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TERMBRAY INDUSTRIES INTERNATIONAL (HOLDINGS) LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 0093)

FINAL RESULTS FOR THE YEAR ENDED 31ST MARCH, 2012

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, 2012 together with the comparative figures for the last year as follows:

Consolidated Statement of Comprehensive Income

	<i>Notes</i>	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
CONTINUING OPERATIONS			
Revenue	3	5,642	9,160
Cost of goods sold and services rendered		<u>(2,636)</u>	<u>(4,201)</u>
Gross profit		3,006	4,959
Other income	4	1,799	2,638
Other gains and losses		6,389	7,756
Administrative expenses		(15,380)	(19,268)
Finance costs	5	–	(4,996)
Share of result of an associate		<u>(2,522)</u>	<u>2,195</u>
Loss before taxation		(6,708)	(6,716)
Taxation	6	<u>(369)</u>	<u>(342)</u>
LOSS FOR THE YEAR FROM CONTINUING OPERATIONS		(7,077)	(7,058)
DISCONTINUED OPERATIONS			
Profit for the year from discontinued operations	7	<u>–</u>	<u>123,003</u>
(LOSS) PROFIT FOR THE YEAR	8	<u>(7,077)</u>	<u>115,945</u>

	<i>Note</i>	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
OTHER COMPREHENSIVE INCOME (EXPENSE)			
Exchange differences arising from translation of financial statements of foreign operations		(1,820)	483
Release of exchange translation reserve upon deregistration of a subsidiary		–	(57)
Release of exchange translation reserve upon losing control of subsidiaries		–	(2,842)
Share of other comprehensive income of an associate		<u>3,399</u>	<u>459</u>
OTHER COMPREHENSIVE INCOME (EXPENSE) FOR THE YEAR		<u>1,579</u>	<u>(1,957)</u>
TOTAL COMPREHENSIVE (EXPENSE) INCOME FOR THE YEAR		<u>(5,498)</u>	<u>113,988</u>
(LOSS) PROFIT FOR THE YEAR ATTRIBUTABLE TO: OWNERS OF THE COMPANY			
– from continuing operations		(7,077)	(7,058)
– from discontinued operations		<u>–</u>	<u>116,574</u>
(Loss) profit for the year attributable to owners of the Company		(7,077)	109,516
NON-CONTROLLING INTERESTS			
– from discontinued operations		<u>–</u>	<u>6,429</u>
		<u>(7,077)</u>	<u>115,945</u>
TOTAL COMPREHENSIVE (EXPENSE) INCOME ATTRIBUTABLE TO: OWNERS OF THE COMPANY		(5,498)	105,980
NON-CONTROLLING INTERESTS		<u>–</u>	<u>8,008</u>
		<u>(5,498)</u>	<u>113,988</u>
		<i>HK cents</i>	<i>HK cents</i>
BASIC AND DILUTED (LOSS) EARNINGS PER SHARE	9		
FROM CONTINUING AND DISCONTINUED OPERATIONS		(0.36)	5.59
FROM CONTINUING OPERATIONS		<u>(0.36)</u>	<u>(0.36)</u>

Consolidated Statement of Financial Position

	<i>Note</i>	31.3.2012 HK\$'000	31.3.2011 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		46,109	45,674
Investment property		30,172	30,505
Interest in an associate	<i>10</i>	477,357	476,480
Pledged bank deposits		2,000	2,000
		<u>555,638</u>	<u>554,659</u>
CURRENT ASSETS			
Completed properties for sale		122,771	118,870
Other receivables		42	42
Deposits and prepayments		1,995	2,022
Taxation recoverable		377	250
Bank balances and cash		473,155	597,413
		<u>598,340</u>	<u>718,597</u>
CURRENT LIABILITIES			
Other payables and accrued charges		3,480	4,028
Dividend payable		5,002	–
Deposits received		652	803
Provisions		3,173	3,173
Amount due to a related company		1,992	2,953
Taxation payable		3,830	3,580
		<u>18,129</u>	<u>14,537</u>
NET CURRENT ASSETS		<u>580,211</u>	<u>704,060</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,135,849</u>	<u>1,258,719</u>

	31.3.2012 <i>HK\$'000</i>	31.3.2011 <i>HK\$'000</i>
NON-CURRENT LIABILITIES		
Deferred tax liabilities	<u>930</u>	<u>844</u>
NET ASSETS	<u>1,134,919</u>	<u>1,257,875</u>
CAPITAL AND RESERVES		
Share capital	156,611	156,611
Reserves	<u>977,891</u>	<u>1,100,847</u>
Equity attributable to owners of the Company	1,134,502	1,257,458
Non-controlling interests	<u>417</u>	<u>417</u>
TOTAL EQUITY	<u>1,134,919</u>	<u>1,257,875</u>

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”)

In the current year, the Group has applied the following new and revised HKFRSs issued by HKICPA.

