

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



## TERMBRAY INDUSTRIES INTERNATIONAL (HOLDINGS) LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 0093)

### FINAL RESULTS FOR THE YEAR ENDED 31ST MARCH, 2015

#### RESULTS

The board of directors (the “Board”) of Termbay Industries International (Holdings) Limited (the “Company”) announces the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31st March, 2015 together with the comparative figures for the last year as follows:

#### Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Notes	2015 HK\$'000	2014 HK\$'000
Revenue	3	6,941	6,351
Cost of goods sold and services rendered		(2,951)	(2,746)
Gross profit		3,990	3,605
Other income	4	987	887
Other gains and losses	5	(7,499)	(6,915)
Administrative expenses		(13,397)	(16,042)
Share of result of an associate		(133,544)	63,618
(Loss) profit before taxation		(149,463)	45,153
Taxation	6	(85)	(1,603)
<b>(LOSS) PROFIT FOR THE YEAR</b>	7	<b>(149,548)</b>	43,550
<b>OTHER COMPREHENSIVE (EXPENSE) INCOME</b>			
Items that may be subsequently reclassified to profit or loss:			
Exchange differences arising from translation of foreign operations		(39)	120
Share of other comprehensive income of an associate		6,009	11,946
Reclassification adjustment for translation reserve transferred to profit or loss upon deemed disposal of interest in an associate		(959)	(415)
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>5,011</b>	11,651
<b>TOTAL COMPREHENSIVE (EXPENSE) INCOME FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>		<b>(144,537)</b>	55,201
		<i>HK cents</i>	<i>HK cents</i>
<b>BASIC (LOSS) EARNINGS PER SHARE</b>	8	<b>(7.64)</b>	2.22

## Consolidated Statement of Financial Position

	<i>Note</i>	<b>31.3.2015</b> <b>HK\$'000</b>	31.3.2014 <i>HK\$'000</i>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>41,691</b>	42,995
Investment property		<b>29,173</b>	29,506
Interest in an associate	9	<b>609,003</b>	727,785
Pledged bank deposits		<b>2,000</b>	2,000
		<u><b>681,867</b></u>	<u>802,286</u>
<b>CURRENT ASSETS</b>			
Completed properties for sale		<b>121,629</b>	122,233
Other receivables		<b>43</b>	43
Deposits and prepayments		<b>2,240</b>	2,104
Taxation recoverable		<b>–</b>	118
Bank balances and cash		<b>330,334</b>	354,739
		<u><b>454,246</b></u>	<u>479,237</u>
<b>CURRENT LIABILITIES</b>			
Other payables and accrued charges		<b>3,241</b>	3,540
Dividend payable		<b>12,505</b>	12,505
Deposits received		<b>721</b>	725
Amount due to a related company		<b>2,190</b>	2,372
Taxation payable		<b>4,151</b>	3,629
		<u><b>22,808</b></u>	<u>22,771</u>
<b>NET CURRENT ASSETS</b>		<u><b>431,438</b></u>	<u>456,466</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u><b>1,113,305</b></u>	<u>1,258,752</u>

	<b>31.3.2015</b> <i>HK\$'000</i>	31.3.2014 <i>HK\$'000</i>
<b>NON-CURRENT LIABILITIES</b>		
Deferred tax liabilities	<u>234</u>	<u>1,144</u>
<b>NET ASSETS</b>	<b><u>1,113,071</u></b>	<b><u>1,257,608</u></b>
<b>CAPITAL AND RESERVES</b>		
Share capital	<b>156,611</b>	156,611
Reserves	<b><u>956,043</u></b>	<u>1,100,580</u>
Equity attributable to owners of the Company	<b>1,112,654</b>	1,257,191
Non-controlling interests	<u>417</u>	<u>417</u>
<b>TOTAL EQUITY</b>	<b><u>1,113,071</u></b>	<b><u>1,257,608</u></b>

Notes:

## 1. BASIS OF PREPARATION

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 (“HKICPA”).

