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**TERMBRAY INDUSTRIES INTERNATIONAL (HOLDINGS) LIMITED**  
*(Incorporated in Bermuda with limited liability)*  
**(Stock Code: 0093)**

**ANNOUNCEMENT OF INTERIM RESULTS  
FOR THE SIX MONTHS ENDED 30TH SEPTEMBER, 2009**

The board of directors (the “Board”) of Termbay Industries International (Holdings) Limited (the “Company”) presents to shareholders the unaudited condensed consolidated statement of comprehensive income of the Company and its subsidiaries (the “Group”) for the six months ended 30th September, 2009 and the Group’s unaudited condensed consolidated statement of financial position at that date together with the comparative figures for the last year as follows:

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE SIX MONTHS ENDED 30TH SEPTEMBER, 2009**

		<b>Six months ended</b>	
		<b>30/9/2009</b>	<b>30/9/2008</b>
		<b>HK\$’000</b>	<b>HK\$’000</b>
	<i>Notes</i>	<b>(unaudited)</b>	<b>(unaudited and restated)</b>
<b>REVENUE</b>	3	<b>193,301</b>	92,719
Cost of goods sold and services rendered		<u><b>(88,288)</b></u>	<u>(47,949)</u>
Gross profit		<b>105,013</b>	44,770
Other income	4	<b>3,596</b>	9,261
Selling and distribution expenses		<b>(21,657)</b>	(8,232)
Administrative expenses		<b>(19,867)</b>	(36,792)
Losses arising from changes in fair value of investments held for trading		–	(3,143)
Finance costs	5	<u><b>(4,031)</b></u>	<u>(3,029)</u>
<b>PROFIT BEFORE TAXATION</b>		<b>63,054</b>	2,835
Taxation	6	<u><b>(19,721)</b></u>	<u>(3,595)</u>
<b>PROFIT (LOSS) FOR THE PERIOD</b>	7	<u><b>43,333</b></u>	<u>(760)</u>

		<b>Six months ended</b>	
		<b>30/9/2009</b>	<b>30/9/2008</b>
		<b>HK\$'000</b>	<b>HK\$'000</b>
	<i>Notes</i>	<b>(unaudited)</b>	<b>(unaudited and restated)</b>
<b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD</b>			
Exchange differences arising from translation of financial statements of foreign operations		<u>(137)</u>	<u>2,592</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b><u>43,196</u></b>	<b><u>1,832</u></b>
<b>PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO:</b>			
<b>OWNERS OF THE COMPANY</b>		<b>16,649</b>	<b>(8,816)</b>
<b>MINORITY INTERESTS</b>		<b><u>26,684</u></b>	<b><u>8,056</u></b>
		<b><u>43,333</u></b>	<b><u>(760)</u></b>
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:</b>			
<b>OWNERS OF THE COMPANY</b>		<b>16,512</b>	<b>(6,224)</b>
<b>MINORITY INTERESTS</b>		<b><u>26,684</u></b>	<b><u>8,056</u></b>
		<b><u>43,196</u></b>	<b><u>1,832</u></b>
		<i>HK cents</i>	<i>HK cents</i>
		<b>(unaudited)</b>	<b>(unaudited and restated)</b>
<b>BASIC AND DILUTED EARNINGS (LOSS) PER SHARE</b>	<b>8</b>	<b><u>0.85</u></b>	<b><u>(0.45)</u></b>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AT 30TH SEPTEMBER, 2009**