Amendments to HKFRSs HKAS 24 (Revised 2009)	Improvements to HKFRSs issued in 2010 Related Party Disclosures
Amendments to HK (IFRIC) – Int 14 HK (IFRIC) – Int 19	Prepayments of a Minimum Funding Requirement Extinguishing Financial Liabilities with Equity Instruments

The application of these new and revised HKFRSs 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.

Amendments to HKFRSs Amendments to HKFRS 7 Amendments to HKFRS 7 HKFRS 9 Amendments to HKFRS 9 and HKFRS 7 HKFRS 10 HKFRS 11 HKFRS 12 HKFRS 13 Amendments to HKAS 1 Amendments to HKAS 12 HKAS 19 (Revised 2011) HKAS 27 (Revised 2011) HKAS 28 (Revised 2011) Amendments to HKAS 32 HK (IFRIC) – Int 20	Annual Improvements to HKFRSs 2009-2011 Cycle ² Disclosures – Transfers of Financial Assets ¹ Disclosures – Offsetting Financial Assets and Financial Liabilities ² Financial Instruments ³ Mandatory Effective Date of HKFRS 9 and Transition Disclosures ³ Consolidated Financial Statements ² Joint Arrangements ² Disclosure of Interests in Other Entities ² Fair Value Measurement ² Presentation of Items of Other Comprehensive Income ⁵ Deferred Tax : Recovery of Underlying Assets ⁴ Employee Benefits ² Separate Financial Statements ² Investments in Associates and Joint Ventures ² Offsetting Financial Assets and Financial Liabilities ⁶ Stripping Costs in the Production Phase of a Surface Mine ²
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¹ Effective for annual periods beginning on or after 1st July, 2011

² Effective for annual periods beginning on or after 1st January, 2013

³ Effective for annual periods beginning on or after 1st January, 2015

⁴ Effective for annual periods beginning on or after 1st January, 2012

⁵ Effective for annual periods beginning on or after 1st July, 2012

⁶ Effective for annual periods beginning on or after 1st January, 2014

New and revised Standards on consolidation, joint arrangements, associates and disclosures

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (Revised 2011) and HKAS 28 (Revised 2011).

Key requirements of these five standards are described below.

HKFRS 10 replaces the parts of HKAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements and HK(SIC) – Int 12 *Consolidation – Special Purpose Entities*. HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor’s returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

These standards are effective for annual periods beginning on or after 1st April, 2013. Earlier application is permitted provided that all of these five standards are applied early at the same time.

The directors anticipate that these standards will be adopted in the Group’s consolidated financial statements for the annual period beginning 1st April, 2013. The application of these standards may have impact on disclosures but is not expected to have impact on amounts reported made in the consolidated financial statements.

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

The amendments to HKAS 1 are effective for annual periods beginning on or after 1st April, 2013. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

The directors of the Company anticipate that the application of the 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:

	2012	2011
	HK\$’000	HK\$’000
Continuing operations		
Sales of properties	476	4,111
Rental income	5,166	5,049
	5,642	9,160

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.

Continuing operations

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Revenue from property investment and development segment	<u>5,642</u>	<u>9,160</u>
Segment profit from property investment and development segment	5,636	10,047
Unallocated other income	1,503	1,843
Unallocated other gain and expenses	1,707	2,379
Unallocated expenses	(13,401)	(17,851)
Share option expense	–	(675)
Effective interest expense on convertible note	–	(4,996)
Share of result of an associate	<u>(2,522)</u>	<u>2,195</u>
Loss for the year from continuing operations	<u>(7,077)</u>	<u>(7,058)</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 represents the profit earned by property investment and development segment without allocation of unallocated other income, unallocated other gain and expenses, unallocated expenses, share option expense, effective interest expense on convertible note and share of result of 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

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Continuing operations		
Interest income from bank balances	1,572	1,886
Sundry income	<u>227</u>	<u>752</u>
	<u>1,799</u>	<u>2,638</u>

5. FINANCE COSTS

Continuing operations

The finance costs incurred for continuing operations represent effective interest expense on convertible note.