The consolidated financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

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

The Group has applied for the first time in the current year the following amendments to HKFRSs and a new Interpretation issued by the HKICPA.

Amendments to HKFRS 10, HKFRS 12 and HKFRS 27	Investment Entities
Amendments to HKFRS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKFRS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to HKFRS 39	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC) – Int 21	Levies

The application of the new amendments to HKFRSs and the Interpretation in the current year has had no material impact on the Group’s financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

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 <sup>1</sup>
HKFRS 15	Revenue from Contracts with Customers <sup>2</sup>
Amendments to HKAS 1	Disclosure Initiative <sup>4</sup>
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation <sup>4</sup>
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants <sup>4</sup>
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions <sup>3</sup>
Amendments to HKAS 27	Equity Method in Separate Financial Statements <sup>4</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>4</sup>
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception <sup>4</sup>
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations <sup>4</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010 – 2012 Cycle <sup>5</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011 – 2013 Cycle <sup>3</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012 – 2014 Cycle <sup>4</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1st January, 2018, with earlier application permitted

<sup>2</sup> Effective for annual periods beginning on or after 1st January, 2017, with earlier application permitted

<sup>3</sup> Effective for annual periods beginning on or after 1st July, 2014, with earlier application permitted

<sup>4</sup> Effective for annual periods beginning on or after 1st January, 2016, with earlier application permitted

<sup>5</sup> Effective for annual periods beginning on or after 1st July, 2014, with limited exceptions. Earlier application is permitted.

### ***HKFRS 15 Revenue from Contracts with Customers***

HKFRS 15 was issued in 2014 which establishes a single model to deal with revenue arising from contracts with customers. When HKFRS 15 becomes effective, HKFRS 15 will supersede HKAS 18 “Revenue”, HKAS 11 “Construction Contracts” and the related Interpretations.

HKFRS 15 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(s)
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract(s)
- Step 5: Recognise revenue when the entity satisfies a performance obligation

With regard to step 5, an entity should recognise revenue when a performance obligation is satisfied, i.e. when ‘control’ of the goods or services underlying the particular performance obligation is transferred to the customer. Specifically, HKFRS 15 requires entities to recognise revenue over time when certain conditions are met. 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 will assess the impact on the application of HKFRS 15. For the moment, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

The directors of the Company anticipate that the application of other new and revised HKFRSs will have no material impact on the consolidated financial statements.

### **3. REVENUE AND SEGMENT INFORMATION**

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

	<b>2015</b>	2014
	<b><i>HK\$’000</i></b>	<i>HK\$’000</i>
Sale of properties	<b>1,347</b>	723
Rental income	<b>5,594</b>	5,628
	<b><u>6,941</u></b>	<u>6,351</u>

Segment information reported to the chief operating decision maker, the executive directors of the Company, for the purposes of resource allocation and assessment of segment performance focuses on the one principal operating segment of the Group, namely property investment and development which involved property leasing and sales of properties.

## Segment revenues and results

The following is an analysis of the Group's revenue and results by operating segment:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Revenue from property investment and development segment	<u>6,941</u>	<u>6,351</u>
Segment profit (loss) from property investment and development segment	2,555	(1,329)
Unallocated other income	847	790
Unallocated other gains and losses	(9)	(12)
Unallocated expenses	(12,005)	(12,891)
Share of result of an associate	(133,544)	63,618
Net loss on deemed disposal of interest in an associate	<u>(7,392)</u>	<u>(6,626)</u>
(Loss) profit for the year	<u>(149,548)</u>	<u>43,550</u>

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

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit (loss) represents the profit (loss) earned by property investment and development segment without allocation of unallocated other income, unallocated other gains and losses, unallocated expenses, share of result of an associate and net loss on deemed disposal of interest in an associate. 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

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Interest income from bank balances	838	794
Sundry income	<u>149</u>	<u>93</u>
	<u>987</u>	<u>887</u>

