TERMBRAY INDUSTRIES INTERNATIONAL (HOLDINGS) LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 0093)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30TH SEPTEMBER, 2005

The board of directors (the "Board") of Termbray Industries International (Holdings) Limited (the "Company") is pleased to announce the unaudited consolidated income statement of the Company and its subsidiaries (the "Group") for the six months ended 30th September, 2005 and the Group's unaudited consolidated balance sheet at that date together with the comparative figures for the last year as follows:

CONSOLIDATED INCOME STATEMENT

		Six months ended	
		30/9/2005	30/9/2004
		(unaudited)	(unaudited)
	Notes	***HK$'000***	*HK$'000*
TURNOVER	*2*	**2,494**	1,449
Service costs		**(1,229)**	(591)
		1,265	858
Other operating income	*3*	**9,844**	6,950
Gains arising from changes in fair value of investments held for trading		**72**	–
Unrealised holding loss on investments in securities		**–**	(4,355)
Realised loss on disposal of investments in securities		**–**	(394)
Administrative expenses		**(9,720)**	(7,405)
PROFIT (LOSS) BEFORE TAXATION	*4*	**1,461**	(4,346)
Taxation	*5*	**–**	–
PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		**1,461**	(4,346)
		HK Cents	*HK Cents*
EARNINGS (LOSS) PER SHARE	*6*		
BASIC		**0.09**	(0.26)
DILUTED		**0.09**	N/A

CONSOLIDATED BALANCE SHEET

	Notes	30/9/2005 (unaudited) HK$'000	31/3/2005 (audited and restated) HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**10,746**	11,427
Prepaid land lease payments		**68,170**	68,469
Investment properties		**3,748**	3,801
Pledged bank deposits		**2,112**	2,112
		84,776	85,809
CURRENT ASSETS			
Properties for sale		**113,007**	110,875
Trade and other receivables	*7*	**7,026**	6,688
Deposits and prepayments		**2,309**	2,421
Prepaid land lease payments		**598**	598
Available-for-sale investments		**309,531**	–
Investments held for trading		**264,331**	–
Investments in securities		**–**	271,937
Investments in money market funds		**–**	298,386
Pledged bank deposits		**465**	465
Bank balances and cash		**14,295**	16,365
		711,562	707,735
CURRENT LIABILITIES			
Trade and other payables and accrued charges	*8*	**5,850**	6,263
Deposits received		**1,010**	871
Provisions		**3,685**	4,725
Amount due to a related company		**1,584**	1,236
Taxation liabilities		**2,984**	2,984
		15,113	16,079
NET CURRENT ASSETS		**696,449**	691,656
TOTAL ASSETS LESS CURRENT LIABILITIES		**781,225**	777,465
CAPITAL AND RESERVES			
Share capital		**133,171**	133,171
Reserves		**647,638**	643,878
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		**780,809**	777,049
MINORITY INTERESTS		**416**	416
TOTAL EQUITY		**781,225**	777,465

Notes:

1. SIGNIFICANT ACCOUNTING POLICIES

The condensed financial statements have been prepared under the historical cost convention except for certain financial instruments, which are measured at fair value, as appropriate.

The accounting policies used in the condensed financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31st March, 2005 except as described below:

In the current period, the Group has applied, for the first time, a number of new Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as "new HKFRSs") issued by the HKICPA that are effective for accounting periods beginning on or after 1st January, 2005. The application of the new HKFRSs has resulted in a change in the presentation of the income statement, balance sheet and the statement of changes in equity. In particular, the presentation of minority interests has been changed in accordance with HKAS 1 "Presentation of Financial Statements". The changes in presentation have been applied retrospectively. The adoption of the new HKFRSs has resulted in changes to the Group's accounting policies in the following areas:

Share-based Payments

In the current period, the Group has applied HKFRS 2 "Share-based Payment" which requires an expense to be recognised where the Group buys goods or obtains services in exchange for shares or rights over shares ("equity-settled transactions"), or in exchange for other assets equivalent in value to a given number of shares or rights over shares ("cash-settled transactions"). The principal impact of HKFRS 2 on the Group is in relation to the expensing of the fair value of directors' and employees' share options of the Company determined at the date of grant of the share options over the vesting period. The Group has not applied HKFRS 2 to share options granted on or before 7th November, 2002 in accordance with the relevant transitional provisions. As the share options of the Company were granted before that date, the adoption of HKFRS 2 has had no impact to the results of the Group for the current and prior periods.

Financial Instruments

In the current period, the Group has applied HKAS 32 "Financial Instruments: Disclosure and Presentation" and HKAS 39 "Financial Instruments: Recognition and Measurement". HKAS 32 requires retrospective application. The application of HKAS 32 has had no material effect on the presentation of financial instruments in the financial statements of the Group. HKAS 39, which is effective for annual periods beginning on or after 1st January, 2005, generally does not permit to recognise, derecognise or measure financial assets and liabilities on a retrospective basis. The principal effects resulting from the implementation of HKAS 39 are summarised below:

Classification and measurement of financial assets

The Group has applied the relevant transitional provisions in HKAS 39 with respect to classification and measurement of financial assets and financial liabilities that are within the scope of HKAS 39.