6. TAXATION

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Continuing operations		
Current tax:		
Hong Kong Profits Tax	250	229
PRC Enterprise Income Tax	<u>33</u>	<u>28</u>
	<u>283</u>	<u>257</u>
Deferred tax	<u>86</u>	<u>85</u>
	<u>369</u>	<u>342</u>

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

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

7. DISCONTINUED OPERATIONS

On 3rd September, 2010, Termbray Petro-king Oilfield Services (BVI) Limited (“Termbray Petro-king”) entered into a Subscription Agreement with Termbray Natural Resources Company Limited (“Termbray NRC”), a wholly owned subsidiary of the Company; King Shine Group Limited (“King Shine”), the non-controlling interest of the Group which held 49% equity interest in Termbray Petro-king and an investor (“Investor”), an independent third party to the Group, pursuant to which Termbray Petro-king shall allot and issue and Investor shall subscribe for new shares of Termbray Petro-king (the “Subscription Shares”), representing 10% of the issued share capital of Termbray Petro-king as enlarged by the subscription (“Subscription”) for an amount of RMB88.8 million (equivalent to HK\$101.3 million) payable in United States dollars. The Subscription was completed on 20th October, 2010.

Termbray Petro-king and its subsidiaries carried out all of the Group’s oilfield engineering and consultancy services. Upon completion of the Subscription, Termbray Petro-king shall be owned as to 45.9%, 44.1% and 10% by Termbray NRC, King Shine and Investor, respectively.

8. (LOSS) PROFIT FOR THE YEAR

	Continuing operations	
	2012	2011
	HK\$'000	HK\$'000
(Loss) profit for the year has been arrived at after charging (crediting):		
Depreciation of		
– property, plant and equipment	1,352	1,677
– investment property	333	334

9. BASIC AND DILUTED (LOSS) EARNINGS PER SHARE

From continuing and discontinued operations

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

	2012	2011
	HK\$'000	HK\$'000
(Loss) earnings for the year attributable to owners of the Company for the purposes of basic and diluted earnings per share	(7,077)	109,516
	Number of shares	
	'000	'000
Number of ordinary shares for the purposes of basic and diluted earnings per share	1,957,643	1,957,643

From continuing operations

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

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
(Loss) earnings for the period attributable to owners of the Company for the purposes of basic and diluted (loss) earnings per share	(7,077)	109,516
Less: Profit for the year from discontinued operations attributable to owners of the Company	<u> —</u>	<u> (116,574)</u>
Loss for the year attributable to owners of the Company for the purposes of basic and diluted loss per share	<u><u> (7,077)</u></u>	<u><u> (7,058)</u></u>

The denominators used are the same as those detailed above for both basic and diluted loss per share.

In 2011, the computation of diluted loss per share from the continuing operations does not assume the conversion of the Company's outstanding convertible note and the exercise of the Company's outstanding share options since the assumed conversion of convertible note would result in 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.

From discontinued operations

Basic and diluted earnings per share for the discontinued operation for the year ended 31st March, 2011 is HK5.95 cents per share, based on the profit attributable to owners of the Company from the discontinued operations for the year of HK\$116,574,000 and the denominators detailed above for both basic and diluted earnings per share.

10. INTEREST IN AN ASSOCIATE

On 20th October, 2010, Termbray Petro-king ceased as a subsidiary and became an associate of the Company upon the completion of Subscription. On the same date, the fair value of the interests in Termbray Petro-king held by the Company is HK\$473,826,000.

Details of the Group's interest in an associate at 31st March, 2012 are as follows:

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Cost of unlisted investment in an associate	473,826	473,826
Share of post-acquisition profit and other comprehensive income	<u> 3,531</u>	<u> 2,654</u>
	<u><u> 477,357</u></u>	<u><u> 476,480</u></u>

Included in the cost of investment in an associate is goodwill of HK\$251,701,000 arising on the deemed disposal of a subsidiary, being the difference between the cost of the investment of HK\$473,826,000 and the Group's share of the net fair value of the associate's identifiable assets and liabilities of HK\$222,125,000. Included in the net fair value of the associate's identifiable assets and liabilities is intangible assets in relation to incomplete contracts of HK\$66,338,000 determined based on the income-based method, amortised according to the management expectation of realisation of profits of the incomplete contracts over their estimated useful lives of one to two years.

