



Chairman & CEO
LEE LAP

**“IN A COMPETITIVE
AND CHALLENGING
ENVIRONMENT,
TO BUILD VALUE FOR
OUR SHAREHOLDERS”**

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, 2003.

The Group recorded a profit attributable to shareholders for the year ended 31st March, 2003 of HK\$2,488,000 compared with HK\$506,000 for the last year.

DIVIDENDS

No interim dividend was paid in the current year (2002: Nil). The board of directors of the Company does not recommend the payment of a final dividend (2002: Nil).

REVIEW OF OPERATIONS

Property Investment & Development

The current year under review is still a year of challenges to the Group. 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 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. During the year, 1 residential unit was sold, and all the floor areas of the commercial arcades were let out. As at 31st March, 2003, 32 residential units were let out, and 229 residential units remained to be sold. The opening of the commercial arcades in early 2002 has brought positive stimulus to the location.

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

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. Due to the low interest rate environment during the year, the relevant income earned by the Group from these assets remains at a low level.

PROSPECTS

Although the global economic outlook remains uncertain for the coming year, the PRC's vigorous growth performance, averaging between 7%–8% in recent years, is expected to continue. With its accession to the World Trade Organisation, the PRC's role as a major player in international trade is more prominent. The emerging domestic demand in the region also brings benefits for the PRC. 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 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, 11th July, 2003