



TERMBRAY INDUSTRIES INTERNATIONAL (HOLDINGS) LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 0093)

FINAL RESULTS FOR THE YEAR ENDED 31ST MARCH, 2007

RESULTS

The board of directors 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, 2007 together with the comparative figures for the last year as follows:

Consolidated Income Statement

		Year ended	
	Notes	31/3/2007 HK\$'000	31/3/2006 HK\$'000
TURNOVER	3	6,576	5,399
Rental outgoings		<u>(1,964)</u>	<u>(2,272)</u>
		4,612	3,127
Other income	4	30,895	21,295
Gains (losses) arising from changes in fair value of investments held for trading		4,800	(3,260)
Allowance on properties for sale	5	(13,000)	–
Administrative expenses		(12,802)	(14,057)
Provision for loss on settlement of legal action	6	<u>–</u>	<u>(3,000)</u>
PROFIT BEFORE TAXATION	7	14,505	4,105
Taxation	8	<u>(130)</u>	<u>(130)</u>
PROFIT FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		<u>14,375</u>	<u>3,975</u>
		HK Cents	HK Cents
EARNINGS PER SHARE	9		
Basic		<u>0.85</u>	<u>0.24</u>
Diluted		<u>0.84</u>	<u>0.23</u>

Consolidated Balance Sheet

	<i>Notes</i>	31/3/2007 <i>HK\$'000</i>	31/3/2006 <i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		8,107	9,269
Prepaid lease payments for land		67,273	67,871
Investment properties		3,585	3,692
Pledged bank deposits		2,024	2,117
		<u>80,989</u>	<u>82,949</u>
CURRENT ASSETS			
Properties for sale		105,934	113,520
Trade and other receivables	<i>10</i>	5,543	6,289
Deposits and prepayments		2,461	2,436
Prepaid lease payments for land		598	598
Available-for-sale investments		225,537	339,251
Investments held for trading		187,977	239,665
Pledged bank deposits		465	465
Bank balances and cash		223,983	16,187
		<u>752,498</u>	<u>718,411</u>
CURRENT LIABILITIES			
Trade and other payables and accrued charges	<i>11</i>	2,710	6,165
Deposits received		1,165	1,035
Provisions		3,173	6,430
Amount due to a related company		716	370
Taxation liabilities		3,244	3,114
		<u>11,008</u>	<u>17,114</u>
NET CURRENT ASSETS		<u>741,490</u>	<u>701,297</u>
NET ASSETS		<u>822,479</u>	<u>784,246</u>
CAPITAL AND RESERVES			
Share capital		137,971	133,171
Reserves		684,092	650,659
Equity attributable to equity holders of the Company		822,063	783,830
Minority interests		416	416
TOTAL EQUITY		<u>822,479</u>	<u>784,246</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 except for certain financial instruments, which are measured at fair values.

2. APPLICATION OF NEW HONG KONG FINANCIAL REPORTING STANDARDS/CHANGES IN ACCOUNTING POLICIES

In the current year, the Group has applied, for the first time, a number of new standards, amendments and interpretations (“new HKFRSs”) issued by the HKICPA, which are effective for the Group’s financial year beginning from 1st April, 2006. The adoption of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has not early applied other new standards, amendment or interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of these new standards, amendment or interpretations will have no material impact on the results and the financial position of the Group.

3. TURNOVER AND SEGMENT INFORMATION

Turnover represents rental income from leasing of properties.

Segment information is set out below:

(A) Business segments

The Group is principally engaged in property development and property investment.

Segment information about this business is presented below:

	Turnover Year ended		Contribution to profit Year ended	
	31/3/2007 HK\$'000	31/3/2006 HK\$'000	31/3/2007 HK\$'000	31/3/2006 HK\$'000
Property development	5,136	3,959	(9,413)	2,219
Property investment	1,440	1,440	691	575
	<u>6,576</u>	<u>5,399</u>		
Segment results			(8,722)	2,794
Other income (<i>Note</i>)			35,695	18,035
Less: Provision for loss on settlement of legal case			-	(3,000)
Unallocated administrative expenses			(12,468)	(13,724)
Profit before taxation			14,505	4,105
Taxation			(130)	(130)
Profit for the year			<u>14,375</u>	<u>3,975</u>

Note:

Other income represents mainly net income from short-term treasury activities, including investments in securities and money market funds and the placement of bank deposits.

(B) Geographical segments

The Group's principal activities, comprising property development and property investment, are carried out in Hong Kong and the PRC.