		<b>30/9/2009</b>	31/3/2009
		<b>HK\$'000</b>	<b>HK\$'000</b>
	<i>Notes</i>	<b>(unaudited)</b>	<b>(audited)</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>19,385</b>	17,138
Prepaid lease payments for leasehold land		<b>65,780</b>	66,077
Investment property		<b>3,314</b>	3,370
Pledged bank deposits		<b>2,034</b>	2,034
Goodwill	9	<b>246,901</b>	243,318
Intangible assets		<b>6,720</b>	8,213
		<hr/> <b>344,134</b>	<hr/> 340,150
<b>CURRENT ASSETS</b>			
Properties for sale		<b>115,101</b>	114,812
Inventories		<b>35,849</b>	38,419
Trade and other receivables	10	<b>190,009</b>	149,524
Deposits and prepayments		<b>16,506</b>	3,345
Prepaid lease payments for leasehold land		<b>598</b>	598
Available-for-sale investments		<b>386</b>	7,012
Taxation recoverable		<b>–</b>	2,871
Pledged bank deposits		<b>3,123</b>	3,121
Bank balances and cash		<b>766,166</b>	744,961
		<hr/> <b>1,127,738</b>	<hr/> 1,064,663
<b>CURRENT LIABILITIES</b>			
Trade and other payables and accrued charges	11	<b>18,407</b>	28,812
Deposits received		<b>1,942</b>	1,487
Provision		<b>3,173</b>	3,173
Amount due to a related company		<b>2,945</b>	2,092
Amount due to a director		<b>23,412</b>	23,967
Taxation payable		<b>25,568</b>	7,691
Secured bank borrowings		<b>30,766</b>	21,705
		<hr/> <b>106,213</b>	<hr/> 88,927
<b>NET CURRENT ASSETS</b>		<hr/> <b>1,021,525</b>	<hr/> 975,736
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<hr/> <b>1,365,659</b>	<hr/> 1,315,886

	<b>30/9/2009</b> <i>HK\$'000</i> <b>(unaudited)</b>	31/3/2009 <i>HK\$'000</i> (audited)
<i>Notes</i>		
<b>NON-CURRENT LIABILITIES</b>		
Convertible note	<b>125,510</b>	122,324
Deferred tax liabilities	<b>6,188</b>	4,766
	<u><b>131,698</b></u>	<u>127,090</u>
<b>NET ASSETS</b>	<u><b>1,233,961</b></u>	<u>1,188,796</u>
<b>CAPITAL AND RESERVES</b>		
Share capital	<b>156,611</b>	156,611
Reserves	<b>985,966</b>	967,485
	<u><b>1,142,577</b></u>	<u>1,124,096</u>
Equity attributable to owners of the Company	<b>91,384</b>	64,700
Minority interests	<u><b>1,233,961</b></u>	<u>1,188,796</u>
<b>TOTAL EQUITY</b>	<u><b>1,233,961</b></u>	<u>1,188,796</u>

Notes:

## 1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting”.

## 2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair values, as appropriate.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31st March, 2009.

In the current interim period, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations (“new and revised HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants, which are effective for the Group’s financial year beginning on 1st April, 2009.

HKAS 1 (Revised 2007)	Presentation of Financial Statements
HKAS 23 (Revised 2007)	Borrowing Costs
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC) – Int 9 & HKAS 39 (Amendments)	Embedded Derivatives
HK(IFRIC) – Int 13	Customer Loyalty Programmes
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation
HK(IFRIC) – Int 18	Transfers of Assets from Customers
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendment to HKFRS 5 that is effective for annual periods beginning or after 1 July 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39

HKAS 1 (Revised 2007) has introduced a number of terminology changes, including revised titles for the condensed consolidated financial statements, and has resulted in a number of changes in presentation and disclosure.

HKFRS 8 is a disclosure standard that requires the identification of operating segments to be performed on the same basis as financial information that is reported internally to the chief operating decision maker for the purpose of allocating resources to segments and assessing their performance. The predecessor standard, HKAS 14 “Segment Reporting”, required the identification of two sets of segments (business and geographical) using a risks and returns approach, with the entity’s “system of internal financial reporting to key management personnel” serving only as the starting point for the identification of such segments. In prior periods, the Group’s primary reporting format was business segments. The application of HKFRS 8 has resulted in a redesignation of the Group’s reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14 (see note 3).

The adoption of the new and revised HKFRSs has had no material effect on the reported results and financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognised.

The Group has not early applied new and revised standards, amendments or interpretations that have been issued but are not yet effective.

The adoption of HKFRS 3 (Revised 2008) “Business Combinations” may affect the Group’s accounting for business combinations for which the acquisition dates are on or after 1st April, 2010. HKAS 27 (Revised 2008) “Consolidated and Separate Financial Statements” will affect the accounting treatment for changes in the Group’s ownership interest in a subsidiary that do not result in loss of control of the subsidiary. Changes in the Group’s ownership interest that do not result in loss of control of the subsidiary will be accounted for as equity transactions.