As at 31st March, 2012, the Group had interest in the following associate:

Name of entity	Form of equity	Place/ Country of incorporation	Class of shares held	Proportion of nominal value of issued capital held by the Group	Proportion of voting power held	Principal activity
Termbray Petro-king Oilfield Services (BVI) Limited	Incorporated	British Virgin Islands	Ordinary	45.9%	45.9%	Investment holding

The summarised financial information in respect of the Group's associate attributable to the Group's interest are set out below:

	As at 31.12.2011 HK\$'000	As at 31.12.2010 HK\$'000
Total assets	754,613	846,021
Total liabilities	222,064	335,251
Net assets	532,549	510,770
Group's share of net assets of an associate (excluding goodwill)	244,440	234,443
Revenue	559,491	345,675*
(Loss) profit for the period	(5,495)	4,782*
Other comprehensive income	7,406	1,000*
Group's share of profit of an associate	(2,522)	2,195
Group's share of other comprehensive income of an associate	3,399	459

* Included revenue, profit or other comprehensive income of Termbray Petro-King from the date it became an associate of the Group up to 31st December, 2010.

DIVIDENDS

The Board declared and paid an interim dividend of HK\$0.06 per share, totally amounted to HK\$117.5 million (2010: Nil), for the six months ended 30th September, 2011.

The Board recommends payment of a final dividend of HK\$0.09 per share for the year ended 31st March, 2012 (2011: Nil) to shareholders on the register of members of the Company on Friday, 21st September, 2012. Subject to approval by the shareholders at the forthcoming annual general meeting to be held on Friday, 7th September, 2012, the final dividend will be dispatched to the shareholders of the Company on or about Monday, 8th October, 2012.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 3rd September, 2012 to Friday, 7th September, 2012 (both days inclusive), during which no transfer of shares will be effected. In order to qualify for attendance of annual general meeting, all completed transfer forms accompanied with the relevant share certificates must be lodged with the Company's share registrar, Tricor Standard Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Friday, 31st August, 2012.

The register of members of the Company will be closed from Monday, 17th September, 2012 to Friday, 21st September, 2012 (both days inclusive), during which no transfer of shares will be effected. To rank for the proposed final dividend, all completed transfer forms accompanied with the relevant share certificates must be lodged with the Company's share registrar, Tricor Standard Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Friday, 14th September, 2012. The final dividend will be paid on or about Monday, 8th October, 2012.

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. 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. The rental income earned by the Group from Ever Success Plaza during the year is decreased by 4.1%. The Group has sold 1 residential unit during the year under review. As at 31st March, 2012, 223 residential units remained to be sold, out of which 107 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

Upon completion of the subscription by TCL Industries Holdings (HK) Limited (“TCL”) in October 2010, Termbray Petro-king Oilfield Services (BVI) Limited (“Termbray Petro-king”) is owned as to 45.9%, 44.1% and 10.0% by Termbray Natural Resources Company Limited, a wholly owned subsidiary of the Group, King Shine Group Limited and TCL respectively (“Subscription”). Termbray Petro-king has ceased to be subsidiary of the Company and has become an associate of the Company. The assets and liabilities of Termbray Petro-king is no longer consolidated to the consolidated financial statements of the Group.

The financial year end date for Termbray Petro-king Group is 31st December, 2011. For the purpose of applying the equity method of accounting, the consolidated financial statements of Termbray Petro-king Group for the year ended 31st December, 2011 have been used, as the Group considers that it is impractical for Termbray Petro-king Group to issue a separate set of consolidated financial statements as of 31st March, 2012.

During the year under review, the Group has applied the equity method of accounting for the results of Termbray Petro-king Group as an associate for the 12 months from 1st January, 2011 to 31st December, 2011. Any significant transaction of Termbray Petro-king Group for the period from 1st January, 2012 to 31st March, 2012 has been adjusted. For the comparative reporting period, the Group has accounted for the audited result of Termbray Petro-king Group from 1st April, 2010 to date of completion of the Subscription in October 2010 as subsidiaries under discontinued operations. From date of completion of the Subscription to 31st December, 2010, the Group has accounted for result of Termbray Petro-king Group as an associate applying the equity method of accounting.

