

**To strengthen its competitiveness,
to bring better return
for our shareholders**

Chairman & CEO
LEE LAP





Chairman's Statement

RESULTS

I am pleased to report the results of Termbray Industries International (Holdings) Limited (the "Company") and its subsidiaries (together the "Group") for the financial year ended 31st March, 2004.

The Group recorded a profit attributable to shareholders for the year ended 31st March, 2004 of HK\$1,820,000 compared with HK\$2,488,000 for the last year.

DIVIDENDS

The board of directors of the Company does not recommend the payment of a dividend in respect of the year (2003: Nil).

REVIEW OF OPERATIONS

The global economy during the year under review is still challenging. The adverse impact of Severe Acute Respiratory Syndrome and the spreading fear of terrorism have created uncertainties in the global economy and investment environment.

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, the People's Republic of China ("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. All the floor areas of the commercial arcades were let out. As at 31st March, 2004, 23 residential units were let out, and 228 residential units remained to be sold.

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

Treasury Investment Activities

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 or equity securities generating a stable source of income to the Group. Due to the prevailing low interest rate environment during the year, the relevant income earned by the Group from these assets remains at a low level.



Chairman's Statement

PROSPECTS

Signs of pick up in global economy environment are seen in early 2004. Indeed, China is able to continue its vigorous economic growth of above 8%. China's economic development has become the focus of the world. China's role as a major player in international trade is more prominent. Its expanding domestic demand provide more investment opportunities for investors. 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 businesses 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.

The Group remain cautiously optimistic about the year ahead and has the confidence to strengthen its competitiveness and to bring better return for our shareholders.

Finally, I would like to thank my fellow directors for their invaluable advice and the staff members for their hard work and dedication to the Group during the past year.

Lee Lap

Chairman & C.E.O.

Hong Kong, 9th July, 2004