The directors of the Company anticipate that the application of other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

### 3. REVENUE AND SEGMENT INFORMATION

An analysis of the Group’s revenue for the period is as follows:

	<b>Six months ended</b>	
	<b>30/9/2009</b>	30/9/2008
	<b><i>HK\$’000</i></b>	<i>HK\$’000</i>
Sale of goods	<b>132,935</b>	81,163
Sale of properties	<b>386</b>	367
Rental income	<b>2,731</b>	3,223
Service income	<b>57,249</b>	7,966
	<b>193,301</b>	92,719

As set out in Note 2, the Group has adopted HKFRS 8 with effect from 1st April, 2009. In prior periods, primary segment information was analysed on the basis of the types of goods and services identified on a risks and returns approach, and the business segments reported were property development, property investment, engineering projects and provision of consultancy service on well drilling. However, information reported to the chief operating decision maker, the executive directors of the Company, for the purposes of resource allocation and performance assessment focuses more specifically on the two principal operating segments of the Group, namely property investment and development, and oilfield engineering and consultancy services. These operating segments represent the Group’s reportable segments under HKFRS 8.

Information regarding the above segments is reported below. Amounts reported for the prior period have been restated to conform to the requirements of HKFRS 8.

Segment information is presented below:

	Revenue		Segment profit	
	Six months ended		Six months ended	
	30/9/2009	30/9/2008	30/9/2009	30/9/2008
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(restated)
Property investment and development	3,117	3,590	1,711	1,228
Oilfield engineering and consultancy services	190,184	89,129	54,855	16,778
	<u>193,301</u>	<u>92,719</u>		
			56,566	18,006
Unallocated other income			928	8,397
Unallocated corporate expenses			(9,006)	(11,831)
Share option expense			(1,969)	(9,160)
Losses arising from changes in fair value of investments held for trading			–	(3,143)
Effective interest expense on convertible note			(3,186)	(3,029)
Profit (loss) for the period			<u>43,333</u>	<u>(760)</u>

All of the segment revenue reported above is from external customers.

Segment profit represents the profit earned by each segment without allocation of unallocated other income, unallocated corporate expenses, share option expense, losses arising from changes in fair value of investments held for trading and effective interest expense on convertible note. This is the measure reported to the chief operating decision maker of the Group for the purposes of resource allocation and performance assessment.

#### 4. OTHER INCOME

	Six months ended	
	30/9/2009	30/9/2008
	HK\$'000	HK\$'000
Interest income from		
– available-for-sale investments	3	6,943
– investments held for trading	–	787
– bank balances and deposits with a financial institution	1,128	778
Net exchange gain	1,119	–
Sundry income	1,346	753
	<u>3,596</u>	<u>9,261</u>

#### 5. FINANCE COSTS

	Six months ended	
	30/9/2009	30/9/2008
	HK\$'000	HK\$'000
Effective interest expense on convertible note	3,186	3,029
Interest on secured bank borrowings wholly repayable within five years	845	–
	<u>4,031</u>	<u>3,029</u>

## 6. TAXATION

	<b>Six months ended</b>	
	<b>30/9/2009</b> <i>HK\$'000</i>	30/9/2008 <i>HK\$'000</i> (restated)
Current tax:		
Hong Kong Profits Tax	5,505	2,302
People's Republic of China ("PRC") Enterprise Income Tax	7,908	2,160
	<u>13,413</u>	<u>4,462</u>
Underprovision in prior years:		
Hong Kong Profits Tax	4,747	–
PRC Enterprise Income Tax	139	306
	<u>4,886</u>	<u>306</u>
Deferred tax	<u>1,422</u>	<u>(1,173)</u>
	<u><b>19,721</b></u>	<u><b>3,595</b></u>

Hong Kong Profits Tax and PRC Enterprise Income Tax are recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual tax rate used for Hong Kong Profits Tax and PRC Enterprise Income Tax for the six months ended 30th September, 2009 are 16.5% (2008: 16.5%) and 25% (2008: 25%), respectively.