For the year from 1st January, 2011 to 31st December, 2011, Termbray Petro-king Group achieved a turnover of HK\$559 million. It has a steady growth in the consultancy servicing business and has expanded in the business of manufacturing and sales of tools and equipments. During the year under review, Termbray Petro-king Group gained substantial recognition on its capability of provision of high and oilfield technical solutions in Mainland China and the overseas, especially the Middle East. To further enhance its competency in oilfield technology, Termbray Petro-king Group entered into research and development and manufacture of oilfield equipments through acquisitions of relevant subsidiary and associate in 2011. The directors considered that the overall performance of Termbray Petro-king Group for the year under review is satisfactory.

Included in the net fair value of the Group’s share of Termbray Petro-king Group’s identifiable assets and liabilities is intangible assets in relation to incomplete contracts of HK\$66,338,000, determined based on the income-based method. Such intangible assets are amortised according to the management expectation of realisation of profits of the incomplete contracts over their estimated useful lives of one to two years. The Group’s share of result of an associate for the current financial year ended 31st March, 2012 has accounted for an amortisation of the intangible assets in relation to incomplete contracts of HK\$42.2 million (2011: HK\$23.7 million). The balance of the intangible assets of approximately HK\$450,000 is expected to be amortised in the coming financial year.

Most of the contracts completed by Termbray Petro-king Group during the current financial year are incomplete contracts as of October 2010. Thus, most of the Group’s share of operating result of Termbray Petro-king Group for the current financial year have been offset by the amortisation of the intangible assets in relation to incomplete contracts.

The major customers of Termbray Petro-king Group acquired several massive overseas oil reserves which created substantial demand for experienced oilfield engineering and consultancy services. Termbray Petro-king Group have the technical know how to provide the comprehensive oilfield development design and consultancy services and is well recognised in the sector as one of the best oilfield service company from China. During the year, Termbray Petro-king Group has gained substantial progress in developing new customers in other overseas markets, and is now working hard on them and this will secure business growth of Termbray Petro-king Group in future.

Termbray Petro-king Group has strengthened its technical communication with its domestic customers and introduced advanced technology from abroad to them. The management expected that this would help Termbray Petro-king Group enhance its marketing and sales efforts and domestic sales in near future.

TREASURY INVESTMENT ACTIVITY

The Group still holds a substantial amount of funds of approximately HK\$473 million which have been placed as short term bank deposits with large financial institutions in Hong Kong.

OUTLOOK

The global economy has been recovering from the global financial crisis happened in 2008. However, the debt crisis in Europe today has unpredictable impact on the recovery of global economy. United States and China are experiencing various challenges after the global economic crisis. In United States, the recovery progress of its economy is slower than expected. In China, Central government has implemented various tightening monetary policies to cool down its economy, especially the overheated property market and high inflation rate. We believe China continues to play a key role in the future global economic recovery. The Group is confidence to capitalising on these opportunities and will grasp every business opportunities available to build up its own distinctive strength and to explore new business 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 the 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.

Termbray Petro-king Group has kicked-off several projects in overseas markets, such as Russia and Venezuela. The management expect to obtain more projects in these overseas markets in coming years. The management believe that China national oil companies will continue their investment in overseas oilfields. As Termbray Petro-king Group has extensive overseas oilfield experience and has maintained a very good relationship with those China national oil companies, the management believe that Termbray Petro-king Group is likely to be benefited from the capex investment of the China national oil companies in their overseas oilfields. In addition, Termbray Petro-king Group has strengthen both its sales and marketing team and production enhancement team in China targeting on gaining more oilfield production enhancement projects and unconventional gas projects. The management are cautiously optimistic about the future performance of Termbray Petro-king Group. In addition, the management of Termbray Petro-king Group is considering for an IPO listing if such listing is in the best interests of the shareholders, employees and business of the Termbray Petro-king Group.

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 Termbray 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, 2012, the Group remains cash-rich and has no material capital expenditure commitments. The operations are financed by capital and reserves.

Bank balances and cash amounted to approximately HK\$473 million and accounted for 79.1% 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, 2012, the Group employed 43 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 has met the code provisions in the Code on Corporate Governance Practices ("the Code") as set out in Appendix 14 of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") during the year ended 31st March, 2012 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, 2012.

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 annual results for the year ended 31st March, 2012.

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, 2012 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*)

Mdm. Leung Lai Ping

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. 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, 22nd June, 2012