forth in the relevant PRC tax laws and regulations.

For the year ended 31 March 2020, Hong Kong profits tax has been provided at the rate of 16.5% (2019: 16.5%) on the estimated assessable profits arising in Hong Kong during the year, except for the first HK$2,000,000 of assessable profit which is calculated at 8.25% in accordance with the two-tiered tax rate regime (2019: 16.5%).

The amount of income tax expense charged to the consolidated statement of profit or loss represents:

	Year ended 31 March	
	2020	2019
	HK$'000	*HK$'000*
Current income tax		
– PRC enterprise income tax	**656**	2,259
– PRC Land Appreciation Tax ("LAT")	**1,119**	178
– Hong Kong profits tax	**911**	257
– (Over)/under-provision in prior years	**(24)**	5,736
	2,662	8,430
Deferred income tax	**(301)**	(58)
Income tax expense	**2,361**	8,372

8. DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 March 2020 (2019: Nil).

9. LOSS PER SHARE

Basic loss per share

Basic loss per share are calculated by dividing the loss of the Group attributable to owners of the Company by the weighted average number of ordinary shares in issue.

	Year ended 31 March	
	2020	2019
Loss attributable to owners of the Company (HK$'000)	**(26,983)**	(19,880)
Weighted average number of ordinary shares in issue ('000)	**1,957,643**	1,957,643
Basic loss per share (HK cents)	**(1.38)**	(1.02)

Diluted loss per share

There were no potential dilutive ordinary shares outstanding during the years ended 31 March 2020 and 2019 and hence the diluted loss per share is the same as the basic loss per share.

10. INVESTMENT PROPERTY

	As at 31 March	
	2020	2019
	HK$'000	*HK$'000*
Opening net book amount	**187,000**	187,000
Fair value loss on revaluation *(Note 4)*	**(7,000)**	–
Closing net book amount	**180,000**	187,000

At 31 March 2020 and 2019, the investment property of the Group was let out to Mr. Lee Wing Keung, a son of Mr. Lee Lap and brother of Mr. Tommy Lee, directors of the Company.

The accounting policies applicable to lessors in the comparative period are not different from HKFRS 16. The Group is not required to make any adjustments on transition to HKFRS 16 for leases in which it acts as a lessor, except for a sub-lease. When the Group is an intermediate lessor, the sub-lease is classified with reference to the underlying asset.

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'rental income'. The Group has accounted for its lease in accordance with HKFRS 16 from the date of initial application.

(a) Valuation process of the Group

The Group's investment property was valued at 31 March 2020 and 2019 by independent professionally qualified valuer, Vigers Appraisal & Consulting Ltd. ("Vigers") who hold a recognised relevant professional qualification and have recent experience in the locations and segments of the investment property valued. For the investment property, its current use equates to the highest and best use. The fair value losses are included in "Other losses, net" in the consolidated statement of profit or loss.

The recurring fair value measurement for investment property is included in level 3 of the fair value hierarchy. The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. There was no transfer between 1, 2 and 3 during the year.

(b) Valuation techniques

The valuation of investment property was determined using the direct comparison method (Level 3 approach) by making reference to comparable market transactions for similar properties. The most significant input into this valuation approach is unit sale price, taking into account the differences in transaction time, location, frontage and size etc. between the comparables and the property, of HK$56,250 (2019: HK$58,400) per square foot on saleable area basis. An increase in the unit sale price adopted would result in an increase in the fair value measurement of the investment property by the same magnitude, and vice versa.

11. LOAN RECEIVABLES

	As at 31 March	
	2020	**2019**
	HK$'000	*HK$'000*
Gross loan receivables – property mortgage loans	**110,848**	44,504
Less: Provision for impairment		
– Stage 1	**(82)**	–
Loan receivables, net of provision	**110,766**	44,504
Less:Non-current portion	**(91,957)**	(22,892)
Current portion	**18,809**	21,612

The Group's loan receivables, which arise from the money lending business of providing property mortgage loans in Hong Kong, are denominated in Hong Kong dollars and the carrying amounts approximate their fair values.

Loan receivables are secured by collaterals provided by customers, interest-bearing and repayable with fixed terms agreed with the customers.

A maturity profile of the loan receivables as at the end of the reporting period, based on the maturity date, net of provision, is as follows:

	As at 31 March	
	2020	**2019**
	HK$'000	*HK$'000*
Within one year	**18,891**	21,612
1 to 2 years	**6,052**	663
2 to 5 years	**19,214**	2,342
Over 5 years	**66,691**	19,887
	110,848	44,504

As at 31 March 2020, the Group's interest receivables amount to HK$313,000 (2019: HK$99,000) have maturities within one year, net of provision.