## 7. PROFIT (LOSS) FOR THE PERIOD

	<b>Six months ended</b>	
	<b>30/9/2009</b> <i>HK\$'000</i>	30/9/2008 <i>HK\$'000</i> (restated)
Profit (loss) for the period has been arrived at after charging:		
Amortisation of		
– prepaid lease payments for leasehold land	297	297
– intangible assets, included in administrative expenses	1,493	6,793
Cost of inventories sold	70,645	38,406
Depreciation of		
– property, plant and equipment	1,818	1,555
– investment property	56	56
Net exchange loss	–	84
Share option expense	1,969	9,160
	<u><b>1,969</b></u>	<u><b>9,160</b></u>



## 8. BASIC AND DILUTED EARNINGS (LOSS) PER SHARE

The calculation of basic and diluted earnings (loss) per share attributable to the owners of the Company is based on the following data:

	<b>Six months ended</b>	
	<b>30/9/2009</b>	<b>30/9/2008</b>
	<b>HK\$'000</b>	<b>HK\$'000</b> (restated)
Earnings (loss) for the period attributable to owners of the Company for the purpose of basic and diluted earnings (loss) per share	<b><u>16,649</u></b>	<b><u>(8,816)</u></b>
	<b>Number of shares</b>	
	<b>'000</b>	<b>'000</b>
Number of ordinary shares for the purpose of basic and diluted earnings (loss) per share	<b><u>1,957,643</u></b>	<b><u>1,957,643</u></b>

For the six months ended 30th September, 2009 and 2008, the computation of diluted earnings (loss) per share does not assume the conversion of the Company's outstanding convertible note and the exercise of the Company's outstanding share options since the exercise of convertible note would result in an increase in earnings per share/a decrease in loss per share and the exercise prices of the Company's share options were higher than the average market price for shares.

## 9. GOODWILL

	<b>HK\$'000</b>
Carrying values	
At 1st April, 2009	<b>243,318</b>
Arising from acquisition of a subsidiary	<b><u>3,583</u></b>
At 30th September, 2009	<b><u>246,901</u></b>

The goodwill as at 1st April, 2009 which amounted to HK\$243,318,000 arose from the acquisition of subsidiaries during the year ended 31st March, 2008 in which the goodwill was determined on a provisional basis for the six months ended 30th September, 2008.

A valuation report, prepared by an independent qualified professional valuer, Vigers Appraisal & Consulting Limited received during the year ended 31st March, 2009 showing that the fair values of customer-related intangible assets and intangible assets in relation to non-competition agreements of the acquired subsidiaries at the date of acquisition, determined based on the income-based method, were approximately HK\$24,867,000 and HK\$11,947,000 respectively. The comparative figures of 2008 have been restated as if the initial accounting had been completed from the acquisition date:

	<b>Six months ended</b>
	<b>30/9/2008</b>
	<b>HK\$'000</b>
Increase in administrative expenses	6,793
Decrease in taxation	<b><u>(1,173)</u></b>
Increase in loss for the period	<b><u>5,620</u></b>

During the six months ended 30th September, 2009, goodwill amounting to HK\$3,583,000 which arose from an acquisition of a subsidiary was determined on a provisional basis as the nature and fair value of the identifiable assets acquired have been determined on a provisional basis only. The directors of the Company are in the process of assessing the fair value. It may be adjusted upon the completion of the initial accounting.

#### 10. TRADE AND OTHER RECEIVABLES

The Group allows a credit period of 90 days after invoice date to most of its customers in respect of the oilfield engineering and consultancy services. The rental receivables are payable in accordance with the terms of the relevant agreements.

