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**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, 2011**

The board of directors (the “Board”) of Termbay Industries International (Holdings) Limited (the “Company”) presents to shareholders the unaudited condensed consolidated statement of comprehensive income of the Company and its subsidiaries (the “Group”) for the six months ended 30th September, 2011 and the Group’s unaudited condensed consolidated statement of financial position at that date together with the comparative figures as follows:

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30th September, 2011

		Six months ended	
	Notes	30/9/2011 HK\$'000 (unaudited)	30/9/2010 HK\$'000 (unaudited)
<b>Continuing operations:</b>			
Revenue	3	3,047	4,346
Cost of goods sold and services rendered		<u>(1,510)</u>	<u>(1,958)</u>
Gross profit		1,537	2,388
Other income and gains	4	6,013	3,987
Administrative expenses		(8,362)	(9,397)
Finance costs	5	–	(3,330)
Share of result of an associate		<u>2,257</u>	<u>–</u>
Profit (loss) before taxation		1,445	(6,352)
Taxation	6	<u>(184)</u>	<u>(127)</u>
Profit (loss) for the period from continuing operations		1,261	(6,479)
<b>Discontinued operations:</b>			
Profit for the period from discontinued operations	7	–	15,281
<b>Profit for the period</b>	8	<u>1,261</u>	<u>8,802</u>
Other comprehensive (expense) income			
Exchange differences arising from translation of foreign operations		(1,419)	2,395
Share of other comprehensive income of an associate		<u>1,778</u>	<u>–</u>
<b>Other comprehensive income for the period</b>		359	2,395
<b>Total comprehensive income for the period</b>		<u>1,620</u>	<u>11,197</u>
<b>Profit for the period attributable to:</b>			
Owners of the Company			
– Profit (loss) for the period from continuing operations		1,261	(6,479)
– Profit for the period from discontinued operations		<u>–</u>	<u>7,804</u>
Profit for the period attributable to owners of the Company		1,261	1,325
Profit for the period from discontinued operations attributable to non-controlling interests		<u>–</u>	<u>7,477</u>
		<u>1,261</u>	<u>8,802</u>
<b>Total comprehensive income attributable to:</b>			
Owners of the Company		1,620	2,315
Non-controlling interests		<u>–</u>	<u>8,882</u>
		<u>1,620</u>	<u>11,197</u>
		<i>HK cents</i> (unaudited)	<i>HK cents</i> (unaudited)
<b>Basic and diluted earnings (loss) per share</b>	10		
From continuing and discontinued operations		<u>0.06</u>	<u>0.07</u>
From continuing operations		<u>0.06</u>	<u>(0.33)</u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30th September, 2011

	<i>Notes</i>	<b>30/9/2011</b> <b>HK\$'000</b> <b>(unaudited)</b>	31/3/2011 <b>HK\$'000</b> <b>(audited)</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		46,152	45,674
Investment property		30,339	30,505
Pledged bank deposits		2,000	2,000
Interest in an associate	11	480,515	476,480
		<u>559,006</u>	<u>554,659</u>
<b>CURRENT ASSETS</b>			
Completed properties for sale		121,874	118,870
Other receivables		42	42
Deposits and prepayments		1,926	2,022
Taxation recoverable		342	250
Bank balances and cash		592,524	597,413
		<u>716,708</u>	<u>718,597</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables and accrued charges	12	3,015	4,028
Deposits received		681	803
Provisions		3,173	3,173
Amount due to a related company		4,758	2,953
Taxation payable		3,705	3,580
		<u>15,332</u>	<u>14,537</u>
<b>NET CURRENT ASSETS</b>		<u>701,376</u>	<u>704,060</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>1,260,382</u>	<u>1,258,719</u>
<b>NON-CURRENT LIABILITY</b>			
Deferred tax liabilities		887	844
<b>NET ASSETS</b>		<u>1,259,495</u>	<u>1,257,875</u>
<b>CAPITAL AND RESERVES</b>			
Share capital		156,611	156,611
Reserves		1,102,467	1,100,847
Equity attributable to owners of the Company		1,259,078	1,257,458
Non-controlling interests		417	417
<b>TOTAL EQUITY</b>		<u>1,259,495</u>	<u>1,257,875</u>

## 1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with Hong Kong Accounting Standard 34 (“HKAS 34”) “Interim Financial Reporting”.