By 31st March, 2005, the Group classified and measured its debt and equity securities in accordance with the benchmark treatment of Statement of Standard Accounting Practice 24 ("SSAP 24"). Under SSAP 24, investments in debt or equity securities are classified as "investment securities", "other investments" or "held-to-maturity investments" as appropriate. "Investment securities" are carried at cost less impairment losses (if any) while "other investments" are measured at fair value, with unrealised gains or losses included in the profit or loss. Held-to-maturity investments are carried at amortised cost less impairment losses (if any). From 1st April, 2005 onwards, the Group classifies and measures its debt and equity securities in accordance with HKAS 39. Under HKAS 39, financial assets are classified as "financial assets at fair value through profit or loss", "available-for-sale financial assets", "loans and receivables", or "held-to-maturity financial assets". The classification depends on the purpose for which the assets are acquired. "Financial assets at fair value through profit or loss" and "available-for-sale financial assets" are carried at fair value, with changes in fair values recognised in profit or loss and equity respectively. "Loans and receivables" and "held-to-maturity financial assets" are measured at amortised cost using the effective interest method. The Group's investments in securities held for trading with the carrying amounts of HK$271,937,000 and investments in money market funds with the carrying amount of HK$298,386,000 have been accounted for as "Investments held for trading" and "Available for sale investments" respectively on 1st April, 2005.

Financial assets and financial liabilities other than debt and equity securities

From 1st April, 2005 onwards, the Group classifies and measures its financial assets and financial liabilities other than debt and equity securities (which were previously outside the scope of SSAP 24) in accordance with the requirements of HKAS 39. As mentioned above, financial assets under HKAS 39 are classified as "financial assets at fair value through profit or loss", "available-for-sale financial assets", "loans and receivables" or "held-to-maturity financial assets". Financial liabilities are generally classified as "financial liabilities at fair value through profit or loss" or "financial liabilities other than financial liabilities at fair value through profit or loss (other financial liabilities)". "Other financial liabilities" are carried at amortised cost using the effective interest method.

The adoption of HKAS 39 has had no material impact on the results of the Group for the current period.

Leasehold Interest in Land

In previous periods, leasehold land and buildings were included in property, plant and equipment and measured using the cost model. In the current period, the Group has applied HKAS 17 "Leases". Under HKAS 17, the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification, unless the lease payments cannot be allocated reliably between the land and buildings elements, in which case, the entire lease is generally treated as a finance lease. To the extent that the allocation of the lease payments between the land and buildings elements can be made reliably, the leasehold interests in land are reclassified to prepaid lease payments under operating leases, which are carried at cost and amortised over the lease term. As a result of the adoption of HKAS 17, the leasehold interests in land with an aggregate carrying amount of HK$68,768,000 at 30th September, 2005 (31.3.2005: HK$69,067,000), which were previously included in property, plant and equipment, have been reclassified as prepaid land lease payments. The adoption of HKAS 17 had had no material impact on the results of the Group for the current and prior periods.

Investment Properties

In the current period, the Group has, for the first time, applied HKAS 40 "Investment Property". The Group has elected to use the cost model to account for its investment properties, under which investment properties are carried at cost less accumulated depreciation and accumulated impairment losses (if any). To the extent that the allocation of the lease payments between the leasehold land and building elements of an investment property can be allocated reliably, the leasehold interests in land are reclassified as prepaid land lease payments under operating leases and carried at cost and amortised over the lease terms. As a result, the leasehold interests in land of certain properties held for rental purposes with the carrying amount of HK$28,589,000 at 30th September, 2005 (31.3.2005: HK$28,702,000) have been included in prepaid land lease payments. The building element of these properties with the carrying amount of HK$3,748,000 at 30th September, 2005 (31.3.2005: HK$3,801,000), which was previously included in property, plant and equipment, has been reclassified as investment properties. The adoption of HKAS 40 has had no material impact on the results of the Group for the current and prior periods.

The Group has not early adopted other new HKFRSs which are not yet effective for the current period. The Group has commenced considering the potential impact of these new HKFRSs but is not yet in a position to determine whether these new HKFRSs would have a significant impact on how its results of operations and financial position are prepared and presented. These new HKFRSs may result in changes in the future as to how the results and financial position are prepared and presented.

2. TURNOVER AND SEGMENT INFORMATION

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

The Group reports primary segment information based on its businesses. The following is an analysis of the turnover and contribution to profit of the Group, analysed by business segments:

	Turnover		Contribution to profit (loss) before taxation	
	Six months ended		Six months ended	
	30/9/2005	30/9/2004	**30/9/2005**	30/9/2004
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Property development and investment				
Property letting	**2,494**	1,449	**1,265**	858
Other activities *(Note)*			**6,755**	2,190
Less: Unallocated administrative and other expenses			**(6,559)**	(7,394)
Total			**1,461**	(4,346)

Note:

Other activities comprise mainly of treasury activities, including investments in securities and money market funds and the placement of bank deposits.

