

## 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, 2002.

The Group recorded a profit attributable to shareholders for the year ended 31st March, 2002 of HK\$506,000 compared with HK\$9,959,000 in last year.

### DIVIDENDS

No interim dividend was paid in the current year (2001: Nil). The board of directors of the Company does not recommend the payment of a final dividend (2001: Nil).

### REVIEW OF OPERATIONS

#### Property Investment and Development

The operating environment for the Group's core business – property investment and development remains tough during the year under review. Property market in 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 PRC, continue at a low level during the year.

Despite the slack market condition, we have tried hard and succeeded in securing a long term tenant for second floor to fourth floor of the commercial arcades of Ever Success Plaza. We have completed the interior decoration works and handover the arcades to the tenant in early 2002.

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. During the year, one residential unit was sold whilst 18 residential units were let out. As at 31st March 2002, there remains 229 residential units to be sold and approximately 2,000 square meters floor areas on ground floor of the commercial arcades remained unoccupied. We expect the opening of the commercial arcades will bring positive stimulates on those vacant properties.

To support the reconstruction work of the National Route 105 via Conghua section, the Group has entered into a compensation arrangement with the municipal government for the disposal of approximately 30 acres of land within the site for development located at Conghua of Guangdong Province. After deducting the compensation money, a loss on the disposal amounted to HK\$2,855,000 was reported.

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

#### Treasury Investment Activity

The Group still holds a substantial amount of funds equivalent to approximately HK\$0.6 billion which have been placed on 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. Due to the substantial cut in interest rate during the year, the relevant income earned by the Group from these assets has dropped substantially.

### PROSPECTS

The global economic environment has worsen after the September 11 event. The global trade and economic outlook was uncertain for the coming year, despite some experts predict economic recovery will soon commence in the second half of 2002. However, it is expected that there will be ample business opportunities in the PRC following the PRC's entry into the World Trade Organisation and Beijing's successful bid to host the 2008 Olympic Games. The Group will grasp every business opportunity available to build up its own distinctive strength and will actively 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.

The Group has the confidence and ability to overcome the hurdles ahead and to bring a bright future to 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, 5th July, 2002