The following is an analysis of trade receivables by age, presented based on the payment due date, net of allowance for doubtful debts:

	<b>30/9/2009</b> <i>HK\$'000</i>	31/3/2009 <i>HK\$'000</i>
Current	<b>142,915</b>	107,175
1-90 days	<b>5,279</b>	15,175
91-180 days	<b>22,015</b>	3,533
181-365 days	<b>8,901</b>	2,878
1 to 2 years	<b>2,520</b>	1,286
Over 2 years	<b>1,038</b>	–
	<b>182,668</b>	130,047
Other receivables	<b>7,341</b>	19,477
	<b>190,009</b>	149,524

#### 11. TRADE AND OTHER PAYABLES AND ACCRUED CHARGES

The following is an analysis of trade payables by age, presented based on the invoice date:

	<b>30/9/2009</b> <i>HK\$'000</i>	31/3/2009 <i>HK\$'000</i>
1-90 days	<b>9,547</b>	9,477
Over 90 days	<b>5,775</b>	16,025
Trade and other payables	<b>15,322</b>	25,502
Accrued charges	<b>3,085</b>	3,310
	<b>18,407</b>	28,812

#### INTERIM DIVIDEND

The directors have resolved not to pay an interim dividend for the six months ended 30th September, 2009 (six months ended 30/9/2008: Nil).

#### REVIEW OF OPERATIONS

During the current six months period under review, the Group achieved a turnover of HK\$193,301,000 (six months ended 30/9/2008: HK\$92,719,000) and made a profit attributable to owners of the Company of HK\$16,649,000 (six months ended 30/9/2008: restated loss of HK\$8,816,000).

## **Property Investment and Development**

The operating environment for the Group's property investment and development business remains tough during the period under review. Property market in Guangdong Province of Mainland China ("PRC") is still generally slack. The activities of the Group's property projects, which are mainly located in the Guangdong Province, continue at a low level during the period.

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. Due to the vacancy of the commercial arcades, the occupancy rate of the residential units continues to drop. The management has put much effort in marketing the properties and is still trying hard to improve the operation of the commercial arcades by looking for innovative trendy commodities which are attractive to the consumers in Zhongshan. The rental income earned by the Group during the period decreased by 15%. As at 30th September, 2009, 226 residential units remained to be sold, out of which 141 residential units were let out.

With regard to the investment in Cong Hua White Swan Bow Yuen Real Estate Development Limited ("Cong Hua Bow Yuen"), the chance for the extension of the joint venture period of Cong Hua Bow Yuen remains very remote. Full provision for impairment loss against the property held by Cong Hua Bow Yuen had been made in the financial statements of the Group in the prior years.

## **Oilfield Engineering and Consultancy Services**

During the period under review, the turnover of Petro-king Group is HK\$190.2 million (2008: HK\$89.1 million). The turnover in current period increased by 113%. Petro-king Group has maintained very good relationship with its existing customers. It is engaged in complex oilfields services and the competition for high-end oil exploration technology is not very keen in China, therefore it is able to increase its business.

Our major customers have improved financial performance over last year and have increased their investments in overseas projects. Petro-king Group also expands its business presence worldwide along with its major customers which acquired a number of overseas oilfield projects. Petro-king Group has undertaken the initial design work for several massive projects in Middle East. These projects output are well-accepted by our customers and will secure more jobs for Petro-king Group in the coming years.

## **Treasury Investment Activity**

The Group still holds a substantial amount of funds of approximately HK\$0.8 billion which have been mainly placed as short term bank deposits with large financial institutions in Hong Kong.

There were no acquisitions of major subsidiaries or associates during the period under review.

During the period under review, the Group has charged trade receivables of certain customers of the Group not exceeding HK\$42,619,000 to secure the credit facilities granted by a bank. There have been no other material change in the contingent liabilities and charge on assets of the Group since 31st March, 2009.

## **LIQUIDITY AND FINANCIAL RESOURCES**

The Group remains cash-rich and has no material capital expenditure commitments. The operations are financed by shareholders' funds, convertible note and bank borrowings.

The convertible note of HK\$133,692,000 issued to King Shine Group Limited in 2007 are non-interest bearing and have a tenor of 3 years to be matured on 31st December, 2010. The noteholder shall have the right to convert the note into ordinary shares of the Company, at the initial conversion price (subject to adjustments) of HK\$1.20 per conversion share, at any time and from time to time during the period commencing from 1st July, 2009 up to 31st December, 2010. On the maturity date, the noteholder shall be entitled to demand from the Company the full repayment of the outstanding principal amount of any outstanding and unconverted convertible note (if any) in cash.

