TERMBRAY INDUSTRIES INTERNATIONAL (HOLDINGS) LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 0093)

FINAL RESULTS FOR THE YEAR ENDED 31ST MARCH, 2016

RESULTS

The board of directors (the "Board") of Termbray Industries International (Holdings) Limited (the "Company") announces the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31st March, 2016 together with the comparative figures for the last year as follows:

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Notes	**2016** ***HK$'000***	2015 *HK$'000*
Revenue	*3*	**12,449**	6,941
Cost of goods sold and services rendered		**(5,586)**	(2,951)
Gross profit		**6,863**	3,990
Other income	*4*	**834**	987
Other gains and losses	*5*	**(8,058)**	(7,499)
Administrative expenses		**(15,621)**	(13,397)
Share of result of an associate		**(118,120)**	(133,544)
Impairment loss on interest in an associate		**(272,449)**	–
Loss before taxation		**(406,551)**	(149,463)
Taxation	*6*	**(663)**	(85)
LOSS FOR THE YEAR	*7*	**(407,214)**	(149,548)
OTHER COMPREHENSIVE (EXPENSE) INCOME			
Items that may be subsequently reclassified to profit or loss:			
Exchange differences arising from translation of foreign operations		**1,763**	(39)
Share of other comprehensive (expense) income of an associate			
– currency translation differences		**(17,160)**	6,009
– revaluation loss on an available-for-sale financial asset of an associate		**(1,159)**	–
Reclassification adjustment for translation reserve transferred to profit or loss upon deemed disposal of interest in an associate		**–**	(959)
OTHER COMPREHENSIVE (EXPENSE) INCOME FOR THE YEAR		**(16,556)**	5,011
TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY		**(423,770)**	(144,537)
		HK cents	*HK cents*
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	*8*		
– Basic		**(20.80)**	(7.64)
– Diluted		**(20.80)**	(7.64)

Consolidated Statement of Financial Position

	Note	**31.3.2016**	31.3.2015
		HK$'000	*HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**40,654**	41,691
Investment property		**28,840**	29,173
Interest in an associate	*9*	**222,614**	609,003
Pledged bank deposits		**2,000**	2,000
		294,108	681,867
CURRENT ASSETS			
Completed properties for sale		**113,328**	121,629
Other receivables		**41**	43
Deposits and prepayments		**1,813**	2,240
Bank balances and cash		**302,771**	330,334
		417,953	454,246
CURRENT LIABILITIES			
Other payables and accrued charges		**3,948**	3,241
Dividend payable		**12,505**	12,505
Deposits received		**798**	721
Amount due to a related company		**2,553**	2,190
Taxation payable		**2,720**	4,151
		22,524	22,808
NET CURRENT ASSETS		**395,429**	431,438
TOTAL ASSETS LESS CURRENT LIABILITIES		**689,537**	1,113,305

	31.3.2016	31.3.2015
	HK$'000	*HK$'000*
NON-CURRENT LIABILITIES		
Deferred tax liabilities	**236**	234
NET ASSETS	**689,301**	1,113,071
CAPITAL AND RESERVES		
Share capital	**156,611**	156,611
Reserves	**532,273**	956,043
Equity attributable to owners of the Company	**688,884**	1,112,654
Non-controlling interests	**417**	417
TOTAL EQUITY	**689,301**	1,113,071

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"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("Listing Rules") and by the Hong Kong Companies Ordinance.

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

The consolidated financial statements have been prepared on the historical cost basis at the end of the reporting period. 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 the following amendments to HKFRSs issued by the HKICPA for the first time in the current year:

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

The application of the amendments to 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 amendments to HKFRSs that have been issued but are not yet effective:

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

[1] Effective for annual periods beginning on or after 1st January, 2018.
[2] Effective for annual periods beginning on or after 1st January, 2016.
[3] Effective for annual periods beginning on or after 1st January, 2019.
[4] Effective for annual periods beginning on or after a date to be determined.