As explained in note 7, on 3rd September, 2010, Termbray Petro-king Oilfield Services (BVI) Limited (“Termbray Petro-king”), a 51% owned subsidiary of the Company entered into a subscription agreement to allot and issue new shares to an independent third party, which reduced the Group’s shareholding to 45.9% upon completion in October 2010. The related operations, being the provision of oilfield engineering and consultancy services, were considered as discontinued in the prior interim period.

## 2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31st March, 2011.

In the current interim period, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations (“new and revised HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), which are effective for the Group’s financial year beginning on 1st April, 2011.

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

The application of the above new or revised HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements or disclosures set out in the condensed consolidated financial statements.

The Group has not early applied the new or revised standards, amendments or interpretation that have been issued but are not yet effective.

The directors of the Company anticipate that the application of the new and revised standards, amendments or interpretation will have no material impact on the results and the financial position of the Group.

### 3. REVENUE AND SEGMENT INFORMATION

An analysis of the Group's revenue for the period is as follows:

	Six months ended	
	30/9/2011 HK\$'000	30/9/2010 HK\$'000
<b>Continuing operations</b>		
Sale of properties	476	1,803
Rental income	2,571	2,543
	<u>3,047</u>	<u>4,346</u>

Segment information reported to the chief operating decision maker, the executive directors of the Company, for the purposes of resource allocation and performance assessment focuses on principal operating segment of the Group, namely property investments and development, and oilfield engineering and consultancy services. During the six months ended 30th September, 2010, the Group's operations in oilfield engineering and consultancy services were discontinued upon the Subscription (as defined in note 7). The segment information reported below does not include any amounts for this discontinued operations, which are described in more details in note 7.

Information regarding the property investment and development segment is reported below.

#### Continuing operations

	Six months ended	
	30/9/2011 HK\$'000	30/9/2010 HK\$'000
Revenue	<u>3,047</u>	<u>4,346</u>
Segment results	3,985	4,824
Unallocated other income and gains	2,033	975
Unallocated expenses	(7,014)	(8,273)
Share option expense	–	(675)
Effective interest expense on convertible note	–	(3,330)
Share of result of an associate	<u>2,257</u>	<u>–</u>
Profit (loss) for the period	<u>1,261</u>	<u>(6,479)</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 each segment without allocation of unallocated other income and gains, 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 AND GAINS

##### Continuing operations

	Six months ended	
	30/9/2011 HK\$'000	30/9/2010 HK\$'000
Interest income from bank balances and deposits with a financial institution	839	995
Net exchange gain	4,989	2,727
Sundry income	185	265
	<u>6,013</u>	<u>3,987</u>

#### 5. FINANCE COSTS

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

#### 6. TAXATION

##### Continuing operations

	Six months ended	
	30/9/2011 HK\$'000	30/9/2010 HK\$'000
Current tax:		
Hong Kong Profits Tax	125	113
People's Republic of China ("PRC") Enterprise Income Tax	16	14
	<u>141</u>	<u>127</u>
Deferred tax	43	–
	<u>184</u>	<u>127</u>

Hong Kong Profits Tax and PRC Enterprise Income Tax are recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual tax rate used for Hong Kong Profits Tax and PRC Enterprise Income Tax for the six months ended 30th September, 2011 are 16.5% (2010: 16.5%) and 25% (2010: 25%), respectively.

#### 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 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 a consideration of RMB88.8 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 10.0% by Termbray NRC, King Shine and Investor, respectively.

During the six months ended 30th September, 2010, the results and cash flows of Termbray Petro-king and its subsidiaries have been group under discontinued operations. An analysis of the results and cash flows of the discontinued operations included in the condensed consolidated statement of comprehensive income and the condensed consolidated statement of cash flows is as follows:

Profit for the period from discontinued operations

	Six months ended 30/9/2010 <i>HK\$'000</i>
Revenue	95,636
Cost of goods sold and services rendered	<u>(51,703)</u>
Gross profit	43,933
Other income and gains	8,290
Selling and distribution expenses	(18,229)
Administrative expenses	(14,019)
Share of results of an associate	340
Finance costs	<u>(919)</u>
Profit before taxation	19,396
Taxation	<u>(4,115)</u>
Profit for the period from discontinued operations	<u><u>15,281</u></u>
Profit for the period from discontinued operations attributable to:	
Owners of the Company	7,804
Non-controlling interests	<u>7,477</u>
	<u><u>15,281</u></u>

Cash flows from discontinued operations

	Six months ended 30/9/2010 <i>HK\$'000</i>
Net cash used in operating activities	(120,214)
Net cash used in investing activities	(28,556)
Net cash from financing activities	<u>75,614</u>
Net decrease in cash flows	<u><u>(73,156)</u></u>