12. EVENTS OCCURING AFTER THE REPORTING PERIOD

From late January 2020, the outbreak of Coronavirus Disease 2019 (the "COVID-19 outbreak") was rapidly evolving globally. Since then, the economic and financial markets have been significantly impacted. The Group applies the fair value model and revaluation model to measure its investment property and leasehold land and buildings respectively. Due to uncertainties of new developments regarding the COVID-19 outbreak, management expects that fair value may be subject to fluctuation subsequent to year end. The Group will continue to pay close attention to the development of the COVID-19 outbreak and evaluate its impact on the Group's financial position and operation results.

RESULTS

During the current year under review, the Group achieved a revenue of HK$14,869,000 and recorded a loss for the year of HK$26,983,000, compared with a revenue of HK$30,594,000 and loss for the year of HK$19,880,000 recorded in last year.

DIVIDEND

No interim dividend was paid by the Company for the six months ended 30 September 2019 (2018: Nil).

The Board does not recommend the payment of a final dividend for the year ended 31 March 2020 (2019: Nil).

CLOSURE OF REGISTER OF MEMBERS

The forthcoming annual general meeting of the Company ("2020 AGM") is scheduled to be held on Friday, 11 September 2020. For determining the entitlement to attend and vote at the 2020 AGM, the register of members of the Company will be closed from Monday, 7 September 2020 to Friday, 11 September 2020 (both days inclusive), during which no transfer of shares will be effected. In order to qualify for attendance of 2020 AGM, all completed transfer forms accompanied with the relevant share certificates must be lodged with the Company's share registrar, Tricor Standard Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Friday, 4 September 2020.

REVIEW OF OPERATIONS

Property investment and Development

The operating environment for the Group's property investment and development business is fair during the year under review.

The Group's completed properties for sale – Ever Success Plaza, comprising of over 440 residential units standing on 3 levels of commercial arcades and car parks, is located at a convenient and prime location with a river view in Zhongshan, Guangdong Province. The competition of the property market in Zhongshan is keen. There are abundant supplies of properties with modern design. The commercial arcades is still vacant. The management has put a lot of effort in marketing the properties and is endeavouring to improve the operation of the commercial arcades.

Due to the construction of Shenzhen-Zhongshan sea-crossing bridge connecting the cities of Shenzhen and Zhongshan, the sales of residential properties in Zhongshan market was stimulated in recent years. Comparing with the last corresponding year, the sale activities of the Group's property project in Zhongshan for the remaining residential units is not satisfactory during the current year under review. Facing the overheated environment of the property market in the People's Republic of China ("PRC"), the Central government has laid down a series of regulations and rules to restrict the selling price of residential properties and the qualifications of buyers to purchase residential properties. In Zhongshan, all sale and purchase agreements entered into during the year under review have to be approved by the relevant government authorities before they can be registered in the government's property sales system. During the year under review, the Group have entered into 8 sale and purchase agreements, and out of which, 5 sale transactions are approved and registered in the government's property sale system. The Group has recognized the sale of 5 residential units during the year under review (year ended 31/3/2019: 28 units). Following the increase in sales of residential units, the number of residential units which are available for earning rental income is decreased during the year. The rental income earned by the Group from Ever Success Plaza during the year decreased by approximately 47% from that of last corresponding year. As at 31 March 2020, 61 residential units remained to be sold, out of which 16 residential units were let out.

Money lending

On 1 August 2018, the Group acquired 100% shareholding in X8 Finance Limited ("X8 Finance") from Mr. Lee Lap, a director of the Company and settlor of the Lee & Leung Family Trust. X8 Finance holds a money lending license in Hong Kong. After acquisition, X8 Finance has commenced the property mortgage money lending business in Hong Kong.

During the year, the money lending business has achieved satisfactory and healthy growth. But the "COVID-19 outbreak" in early 2020 has an unpredictable impact on the economy and properly market of Hong Kong, and it will affect the business of X8 Finance.

The management will cautiously carry out the money lending business in Hong Kong. At this moment, X8 Finance will only consider first mortgage loans for residential properties in Hong Kong. The management will carefully assessed the credit worthiness of the borrowers, the quality and levering of the mortgaged properties.

We are looking forward to earning stable interest income to the Group.

OUTLOOK

China and United States ("US") are experiencing various challenges after the global economic crisis. All of the factors including debit crisis in Europe, the fluctuation in oil price and Renminbi currency, the progress of change in US interest rate, the trade conflicts between China and US, and the COVID-19 outbreak in early 2020 have an unpredictable impact on the global economy. In China, Central government has implemented various tightening monetary policies to cool down the overheated property market. We believe China will continue to play a key role in the future global economy. The Group is confident in capitalising on these opportunities and will gasp every business opportunities available to build up its own distinctive strength and to explore new businesses in China.