## 5. OTHER GAINS AND LOSSES

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Net exchange loss	(107)	(289)
Net loss on deemed disposal of interest in an associate (Note 9)	<u>(7,392)</u>	<u>(6,626)</u>
	<u>(7,499)</u>	<u>(6,915)</u>

## 6. TAXATION

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Current tax:		
Hong Kong Profits Tax	279	–
PRC Enterprise Income Tax	355	516
	<u>634</u>	<u>516</u>
Under provision in prior years:		
Hong Kong Profits Tax	243	–
PRC Enterprise Income Tax	118	1,006
	<u>361</u>	<u>1,006</u>
Deferred tax	<u>(910)</u>	<u>81</u>
	<u>85</u>	<u>1,603</u>

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the year ended 31st March, 2015.

No provision for Hong Kong Profits Tax has been made for the year ended 31st March, 2014 as the Group has no assessable profits arising in Hong Kong for that year.

PRC Enterprise Income Tax is calculated at 25% of the estimated assessable profit for both years.

## 7. (LOSS) PROFIT FOR THE YEAR

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
(Loss) profit for the year has been arrived at after charging:		
Depreciation of		
– property, plant and equipment	1,304	1,440
– investment property	333	333
	<u>1,637</u>	<u>1,773</u>

## 8. BASIC (LOSS) EARNINGS PER SHARE

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

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
(Loss) earnings for the year attributable to owners of the Company for the purposes of basic (loss) earnings per share	<u>(149,548)</u>	<u>43,550</u>
	<b>Number of shares</b>	
	<b>'000</b>	<b>'000</b>
Number of ordinary shares for the purposes of basic (loss) earnings per share	<u>1,957,643</u>	<u>1,957,643</u>

Diluted (loss) earnings per share is not presented as there were no dilutive potential shares in issue for both years.

## 9. INTEREST IN AN ASSOCIATE

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Cost of investment in an associate listed in Hong Kong	308,706	286,771
Share of post-acquisition profit and other comprehensive income and effect on deemed disposal of interest in an associate, net of dividend received	<u>300,297</u>	<u>441,014</u>
	<u><b>609,003</b></u>	<u><b>727,785</b></u>
Market value of interest in an associate	<u><b>413,902</b></u>	<u><b>1,022,322</b></u>

The financial year end date for the associate is 31st December. For the purpose of applying the equity method of accounting, the audited consolidated financial statements of the associate for the year ended 31st December, 2014 have been used as the Group considers that it is impracticable for the associate to prepare a separate set of audited financial statements as of 31st March, 2015.

Included in the cost of investment in an associate is goodwill of HK\$167,088,000 (2014: HK\$174,930,000) which is the difference between the initial cost of investment and the Group's share of the net value of the associate's identifiable assets and liabilities as at the date of acquisition of the associate.

During the year ended 31st March, 2015, the Group's shareholding in the associate was diluted from 31.90% to 30.47% as the associate has issued approximately 12,289,000 shares for share options exercise and issued approximately 154,341,000 right shares. The Group has subscribed for 35,500,000 right shares in net consideration of HK\$34,140,000.

As a result, a net loss on deemed disposal of interest in an associate of HK\$7,392,000 was recognised in profit or loss and the relevant accumulated translation reserve of HK\$959,000 was reclassified to profit or loss. During the year ended 31st March, 2015, a dividend of HK\$17,036,000 (2014: Nil) was declared by the associate to the Group.

During the prior year, the Group's shareholding in the associate was diluted from 32.85% to 31.90% as the associate has issued approximately 8,881,000 shares and 21,720,000 shares for additional investment of a subsidiary and share options exercise respectively. As a result, a net loss on deemed disposal of interest in an associate of HK\$6,626,000 was recognised in profit or loss and the relevant accumulated translation reserve of HK\$415,000 was reclassified to profit or loss.



## **RESULTS**

During the current year under review, the Group achieved a revenue of HK\$6,941,000 and recorded a loss for the year of HK\$149,548,000, compared with the revenue of HK\$6,351,000 and profit for the year of HK\$43,550,000 recorded in last year.