HKFRS 15 Revenue from Contracts with Customers

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

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

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

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

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

HKFRS 16 *Leases*

HKFRS 16, which upon the effective date will supersede HKAS 17 *Leases*, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under HKFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, HKAS 17.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The directors of the Company will assess the impact of the application of HKFRS 16. For the moment, it is not practicable to provide a reasonable estimate of the effect of the application of HKFRS 16 until the Company performs a detailed review.

The directors of the Company anticipate that the application of other new and amendments to 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:

	2016	2015
	HK$'000	*HK$'000*
Sale of properties	**6,916**	1,347
Rental income	**5,533**	5,594
	12,449	6,941

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 properties leasing and sales of properties.

Segment revenue and results

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

	2016	2015
	HK$'000	*HK$'000*
Revenue from property investment and development segment	**12,449**	6,941
Segment (loss) profit from property investment and development segment	**(1,051)**	2,555
Unallocated other income	**687**	847
Unallocated other gains and losses	**(1,798)**	(9)
Unallocated expenses	**(14,483)**	(12,005)
Share of result of an associate	**(118,120)**	(133,544)
Net loss on deemed disposal of interest in an associate	**–**	(7,392)
Impairment loss on interest in an associate	**(272,449)**	–
Loss for the year	**(407,214)**	(149,548)

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 (loss) profit represents the (loss from) profit 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, net loss on deemed disposal of interest in an associate and impairment loss on 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

	2016	2015
	HK$'000	*HK$'000*
Interest income from bank balances	**735**	838
Sundry income	**99**	149
	834	987

5. OTHER GAINS AND LOSSES

	2016	2015
	HK$'000	*HK$'000*
Net exchange losses	**(8,058)**	(107)
Net loss on deemed disposal of interest in an associate (Note 9)	**–**	(7,392)
	(8,058)	(7,499)

6. TAXATION

	2016	2015
	HK$'000	*HK$'000*
Current tax:		
Hong Kong Profits Tax	**228**	279
PRC Enterprise Income Tax	**433**	355
	661	634
Under provision in prior years:		
Hong Kong Profits Tax	**–**	243
PRC Enterprise Income Tax	**–**	118
	–	361
Deferred tax	**2**	(910)
	663	85

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

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

7. LOSS FOR THE YEAR

	2016	2015
	HK$'000	*HK$'000*
Loss for the year has been arrived at after charging:		
Depreciation of		
– property, plant and equipment	**1,037**	1,304
– investment property	**333**	333

8. LOSS PER SHARE

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

	2016	2015
	HK$'000	*HK$'000*
Loss for the year attributable to owners of the Company for the purposes of basic and diluted loss per share	**(407,214)**	(149,548)

	Number of shares	
	'000	*'000*
Number of ordinary shares for the purposes of basic and diluted loss per share	**1,957,643**	1,957,643

The computation of the diluted loss per share for the current and prior years does not assume the exercise of the associate's share options and convertible bonds, because this would result in a decrease in the loss per share.

9. INTEREST IN AN ASSOCIATE

	2016	2015
	HK$'000	*HK$'000*
Cost of investment in an associate listed in Hong Kong	**331,205**	308,706
Share of post-acquisition profit and other comprehensive income and effect on deemed disposal of interest in an associate, net of dividend received	**163,858**	300,297
Impairment loss recognised	**(272,449)**	–
	222,614	609,003
Market value of interest in an associate	**222,614**	413,902

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, 2015 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, 2016.

Included in the cost of investment in an associate is goodwill of HK$167,088,000 (2015: HK$167,088,000) 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.

On 24th September, 2015, the Group entered into the subscription agreements with the associate for subscription of 28,480,000 new shares for a consideration of approximately HK$22,499,000. The subscription was completed on 30th December, 2015. As at 31st March, 2016, the Group's shareholding in the associate remains at 30.47% as the subscription is in proportion to the total shares held by the shareholders.

During the prior year, 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 subscribed for 35,500,000 right shares in a 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 prior year, a dividend of HK$17,036,000 was declared by the associate to the Group.