## 8. PROFIT FOR THE PERIOD – CONTINUING OPERATIONS

	<b>Six months ended</b>	
	<b>30/9/2011</b>	<b>30/9/2010</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Profit for the period from continuing operations has been arrived at after charging the following items:		
Cost of inventories sold	189	992
Depreciation of		
– property, plant and equipment	630	1,059
– investment property	166	55
Share option expense	–	675
	<u>          </u>	<u>          </u>

## 9. DIVIDENDS

Subsequent to the end of the interim period, the directors have resolved that an interim dividend of HK6 cents per share, totalling HK\$117,459,000 (six months ended 30.9.2010: Nil), will be paid to the shareholders of the Company whose names appear on the register of members of the Company on 3rd January, 2012.

## 10. BASIC AND DILUTED EARNINGS (LOSS) PER SHARE

### From continuing and discontinued operations

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

	<b>Six months ended</b>	
	<b>30/9/2011</b>	<b>30/9/2010</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Earnings for the period attributable to owners of the Company for the purposes of basic and diluted earnings per share	<u>1,261</u>	<u>1,325</u>
	<b>Number of shares</b>	
	<b>'000</b>	<b>'000</b>
Number of ordinary shares for the purposes of basic and diluted earnings per share	<u>1,957,643</u>	<u>1,957,643</u>

### From continuing operations

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

	<b>Six months ended</b>	
	<b>30/9/2011</b>	<b>30/9/2010</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Earnings for the period attributable to owners of the Company for the purposes of basic and diluted earnings per share	<u>1,261</u>	<u>1,325</u>
Less:		
Profit attributable to owners of the Company from discontinued operations	<u>–</u>	<u>(7,804)</u>
Profit (loss) for the period attributable to owners of the Company for the purposes of basic and diluted earnings (loss) per share	<u>1,261</u>	<u>(6,479)</u>

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



## From discontinued operations

For the six months ended 30th September, 2010, basic and diluted earnings per share for the discontinued operation are HK0.4 cents per share, based on the profit attributable to owners of the Company from the discontinued operations of HK\$7,804,000 and the denominators detailed above for both basic and diluted earnings per share.

For the six months ended 30th September, 2010, the computation of diluted loss per share 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.

## 11. INTEREST IN AN ASSOCIATE

	<b>30/9/2011</b> <i>HK\$'000</i>	31/3/2011 <i>HK\$'000</i>
Cost of unlisted investment in an associate	<b>473,826</b>	473,826
Share of post-acquisition profit and other comprehensive income	<b>6,689</b>	2,654
	<b>480,515</b>	476,480

The financial year end date for the associate is 31st December. For the purpose of applying the equity method of accounting, the management accounts of the associate for the period ended 30th June, 2011 have been used. Appropriate adjustments have been made accordingly for the effects of significant transactions between that date and 30th September, 2011.

Included in share of post-acquisition profit and other comprehensive income is amortisation on incomplete contracts of HK\$55,536,000 (31.3.2011: HK\$23,683,000).

## 12. TRADE AND OTHER PAYABLES AND ACCRUED CHARGES

The following is an analysis of trade and other payables by age, presented based on the invoice date at the end of the reporting period:

	<b>30/9/2011</b> <i>HK\$'000</i>	31/3/2011 <i>HK\$'000</i>
1-90 days	–	153
Over 90 days	<b>331</b>	331
Trade and other payables	<b>331</b>	484
Accrued charges	<b>2,684</b>	3,544
	<b>3,015</b>	4,028

## **INTERIM DIVIDEND**

The Board has resolved to declare the payment of an interim dividend of HK6 cents per share for the six months ended 30th September, 2011(2010: Nil), payable to shareholders of the Company whose names appear on the register of members of the Company on 3rd January 2012.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Thursday, 29th December, 2011 to Tuesday, 3rd January, 2012 (both days inclusive), during which no transfer of shares will be effected. In order to qualify for the interim 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 Wednesday, 28th December, 2011. The interim dividend will be paid on or about Monday, 9th January, 2012.

## **REVIEW OF OPERATIONS**

During the current six months period under review, the Group achieved a turnover of HK\$3,047,000 (six months ended 30/9/2010: HK\$4,346,000) and made a profit for the period of HK\$1,261,000 (six months ended 30/9/2010: profit of HK\$8,802,000). The decrease in profit for the period is mainly due to deconsolidation of Termbray Petro-king Group since October 2010.