3. OTHER OPERATING INCOME

	Six months ended	
	30/9/2005	30/9/2004
	HK$'000	*HK$'000*
Interest income from		
– available-for-sale investments	**4,496**	–
– investments held for trading	**5,176**	–
– investments in money market funds	**–**	1,718
– debt securities	**–**	5,196
– bank deposits	**26**	34
Other income	**146**	2
	9,844	6,950

4. PROFIT (LOSS) BEFORE TAXATION

	Six months ended	
	30/9/2005	30/9/2004
	HK$'000	*HK$'000*
Profit (loss) before taxation has been arrived at after charging:		
Depreciation and amortisation	**1,214**	1,480
Exchange losses	**3,163**	9

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 (LOSS) PER SHARE**

The calculation of the basic and diluted earnings/loss per share attributable to equity holders of the parent for the six months ended 30th September, 2005 is based on the following data:

	Six months ended	
	30/9/2005	30/9/2004
	HK$'000	*HK$'000*
Profit (loss) attributable to equity holders of the parent for the period for the purposes of basic and diluted earnings/loss per share	**1,461**	(4,346)
	Number of shares	
	'000	*'000*
Number of ordinary shares for the purpose of basic earnings/loss per share	**1,664,643**	1,664,643
Effect of dilutive potential ordinary shares		
– share options	**28,675**	N/A
Number of ordinary shares for the purpose of diluted earnings per share	**1,693,318**	N/A

No diluted loss for the six months ended 30th September, 2004 is presented as the assumed exercise of the Company's share options would result in a decrease in the loss per share for that period.

7. **TRADE AND OTHER RECEIVABLES**

No credit period has been allowed by the Group to its tenants.

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

	30/9/2005	31/3/2005
	HK$'000	*HK$'000*
1-90 days	**4,909**	5,280
Over 90 days	**2,117**	1,408
	7,026	6,688

8. **TRADE AND OTHER PAYABLES AND ACCRUED CHARGES**

The following is an analysis of trade and other payables and accrued charges at the reporting dates:

	30/9/2005	31/3/2005
	HK$'000	*HK$'000*
Trade and other payables, aged over 90 days	**1,812**	1,823
Accrued charges	**4,038**	4,440
	5,850	6,263

INTERIM DIVIDEND

The directors have resolved not to declare the payment of an interim dividend for the six months ended 30th September, 2005 (2004: nil).

REVIEW OF OPERATIONS

During the current six months period under review, the Group achieved a turnover of HK$2,494,000 (2004: HK$1,449,000) and made a profit attributable to shareholders of HK$1,461,000 (2004: loss of HK$4,346,000).

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 of Mainland 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. During the period, 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 period is increased significantly. As at 30th September, 2005, 228 residential units remained to be sold, out of which 84 residential units were let out. All the floor area of the commercial arcades were let out. The tenants of the commercial arcade have been trying hard to attract customers and the customer flow of the commercial arcades was improved over the past few months.

With regard to the investment in Cong Hua White Swan Bow 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.

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. The continuing upward trend in interest rate environment has resulted in an improved income earned by the Group from these assets.

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, 2005.

LIQUIDITY AND FINANCIAL RESOURCES

The Group remains cash rich and has no bank borrowing and no material capital expenditure commitment or financial obligations at 30th September, 2005. All operations are financed internally by shareholders' fund. There is no maturity profile of debt and obligation.

Exchange risk of the Group is minimal 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.

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

STAFF

As at 30th September, 2005, the Group employed 47 staff at market remunerations with staff benefits such as insurance, provident fund scheme, discretionary bonus and share option scheme.

OUTLOOK

The global economy will continue to grow in coming year, while China's economy continues to grow at a fast pace. The appreciation of Renminbi has created an environment for steady improvement in world trade and prosperous future of China's economy. 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.

On the other hand, there still exists some underlying risk factors such as oil price volatility, interest rate movements and natural disasters which cannot be ignored. The Group remains cautiously optimistic about the year ahead.

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

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 six months period ended 30th September, 2005 except code provision C.2 on internal control (which will be implemented for accounting periods commencing on or after 1st July, 2005) and the following:.

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.

2. 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 at the annual general meeting held on 19th August, 2005 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 six months period ended 30th September, 2005.

AUDIT COMMITTEE

The Company has established an audit committee comprising three independent non-executive directors and one non-executive director of the Company. Terms of reference of the audit committee have been updated in compliance with the Code. 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 interim report for the six months ended 30th September, 2005.

OTHER INFORMATION

The interim results of the Group for the six months ended 30th September, 2005 have been reviewed by Deloitte Touche Tohmatsu, Certified Public Accountants.

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. Lee Tung Hai, Leo, G.B.S., LL.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, 16th December, 2005