Impairment assessment

Due to the effects caused by sluggish global oil and gas market that caused significant decline in new oilfield service orders and delay in realising trade receivables, the associate reported net loss for the years ended 31st December, 2014 and 2015. The carrying amount of the associate is lower than the market capitalisation with reference to the quoted market price of the shares of the associate as at 31st March, 2015 and 2016 which constitute impairment indicators. The management of the Group carried out review on impairment on the carrying amount of its interest in an associate by comparing its recoverable amount (higher of the value in use and fair value less cost of disposal (market value)) with its carrying amount.

As at 31st March, 2015, the recoverable amount of the associate was determined based on the value in use estimation by the management, as the value in use was higher than the fair value less cost of disposal. In determining the value in use of the interest in an associate, the directors estimated the present value of the estimated future cash flow comprising expected dividend income from the associate and expected ultimate disposal, by using a discount rate to discount the cash flow projections to net present value. The future cash flow from the expected ultimate disposal is calculated with reference to the expected return from the associate. Based on the assessment, the recoverable amount of the Group's interest in an associate was estimated to be higher than the carrying amount and no impairment loss was recognised.

As at 31st March, 2016, the management reviewed the recoverable amount of the associate after taking into account of (i) the sluggish global oil and gas market that caused further decline in oilfield service orders of the associate for the year ended 31st December 2015; (ii) the weak international oil price which led to stringent capital expenditure and cost cutting plans for most of the associate's customers; (iii) the estimated limits on business growth of the associate in 2016 brought about by the continuing effects of a bearish market on crude oil price; and (iv) the continuing downward trend of the associate's share price. The directors estimated that there is a significant decline in the present value of the estimated future cash flow comprising expected dividend income from the associate and expected ultimate disposal, which is lower than the fair value less cost of disposal. Based on the assessment, the recoverable amount of the Group's interest in an associate was determined based on the fair value less cost of disposal, which is lower than the carrying amount and an impairment loss of HK$ 272,449,000 is recognised.

RESULTS

During the current year under review, the Group achieved a revenue of HK$12,449,000 and recorded a loss for the year of HK$407,214,000, compared with the revenue of HK$6,941,000 and loss for the year of HK$149,548,000 recorded in last year.

The significantly larger 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, 2015 and the recognition of impairment loss of approximately HK$272 million with respect to the Group's investment in Petro-king. According to the 2015 annual report issued by Petro-king Group, the loss attributable to the owners of Petro-king Group was approximately HK$384 million in the current year, compared with loss attributable to owners of Petro-king Group of approximately HK$423 million in the last year.

DIVIDEND

No interim dividend was paid by the Company for the six months ended 30th September, 2015 (2014: Nil).

The Board does not recommend the payment of a final dividend for the year ended 31st March, 2016 (2015: Nil).

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 5th September, 2016 to Friday, 9th September, 2016 (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 9th September, 2016, 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 Friday, 2nd September, 2016.

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. The activities of the Group's property projects, which are mainly located in Guangdong Province of Mainland China ("PRC"), 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 lower than 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 slightly decreased by 2.8%. The Group has sold 12 residential unit during the year under review. As at 31st March, 2016, 202 residential units remained to be sold, out of which 150 residential units were let out.

Oilfield engineering and consultancy services

The Group held 30.47% interest as at 1st April, 2015 and 31st March, 2016 in Petro-king Oilfield Services Limited ("Petro-king" (Stock code 2178)) listed 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, the Group has subscribed for 28,480,000 new shares of Petro-king of HK$0.79 per share, in cash consideration of approximately HK$22,499,000.

According to the 2015 annual report issued by Petro-king Group, Petro-king Group recorded a revenue of HK$631 million, representing a decrease of approximately 10.5% from that of HK$705 million for the year ended 31st December, 2014 ("2014"). The loss attributable to the owners of Petro-king Group was approximately HK$384 million in the current year, compared with the loss attributable to the owners of Petro-king Group of approximately HK$423 million in 2014. Included therein, Petro-king Group has made a net provision for impairment of trade receivables amounted to approximately HK$182 million in 2015, as compared to that of approximately HK$280 million in 2014. The significant amounts of provision for impairment of trade receivables were mainly due to the slow progress in collection of trade receivables from a major customer in South America.