The following table provides an analysis of the Group's turnover by location of customers:

	Turnover from geographical market	
	Year ended	
	31/3/2007	31/3/2006
	HK\$'000	HK\$'000
Hong Kong	1,440	1,440
The PRC	5,136	3,959
	<u>6,576</u>	<u>5,399</u>

4. OTHER INCOME

	Year ended	
	31/3/2007	31/3/2006
	HK\$'000	HK\$'000
Interest income from		
– available-for-sale investments	20,058	11,268
– investments held for trading	7,337	9,459
– bank deposits	210	69
	<u>27,605</u>	<u>20,796</u>
Exchange gains	2,631	–
Sundry income	659	499
	<u>30,895</u>	<u>21,295</u>

5. ALLOWANCE ON PROPERTIES FOR SALE

In view of the continuous development of large scale property projects in the local region and the other unfavourable property market circumstances, the directors of the Company consider it appropriate to make allowance on the properties for sale amounting to HK\$13 million (2006: Nil), which has been determined based on their net realisable value by reference to the market value of similar properties in the region by an independent valuer.

6. PROVISION FOR LOSS ON SETTLEMENT OF LEGAL ACTION

In prior years, certain former subsidiaries purchased production materials amounted to approximately HK\$12,000,000 from an outside supplier for its printed circuit board manufacture activities. The production materials acquired were subsequently found to be defective and settlement of the purchases was therefore withheld by the former subsidiaries. A legal action for settlement of the purchases together with interest was taken by the supplier against these former subsidiaries. On the other hand, the said former subsidiaries instituted a legal action against the supplier claiming damages arising from the materials delivered by the supplier. In 1999, the said former subsidiaries were disposed of to outside parties. In connection with the disposal, the Group has undertaken to indemnify the purchasers the losses, if any, arising from the legal action taken by the supplier against the former subsidiaries.

During the year, the former subsidiaries entered into an agreement with the outside supplier pursuant to which the former subsidiaries have paid to the outsider supplier an amount of HK\$3,000,000 for the settlement of the legal action. The loss from the settlement of HK\$3,000,000 arising from the indemnity given by the Group in this respect has been recognised for in the consolidated financial statements for the year ended 31st March, 2006.

7. PROFIT BEFORE TAXATION

	Year ended	
	31/3/2007	31/3/2006
	HK\$'000	HK\$'000
Profit before taxation has been arrived at after charging:		
Amortisation of prepaid lease payments for land	598	598
Depreciation of		
– property, plant and equipment	1,438	1,686
– investment properties	107	109
Loss on disposal of property, plant and equipment	<u>–</u>	<u>330</u>

8. TAXATION

The tax expense for the year represents the Hong Kong Profits Tax calculated at 17.5% (2006: 17.5%) on estimated assessable profit.

9. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to equity holders of the Company is based on the following data:

	Year ended	
	31/3/2007	31/3/2006
	HK\$'000	HK\$'000
Profit for the year attributable to equity holders of the Company for the purposes of basic and diluted earnings per share	<u>14,375</u>	<u>3,975</u>
	Number of shares	
	'000	'000
Number of ordinary shares for the purposes of basic earnings per share	1,696,040	1,664,643
Effect of dilutive potential ordinary shares – share options	<u>15,564</u>	<u>29,010</u>
Number of ordinary shares for the purpose of diluted earnings per share	<u>1,711,604</u>	<u>1,693,653</u>

10. TRADE AND OTHER RECEIVABLES

Rentals receivable are payable in accordance with the terms of the relevant agreements.

The Group does not generally provide any credit period to its tenants.

The following is an aged analysis of trade and other receivables at the balance sheet date:

	31/3/2007	31/3/2006
	HK\$'000	HK\$'000
1 - 90 days	2,979	4,072
Over 90 days	<u>2,564</u>	<u>2,217</u>
	<u>5,543</u>	<u>6,289</u>

11. TRADE AND OTHER PAYABLES AND ACCRUED CHARGES

The following is an analysis of trade and other payables and accrued charges at the balance sheet date:

	31/3/2007 <i>HK\$'000</i>	31/3/2006 <i>HK\$'000</i>
Trade and other payables, aged over 90 days	1,297	1,800
Accrued charges	1,413	4,365
	<u>2,710</u>	<u>6,165</u>

DIVIDEND

The board of directors of the Company does not recommend the payment of a dividend in respect of the year (2006: Nil).

