



TERMBRAY INDUSTRIES INTERNATIONAL (HOLDINGS) LIMITED

(Incorporated in Bermuda with limited liability)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30TH SEPTEMBER, 2003

The board of directors of Termbay Industries International (Holdings) Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30th September, 2003 together with the comparative figures for the corresponding period of last year as follows:

		Six months ended	
		30/9/2003	30/9/2002
		(unaudited)	(unaudited)
	<i>Notes</i>	HK\$'000	HK\$'000
TURNOVER	2	1,647	1,442
Service costs		(521)	(401)
		<hr/>	<hr/>
Other operating income	3	1,126	1,041
Unrealised holding (loss) gain on investments in debt securities		9,045	6,681
Administrative expenses		(1,835)	481
		(8,078)	(7,579)
		<hr/>	<hr/>
PROFIT FROM OPERATIONS	4	258	624
Taxation	5	–	–
		<hr/>	<hr/>
NET PROFIT FOR THE PERIOD ATTRIBUTABLE TO SHAREHOLDERS		258	624
		<hr/> <hr/>	<hr/> <hr/>
		<i>HK Cents</i>	<i>HK Cents</i>
EARNINGS PER SHARE BASIC	6	0.02	0.04
		<hr/> <hr/>	<hr/> <hr/>
DILUTED		0.02	0.04
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Notes:

1. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31st March, 2003 except that the Group has adopted SSAP 12 (Revised) "Income Taxes" issued by the Hong Kong Society of Accountants which became effective for accounting periods commencing on or after 1st January, 2003.

The adoption of the revised SSAP 12 has had no significant effect on the Group's results for the current or prior accounting periods.

2. TURNOVER AND SEGMENT INFORMATION

The principal activities of the Group are property development and investment.

The following is an analysis of the turnover and contribution to profit of the Group:

	Turnover		Contribution to profit	
	Six months ended		before taxation	
	30/9/2003	30/9/2002	30/9/2003	30/9/2002
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Property development and investment				
Property letting	<u>1,647</u>	<u>1,442</u>	1,126	607
Other activities				
– treasury			4,391	7,140
– others			1,761	22
Less: Unallocated administrative and other expenses			<u>(7,020)</u>	<u>(7,145)</u>
			<u>258</u>	<u>624</u>

Notes:

- (i) The Group's property development and investment activities were carried out in Mainland China.
- (ii) Treasury activities comprise of investments in debt securities and money market funds operating in the United States of America, European countries and Hong Kong and the placement of bank deposits in Hong Kong.

3. OTHER OPERATING INCOME

	Six months ended	
	30/9/2003 HK\$'000	30/9/2002 HK\$'000
Interest income from		
– investments in money market funds	2,044	5,040
– debt securities	4,478	1,554
– bank deposits	30	65
Realised gain on disposal of debt securities	732	–
Gain on disposal of property, plant and equipment	50	–
Trade and other payables written off	1,710	–
Other income	1	22
	<u>9,045</u>	<u>6,681</u>

4. PROFIT FROM OPERATIONS

	Six months ended	
	30/9/2003 HK\$'000	30/9/2002 HK\$'000
Profit from operations has been arrived at after charging :		
Depreciation and amortisation	1,410	1,689
Loss on disposal of property, plant and equipment	–	123
Exchange losses	1,058	–
	<u>1,058</u>	<u>–</u>

5. TAXATION

No provision for Hong Kong profits tax and overseas taxation has been made in the condensed financial statements as the Group has no assessable profit for both periods presented.

6. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the following data:

	Six months ended	
	30/9/2003 HK\$'000	30/9/2002 HK\$'000
Earnings		
Net profit attributable to shareholders for the purposes of basic and diluted earnings per share	<u>258</u>	<u>624</u>

	'000	'000
Number of ordinary shares		
For the purpose of basic earnings per share	1,664,643	1,664,643
Effect of dilutive potential ordinary shares – share options	<u>18,946</u>	<u>22,047</u>
For the purpose of diluted earnings per share	<u><u>1,683,589</u></u>	<u><u>1,686,690</u></u>

7. The condensed financial statements of the Group for the six months ended 30th September, 2003 have been reviewed by the Company's auditors and the auditors' review report is contained in the interim report to be despatched to shareholders.

INTERIM DIVIDEND

The directors have resolved not to declare the payment of an interim dividend for the six months ended 30th September, 2003 (2002: Nil).

REVIEW OF OPERATIONS

During the current six months period under review, the Group achieved a turnover of HK\$1,647,000 (2002: HK\$1,442,000) and profit attributable to shareholders of HK\$258,000 (2002: HK\$624,000).

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

The Group's completed properties for sale – Ever Success Plaza, comprising of over 440 residential units standing on 3 levels of commercial arcades and car parks, is located at a convenient and prime location with a river view in Zhongshan, Guangdong Province. The competition of the property market in Zhongshan is keen. As at 30th September, 2003, 26 residential units were let out, 229 residential units remained to be sold. All the floor area of the commercial arcades were let out. The customer flow of the commercial arcades was at a satisfactory level.

Regarding other vacant land reserve, there are no development plans yet.

The Group still holds a substantial amount of funds of approximately HK\$0.6 billion which have been placed as short term bank deposit or invested in money market funds with international financial institutions or fixed income notes generating a stable source of income to the Group. Due to the prevailing low interest rate environment, the relevant income earned by the Group from these assets remains at a low level.

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

There have been no material change in the contingent liabilities and charge on assets of the Group since 31st March, 2003.

LIQUIDITY AND FINANCIAL RESOURCES

The Group remains cash rich and has no banking borrowing and no material capital expenditure commitment or financial obligations at 30th September, 2003. Exchange risk of the Group is low 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.

There was no change in the share capital of the Group during the period under review.

STAFF

As at 30th September, 2003, the Group employed 52 staff at market remunerations with staff benefits such as insurance, provident fund scheme, discretionary bonus and share option scheme.

OUTLOOK

The global economic outlook remains uncertain for the coming year. With the accession of the PRC to the World Trade Organisation, Beijing's 2008 Olympic Games and Shanghai 2010 World Expo, the PRC should be able to maintain a robust economic growth rate in coming periods. Meanwhile, Hong Kong's economy will be revitalised by the signing of Closer Economic Partnership Arrangement between the Central Government and the Government of HKSAR. The Group is confident to capitalize on these opportunities and will grasp every business opportunities available to build up its own distinctive strength and to explore new businesses in the PRC.

With the substantial available fund on hand, the Group is actively seeking for investment opportunities so as to achieve a diversification in business activities which will result in a steady growth in the Group's long time 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.

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

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

CORPORATE GOVERNANCE

None of the directors of the Company is aware of any information that would reasonably indicate that the Company is not, or was not for any part of the six months period ended 30th September, 2003, in compliance with the Code of Best Practice as set out in Appendix 14 of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Exchange”) (the “Listing Rules”).

In addition, the Company has established an Audit Committee for review and supervision of the Group’s financial reporting process and internal controls.

The interim report for the six months ended 30th September, 2003 has been reviewed by the Audit Committee.

OTHER INFORMATION

The interim report of the Group for the six months ended 30th September, 2003 containing all the information required by paragraphs 46(1) to 46(6) of Appendix 16 of the Listing Rules will be published in the Exchange’s website in due course.

By order of the Board

Lee Lap

Chairman & CEO

Hong Kong, 3rd December, 2003