



LEE LAP Chairman & CEO

Chairman's Statement

RESULTS

I report to shareholders the results of Termbray Industries International (Holdings) Limited (the "Company") and its subsidiaries (together "the Group") for the financial year ended 31st March, 2006. The Group recorded a profit attributable to shareholders for the year ended 31st March, 2006 of HK\$3,975,000 compared with loss attributable to shareholders of HK\$36,567,000 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 (2005: 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 period is increased significantly. As at 31st March, 2006, 228 residential units remained to be sold, out of which 159 residential units were let out. All the floor areas of the commercial arcades were let out. The tenants of the commercial arcades have been trying hard to improve the customers' flow.

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. 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 year.



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 continuing upward trend in interest rate environment has resulted in an improved income earned by the Group from these assets. On the other hand, the foreseeing upward trend in interest rate has an unfavourable impact on the debt securities market. The Group suffered an unrealised holding loss on investment in securities. However, the Group does not have any funding need to realise the investments.

PROSPECTS

The global economy sustained rapid growth during the year under review, while Asia Pacific region with China ("PRC") in particular, continued to be leading in the economic growth.

The global economy is expected to continue to grow in coming year, while China remains acting as a key driver. The appreciation of Renminbi has created an environment for prosperous future of China's economy. China's imports and exports will continue to record strong growth, particularly in the region of Pearl River Delta. 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 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 build value 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, 7th July, 2006