REVIEW OF OPERATIONS

Property Investment & Development

The operating environment for the Group's core business – property investment and development remains tough during the year under review. Property market in Guangdong Province, 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. During the year, the management has launched a series of advertising campaign and put much effort in marketing the properties. The market response is positive. The rental income earned by the Group during the year increased by more than 20%. As at 31st March, 2007, 228 residential units remained to be sold, out of which 210 residential units were let out. All the floor areas of the commercial arcades were let out. The tenants of the commercial arcades have changed the retail commodities to computer products to attract customers and the customer flow of the commercial arcades was improved over the past few months.

In view of the continuous development of large scale property projects in the local region and the other unfavourable property market circumstances, the Company has made an allowance on the properties for sale amounting to HK\$13 million (2006: Nil) in the current year, which has been determined based on their net realisable value by reference to the market value of similar properties in the region by an independent valuer.

With regard to the investment in Cong Hua White Swan Yuen Real Estate Development Limited ("Cong Hua Bow Yuen"), the Group has continued the negotiation with the PRC joint venture partner for extension of the joint venture period. 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 prior years.

Treasury Investment Activity

The Group still holds a substantial amount of funds of approximately HK\$0.6 billion which have been placed as short term bank deposits or invested in money market funds with international financial institutions or fixed income notes generating a stable source of income to the Group. The upward trend in interest rate has resulted in an improved income earned by the group from these assets.

PROSPECTS

The global economy sustained a stable and balance growth during the year under review.

We expect the global economy will continue to grow in coming year. China continues to act as a key driver. Rising demand driven by domestic consumption in China will boost its imports to achieve a higher growth rate. The appreciation of Renminbi has created an environment for prosperous future of China's economy. The Group is confident to capitalise on these opportunities and will grasp every business opportunities available to build up its own distinctive strength and to explore new business in the PRC.

With the substantial available fund on hand, the Group is actively seeking investment opportunities in order to achieve a diversification in business activities which will result in a steady growth in the Group's long term performance. The Group is open minded on what areas the funds will be invested, but will always take a cautious and prudent approach in making investment decisions.

On the other hand, there exists some underlying risk factors such as oil and commodity price volatility, interest rate movements, blooming stock market in the PRC, and natural disasters which cannot be ignored. The Group remains cautiously optimistic about the year ahead and has the confidence to strengthen its competitiveness and to create long term and sustainable value for our shareholders.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31st March, 2007, the Group remains cash-rich and has no bank borrowings and no material capital expenditure commitments or financial obligations. All operations are financed internally by shareholders' funds. There is no maturity profile of debt and obligation.

Exchange risk of the Group is not significant as the assets of the Group comprised substantially of cash, fixed income notes or money market funds denominated in United States currency which is officially pegged to the Hong Kong currency. No financial instrument are needed for hedging purposes in respect of interest rate and currency.

STAFF

As at 31st March, 2007, the Group employed 56 staff at market remunerations with staff benefits such as insurance, provident fund scheme and discretionary bonus.

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

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

CORPORATE GOVERNANCE

The Company has met the code provisions of 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 during the year ended 31st March, 2007 except code provision A.2.1.

Pursuant to code provision A.2.1, the roles of chairman and chief executive officer of an issuer should be separated and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing. Mr. Lee Lap is currently the chairman and chief executive officer of the Group. Having considered the current business operation and the size of the Group, the Board is of the view that Mr. Lee Lap acting as both the chairman of the Board and also as the chief executive officer of the Group is acceptable and in the best interest of the Group. The Board will review this situation periodically.

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.

In view of the above and paragraph 4.2 of the Code, the Company had amended its existing bye-laws to provide that every director of the Company, other than directors holding the office of chairman or managing director, shall be subject to retirement by rotation at least once every three years while directors holding the office of chairman or managing director shall be subject to re-election once every 3 years.

DIRECTORS’ SECURITIES TRANSACTIONS

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

The Company have made specific enquiry of all directors that they have complied with the Model Code throughout the year ended 31st March, 2007.

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, 2007.

OTHER INFORMATION

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

Executive Directors:

Mr. Lee Lap, *Chairman & CEO*
Mdm. Leung Lai Ping
Mr. Wong Shiu Kee

Independent Non-Executive Directors:

Dr. The Hon. Lee Tung Hai, Leo, G.B.M., G.B.S., L.L.D., J.P.
Mr. Chan Siu Kang
Mr. Lo Yiu Hee

Non-Executive Director:

Mr. Lee Ka Sze, Carmelo

By order of the Board
Lee Lap
Chairman & CEO

Hong Kong, 5 July, 2007