As at 30th September, 2009, the Group has obtained secured bank borrowings facility of HK\$57,351,000. Out of which, \$30,766,000 (30.9.2008: Nil) are outstanding at 30th September, 2009 and are repayable within one year and carry at fixed-rate of 4.86% (30.9.2008: Nil) per annum. The Group's secured bank borrowings are denominated in United States Currency and Renminbi.

Exchange risk of the Group is not significant as the tangible assets of the Group comprise substantially of cash denominated in Hong Kong currency. No financial instrument are needed for hedging purposes in respect of interest rate and currency.

## **ORDER BOOK**

As at 30th September, 2009, the outstanding orders on hand for oilfield engineering and consultancy services is approximately HK\$97,985,000 (30.9.2008: HK\$310,000,000).

## **STAFF AND EMOLUMENT POLICY**

As at 30th September, 2009, the Group employed 208 staff at market remunerations with staff benefits such as insurance, provident fund scheme, discretionary bonus and share option scheme.

The emolument policy regarding the employees of the Group is based on their merit, qualifications and competence. The emoluments of the directors are reviewed by the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics. No director, or any of his associates, and executive is involved in dealing his own remuneration. The Company has a share option scheme as an incentive to directors and eligible employees.

## **OUTLOOK**

Since the outbreak of the global financial crisis in the last quarter of 2008, the global economy is definitely adversely affected. We will monitor closely how and when it can be recovered. We believe China continues to play a key role in the future global economic recovery. The Group is confident to capitalize on these opportunities and will grasp every business opportunities available to build up its own distinctive strength and to explore new business in China.

The crude oil price has reverted upward in recent months and has surpassed USD70 per barrel and the trend is expected to continue. The economic revival plan starts to take effect in the leading economies in different regions, e.g. China and United States. We anticipate our PRC customers will maintain capital investment domestically and increase overseas investment to meet the huge net import consumption of China.

In addition, Petro-king Group has kicked-off several massive projects in overseas markets. These new projects will last for several years. These projects have completed initial design and will soon undergo production in the coming years. The multinational oil companies are still investing reasonably on exploitation and production of petroleum in which Petro-king Group has the expertise in the niche market. With their continual expansion of the business worldwide, these overseas customers will offer more business to Petro-king Group. We are cautiously optimistic about the future performance of Petro-king Group.

It is the Group's ongoing strategy to gain a foothold and develop in the natural resources sector by way of cautiously exploring different kinds of investment opportunities which will result in a steady growth in the Group's long term performance. On the other hand, there exists some underlying risk factors such as oil and commodity price volatility, interest rate movements, the impact of global financial crisis, the recovery progress of the global economy, the global human swine flu and natural disasters which cannot be ignored. The Group remains cautiously optimistic about the year ahead in respect of the business in natural resources sector and has the confidence to strengthen its competitiveness and to build value for our shareholders.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the period.

## **CORPORATE GOVERNANCE**

The Company has met the code provisions of the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Listing Rules during the six months ended 30th September, 2009 save as disclosed below.

Pursuant to code provision A.4.2, 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 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. The Company had amended its existing 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 three 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 six months ended 30th September, 2009.

## AUDIT COMMITTEE

The Company has established an audit committee comprising three independent non-executive directors and one non-executive director of the Company. 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 interim results for the six months ended 30th September, 2009.

## OTHER INFORMATION

The interim results of the Group for the six months ended 30th September, 2009 have been reviewed by Messrs. Deloitte Touche Tohmatsu, Certified Public Accountants.

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

### *Executive Directors:*

Mr. Lee Lap (*Chairman*)  
Mdm. Leung Lai Ping  
Mr. Tommy Lee (*Vice Chairman*)  
Mr. Wang Jinlong (*Chief Executive Officer*)  
Mr. Wong Shiu Kee

### *Independent Non-Executive Directors:*

Mr. Chan Siu Kang  
Mr. Lo Yiu Hee  
Mr. Tong Hin Wor

### *Non-Executive Directors:*

Mr. Lee Ka Sze, Carmelo  
Mr. Lee Wing Sing Vincent

By order of the Board  
**Lee Lap**  
*Chairman*

Hong Kong, 11th December, 2009