Property investment and development has been the principal business of the Group for all these years and the Group is looking for investment opportunities in the property markets in the PRC, especially Guangdong province. However, due to the intense competition of the property market in Guangdong province, the Group has not yet acquired any land or properties during the year under review, but the Group will still continue to explore the investment opportunities in the property markets.

From late January 2020, the "COVID-19 outbreak" was rapidly evolving globally. Since then, the economic and financial markets have been significantly impacted. The Group applies the fair value model and revaluation model to measure its investment property and leasehold land and buildings respectively. Due to uncertainties of new developments regarding the COVID-19 outbreak, management expects that fair value may be subject to fluctuation subsequent to year end. The Group will continue to pay close attention to the development of the COVID-19 outbreak and evaluate its impact on the Group's financial position and operation results.

The Group will cautiously operate its property investment and development business and money lending business. The Group will continue to explore investment opportunities which will result in a steady growth in the Group's long term performance. The Group will cautiously explore the money lending business in Hong Kong. The Group will reinforce our risk management policy and will proactive in adopting timely measures to balance its risk and return in the long run. On the other hand, there exists some underlying risk factors such as oil and commodity price volatility, interest rate movements, the recovery progress of the global economy after the various events and natural disasters which cannot be ignored. The Group remains cautiously optimistic about the year ahead in respect of its business and has the confidence to strengthen its competitiveness and to build value for our shareholders.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2020, the Group remains cash-rich and no material capital expenditure commitments. The operations are financed by capital and reserves.

Bank balances and cash amounted to approximately HK$188 million and accounted for approximately 71% of total current assets.

The Group mainly operates in the PRC and Hong Kong, and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to Renminbi. No financial instrument is arranged for hedging purposes in respect of interest rate and currency.

STAFF

As at 31 March 2020, the Group employed 38 staff at market remunerations with staff benefits such as insurance, provident fund scheme and discretionary bonus.

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.

CORPORATE GOVERNANCE

The Company are committed to maintaining a high standard of corporate governance and firmly believe that to maintain a good, solid and sensible framework of corporate governance will ensure the Company to run its business in the best interests of its shareholders as a whole.

The Company adopted all the code provisions in the Corporate Governance Code ("the Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") as its own code on corporate governance practices.

The Company has complied with the Code during the year ended 31 March 2020 save as disclosed below.

Pursuant to code provision A.4.2. of the Code, every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. The Company is subject to a private act called "The Termbray Industries International (Holdings) Limited Act 1991". Section 4(g) of the said Act provides that: "Notwithstanding anything contained in the Companies Act or rule of law to the contrary, the directors of the Company shall not be required to be elected at each annual general meeting, but shall (save for any chairman or managing director) be subject to retirement by rotation in such manner and at such frequency as the bye-laws may provide." Accordingly, the chairman and managing director of the Company may not be made subject to retirement by rotation. The Company has amended its Bye-laws to provide that every director of the Company, other than directors holding the office of chairman or managing director shall be subject to retirement by rotation at least once every 3 years, while directors holding the office of chairman or managing director shall be subject to re-election once every 3 years.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (the "Model Code"), as the code of conduct regarding directors' securities transactions.

The Company have made specific enquiry of all directors that they have complied with the Model Code throughout the year ended 31 March 2020.

In addition, the Board also established written guidelines on no less exacting terms than the Model Code for senior management of the Company in respect of their dealings in the securities of the Company.

AUDIT COMMITTEE

The audit committee, which is chaired by Mr. Lo Yiu Hee, has been established with defined terms of reference in alignment with the recommendations set out in "A Guide for Effective Audit Committees" issued by the Hong Kong Institute of Certified Public Accountants and the code provisions set out in the Code of the Listing Rules. Other existing members are Mr. Tong Hin Wor and Mr. Ching Yu Lung.

The audit committee of the Company has reviewed the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including review of the annual results for the year ended 31 March 2020.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2020 as set out in the preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers 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 PricewaterhouseCoopers on the preliminary announcement.

OTHER INFORMATION

The Directors of the Company as at the date of this announcement are as follows:

Executive Directors:
Mr. Lee Lap *(Chairman)*
Mr. Tommy Lee *(Vice Chairman & Chief Executive Officer)*
Mr. Wong Shiu Kee

Independent Non-Executive Directors:
Mr. Lo Yiu Hee
Mr. Tong Hin Wor
Mr. Ching Yu Lung

By order of the Board
Termbray Industries International (Holdings) Limited
Lee Lap
Chairman

Hong Kong, 19 June 2020