2015 was the most challenging year for Petro-king Group in the past decade. The slow-down in growth of China's economy and the weak international oil price led to stringent capital expenditure and cost cutting plans for most of Petro-king Group's customers in China and thus resulted in a slow-down in overall exploration and production ("E&P") activities in the China market. Petro-king Group's business development in the overseas market continued to progress in 2015, its capability of provision of high-end oilfield services with self-developed tools and technology have gained further market recognition in the overseas market. During the year, Petro-king Group have gained new overseas customers and won service contracts in various regions including the Middle East, Central Asia, South East Asia, Australia, North America and South America. Although Petro-king Group has achieved significant business development and revenue growth from the overseas market in 2015, the weakened international crude oil price remained a major uncertainty for most international oil companies ("IOCs"). The management of Petro-king Group estimate that most of the IOCs will remain cautious in capital expenditure planning as well as operating expenses of their E&P activities in 2016.

In order to get through the extraordinary tough time during the industry downturn of the oilfield service sector, Petro-king Group had implemented certain risk mitigation measures in 2015 including streamlined the cost structure of all major service lines and reduced headcount in general. It has downsized the business operations of a subsidiary in South America to a minimal level and has adjusted the compensation structure of the management team by having a substantial cut in basic salary, compensated by performance-based bonus and share option incentive schemes.

As a high-end integrated oilfield services provider, Petro-king Group values the importance of technology, and prides itself in introducing innovative products and services in a number of areas in oilfield services. In 2015, Petro-king Group continued to seek advancement in technology and introduced new products to the market.

After taking into account of the following factors:

(i) the sluggish global oil and gas market that caused further decline in oilfield service orders of Petro-king Group for the year ended 31st December, 2015;

(ii) the weak international oil price which led to stringent capital expenditure and cost cutting plans for most of Petro-king Group's customers;

(iii) the estimated limits on business growth of Petro-king Group in 2016 brought about by the continuing effects of a bearish market on crude oil price; and

(iv) the continuing downward trend of Petro-king's share price,

the Group recognised an impairment loss of approximately HK$272 million with respect to its investment in Petro-king in the current year's consolidated financial statements.

On 26th May, 2016, the Group has provided an irrevocable and unconditional undertaking to Petro-king for subscription for 121,426,231 rights shares of HK$0.31 per share on the basis of three rights shares for every ten existing shares held in consideration of approximately HK$37,642,000. Completion of the subscription is subject to certain conditions to be satisfied.

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 factors including debit crisis in Europe, the fluctuation in oil price and Renminbi currency, 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.

Following the slump in crude oil price in 2014, it appears that the market is still bearish about the crude oil price and widely believed that the international crude oil price will stay low in 2016. Most of the IOCs as well as the NOCs announced that they will continue to exercise a cautious approach in capital investment plans of their E&P activities. The management of Petro-king Group estimate that its oilfield service business activities with the NOCs are likely to remain low in 2016. They believe the business co-operations with those non-NOCs customers can expand Petro-king Group's customer base and is likely to benefit Petro-king Group's business development in the foreseeable future.

For the overseas market, Petro-king Group will continue its marketing and new business development in the Middle East. Further to the success in business development in Iraq, Petro-king Group is proactively promoting its oilfield services and products in various countries in the region. However, as most of the IOCs are having a budget cut or delaying their E&P activities in 2016, the management of Petro-king Group believe that this may temporary limit Petro-king Group's business growth in 2016.

Looking ahead to 2016, the management of Petro-king Group believe that the operating environment will continue to be a challenging year for the oilfield service sector, especially for the young and growing independent oilfield service companies in China. As the current market environments in China and the overseas are still associated with uncertainties, Petro-king Group will continue to exercise a cautious approach while seeking business development in 2016.

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, 2016, the Group remains cash-rich and no material capital expenditure commitments. The operations are financed by capital and reserves.

Bank balances and cash amounted to approximately HK$303 million and accounted for 72% 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, 2016, 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, 2016 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, 2016.

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 (passed away on 6th May, 2016).

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, 2016.

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, 2016 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

Non-Executive Director:
Mr. Lee Ka Sze, Carmelo

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

Hong Kong, 17th June, 2016