### **Property Investment and Development**

The operating environment for the Group's property investment and development business remains tough during the period under review. Property market in Guangdong Province of Mainland China ("PRC") is still under keen competition. 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. 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 period is decreased by 7.6%. The Group has sold 1 residential unit during the period under review. As at 30th September, 2011, 223 residential units remained to be sold, out of which 118 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 Limited, a wholly owned subsidiary of the Group, King Shine Group Limited and TCL respectively. 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 last financial year end date for Termbray Petro-king Group is 31st December, 2010. For the purpose of applying the equity method of accounting, the audited consolidated financial statements of Termbray Petro-king Group for the year ended 31st December, 2010 have been used for the last audited financial statement of the Group, as the Group considers that it is impracticable for Termbray Petro-king Group to issue a separate set of audited consolidated financial statements as of 31st March, 2011.

During the current period under review, the Group has applied the equity method of accounting for the unaudited results of Termbray Petro-king Group as an associate for the six months period from 1st January, 2011 to 30th June, 2011. Any significant transaction for the period from 1st July, 2011 to 30th September, 2011 has been adjusted. For the comparative reporting period, the Group has accounted for the unaudited result of Termbray Petro-king Group from 1st April, 2010 to 30th September, 2010 as subsidiaries under discontinued operations.

For the period from 1st January, 2011 to 30th June, 2011, Termbray Petro-king Group achieved a turnover of HK\$191 million. During the period under review, Termbray Petro-king Group gained substantial recognition on its capability of provision of high end oilfield technical solutions in Mainland China and the overseas, especially the Middle East. Leveraging on its highly dedicated professional engineering team with extensive overseas experience, Termbray Petro-king Group has started to explore market opportunities of those non-chinese oilfield operators in the Middle East in order to further expand its overseas customer base. To further enhance its competency in oilfield technology, Termbray Petro-king Group entered into research and development and manufacture of oilfield equipments through acquisitions in the first half of 2011. The directors considered that the overall performance of Termbray Petro-king Group for the period 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 realization 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 period ended 30th September, 2011 has accounted for an amortization of the intangible assets in relation to incomplete contracts of HK\$31.9 million. The balance of the intangible assets is expected to be amortised in the financial year ending 31st March, 2012.

Most of the contracts completed by Termbray Petro-king Group during the current financial period 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 period 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 has the technical knowhow to provide 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 period, Termbray Petro-king Group has gained substantial progress in developing new customers in the Middle East, 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 enhances 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\$593 million which have been mainly placed as short term bank deposits with large financial institutions in Hong Kong.

## **Others**

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

## **LIQUIDITY AND FINANCIAL RESOURCES**

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

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.

## **ORDER BOOK**

Due to its business nature, the Group has no order book at 30th September, 2011. The Group has no new product and services to be introduced to the market.

## **STAFF AND EMOLUMENT POLICY**

As at 30th September, 2011, the Group employed 49 staff at market remunerations with staff benefits such as insurance, provident fund scheme, discretionary bonus and share option scheme.

The emolument policy regarding the employees of the Group is based on their merit, qualifications and competence. The emoluments of the directors are reviewed by the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics. No director, or any of his associates, and executive is involved in dealing his own remuneration. The Company has a share option scheme as an incentive to directors and eligible employees.

## **OUTLOOK**

The global economy has been recovering from the global financial crisis happened in 2008. However, the debt crisis in Europe today has an 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 will continue to play a key role in the future global economic recovery. The Group is confident 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 period under review, but the Group will still continue to explore the investment opportunities in the property markets in the PRC.

Termbray Petro-king Group is working on several projects in overseas markets, particularly in the Middle East. These projects will last for several years. We 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, we 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. We are cautiously optimistic about the future performance of 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 opportunities 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.

## **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 Listing Rules during the six month ended 30th September, 2011 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 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". 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 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, 2011.

## 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 interim report for the six months ended 30th September, 2011.

## OTHER INFORMATION

The interim results of the Group for the six months ended 30th September, 2011 have been reviewed by Messrs. 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*)  
Mdm. Leung Lai Ping  
Mr. Tommy Lee (*Vice Chairman & Chief Executive Officer*)  
Mr. Wong Shiu Kee

### *Independent Non-Executive Directors:*

Mr. Chan Siu Kang  
Mr. Lo Yiu Hee  
Mr. Tong Hin Wor

### *Non-Executive Directors:*

Mr. Lee Ka Sze, Carmelo  
Mr. Lee Wing Sing, Vincent

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

Hong Kong, 18th November, 2011