The significant loss recorded in current year is primarily due to the Group's share of loss from Petro-king Group for the year ended 31st December, 2014. According to the 2014 annual report issued by Petro-king Group, the loss attributable to the owners of Petro-king Group was approximately HK\$423,000,000 in the current year, compared with profit attributable to owners of approximately HK\$197,000,000 in the last year. There was a general slowdown in business activities of Petro-king Group's major customers in China, while the slowdown in business activities in South America was due to the risk control measures taken by Petro-king Group in order to tackle the issue of slow settlement of its trade receivables from a major customer in South America. In addition, Petro-king Group has made a provision for impairment of trade receivables of approximately HK\$280 million in response to the slow payment from a major customer in South America.

## **DIVIDEND**

No interim dividend was paid by the Company for the six months ended 30th September, 2014 (2013: Nil).

The Board does not recommend the payment of a final dividend for the year ended 31st March, 2015 (2014: Nil).

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Thursday, 27th August, 2015 to Wednesday, 2nd September, 2015 (both days inclusive), during which no transfer of shares will be effected. In order to qualify for attendance of annual general meeting to be held on 2nd September, 2015, all completed transfer forms accompanied with the relevant share certificates must be lodged with the Company's share registrar, Tricor Standard Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Wednesday, 26th August, 2015.

## **REVIEW OF OPERATIONS**

### **Property investment and Development**

The operating environment for the Group's property investment and development business remains tough during the year 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 Guangdong Province, continue at a low level during the year.

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 and the occupancy rate of the residential units is increased comparing with that of last year. The management has put a lot of efforts in marketing the properties and is endeavouring to improve the operation of the commercial arcades. The rental income earned by the Group from Ever Success Plaza during the year increased by 22.9%. The Group has sold 2 residential unit during the year under review. As at 31st March, 2015, 214 residential units remained to be sold, out of which 140 residential units were let out.

### **Oilfield engineering and consultancy services**

The Group held 31.73% interest as at 1st April, 2014 in Petro-king Oilfield Services Limited (“Petro-king” (Stock code 2178)) on The Stock Exchange of Hong Kong Limited as an associate through Termbray Natural Resources Company Limited (“Termbray Natural Resources”), a wholly owned subsidiary of the Group. During the year under review, there are further dilutions in the Group's shareholding in Petro-king due to the exercise of share options by employees of Petro-king Group and the rights issue allotted in February 2015. In February 2015, Petro-king has made a rights issue of 154,341,411 shares to shareholders on the basis of one rights share for seven existing shares held on the record date at HK\$0.98 per rights share (“Right Issue”). Termbray Natural Resources subscribed for a portion of its entitlement for 35,500,000 rights shares only in net consideration of HK\$34,140,000. The Group's shareholding in Petro-king as at 31st March, 2015 is 30.47%.

According to the 2014 annual report issued by Petro-king Group, Petro-king Group recorded a revenue of HK\$705 million, representing a decrease of approximately 33.5% from that of HK\$1,060 million for the year ended 31st December, 2013 (“2013”). The decrease in revenue was partly due to the general slowdown in business activities of the Petro-king Group's major customers in China and partly due to the risk control measures taken by Petro-king Group in order to tackle the issue of slow settlement of its trade receivable from a major customer in South America. In addition, Petro-king Group has made a provision for impairment of trade receivables of approximately HK\$280 million in response to the slow payment from a major customer in South America. The loss attributable to the owners of Petro-king Group was approximately HK\$423 million in the current year, compared with the profit attributable to the owner of approximately HK\$197 million in 2013.

2014 was a challenging year for Petro-king Group. There were various dramatic changes in the business environment for the oilfield services industry domestically and internationally. The reduction of capital expenditure by Chinese national oil companies (“NOCs”) as well as the reform and restructuring of the NOCs led to a general decline in business activities of the oilfield services sector in the China market. In addition, the pace of development of shale gas projects in China was slower than expected at the beginning of the year, leading to a low utilisation of Petro-king Group's newly purchased high-pressure pumping equipment in 2014. The slump in the international oil price has also cast uncertainty over the future development of the industry and has severely weakened the financial strength of a major customer of Petro-king Group in South America, and thus affected Petro-king Group's collection of the outstanding accounts receivable from the customer. Petro-king Group took risk control measures to limit the exposure of its business in South America.

Petro-king Group's business development in the Middle East has been progressing well in 2014. During the year, a wide range of products and services are successfully and gradually increasing their market penetration in the Middle East.

In the third quarter of 2014, Petro-king Group commenced the commercial operation of its newly established manufacturing base in Huizhou, and enhanced its capability of research and product development in its Singapore operations.

In 2014, even during the industry's downturn, Petro-king Group still pressed on with technological advancement and enhancement of service capability and capacity and has expanded its technology development team with more experienced engineers. However, due to the plans on downsizing in respect to the downturn of the industry, the management of Petro-king Group would like to optimize the human resources by decreasing the number of employees and decreasing the staff cost in general in 2015.

## **OUTLOOK**

The global economy has been recovering from the global financial crisis happened in 2008. United States ("US") and China are experiencing various challenges after the global economic crisis. All of the debt crisis in Europe, the stop buying of national debts by the US Government, and the progress of increase in US interest rate have an unpredictable impact on the recovery of 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 economic recovery. The Group is confidence in capitalising on these opportunities and will grasp 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 has spent a lot of resources to look 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 in the PRC.

As reported in the 2014 annual report of Petro-king Group, the year of 2014 was full of challenges for the oilfield services industry in China as it was faced with the reduced capital expenditure of the NOCs in the domestic market, the outbreak of political unrest in the Middle East, and the slump in the international oil price. All these have resulted in harsh market conditions and a difficult operating environment for the oilfield services industry. In view of the uncertainties over the international oil price and the unfavorable business environment, Petro-king Group takes a cautious approach to its business plan and financial budget for 2015.

In China, the economic reform and the restructuring of NOCs may continue to affect the volume of business of the independent oilfield service providers in the short run. If the international oil price continues to remain low, the NOCs may cut capital expenditure in 2015 as well, and this may further impinge the business of independent oilfield service providers in China. To cope with the uncertainties in the oilfield services sector in China, Petro-king Group will shift certain part of its resources to the Middle East and other overseas markets.

In the overseas markets, there are both risks and opportunities. The management of Petro-king Group expects the business development with the international oil companies' customers in the Middle East market will continue to progress well in 2015. However, the slump in international oil price has weakened the financial strength of its customer and has a further impact on the collection issue of Petro-king Group in South America. As such, Petro-king Group is circumspect in its business plan in South America.

The management of Petro-king Group will control its pace of its overall business development plan by downsizing business operations in certain regions with less opportunity and reduce the magnitude of capital expenditure investment in 2015.

The Group will continue to operate its property investment and development business and be engaged in oilfield engineering and consultancy services through its interest in Petro-king Group. The Group will cautiously explore investment opportunity 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 recovery progress of the global economy 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 31st March, 2015, 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 HK\$330 million and accounted for 72.7% of total current assets.

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

## **STAFF**

As at 31st March, 2015, the Group employed 41 staff at market remunerations with staff benefits such as insurance, provident fund scheme and discretionary bonus and share option scheme.

## **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 during the year ended 31st March, 2015 with the Code 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 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 31st March, 2015.

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 members are Mr. Lee Ka Sze, Carmelo, Mr. Tong Hin Wor and Mr. Siu Lok Chow, Gabriel.

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 31st March, 2015.

## **SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31st March, 2015 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu 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 Messrs. Deloitte Touche Tohmatsu 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*)

Mdm. Leung Lai Ping

Mr. Wong Shiu Kee

### *Independent Non-Executive Directors:*

Mr. Lo Yiu Hee

Mr. Tong Hin Wor

Mr. Siu Lok Chow Gabriel

### *Non-Executive Director:*

Mr. Lee Ka Sze, Carmelo

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

Hong Kong, 19th June, 2015