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TERMBRAY INDUSTRIES INTERNATIONAL (HOLDINGS) LIMITED

(Incorporated in Bermuda with limited liability)

Website: www.termbray.com.hk

(Stock Code: 0093)

DECLARATION OF SPECIAL INTERIM DIVIDEND BY WAY OF DISTRIBUTION IN SPECIE OF SHARES IN PETRO-KING OILFIELD SERVICES LIMITED

RECORD DATE AND CLOSURE OF REGISTER OF MEMBERS

DECLARATION OF SPECIAL INTERIM DIVIDEND BY WAY OF DISTRIBUTION IN SPECIE OF PETRO-KING SHARES

The Board is pleased to announce that, on 16 June 2017, it has resolved to declare a special interim dividend for the year ending 31 March 2018 in the form of a distribution in specie of the 526,180,335 Petro-king Shares held by the Group to the Qualifying Shareholders whose names appear on the register of members of the Company on the Record Date in proportion to their then respective shareholdings in the Company on the basis of 268 Petro-king Shares for every 1,000 Shares held by the Qualifying Shareholders. A Qualifying Shareholder holding less than an integral multiple of 1,000 Shares (for the avoidance of doubt, including a Qualifying Shareholder holding less than 1,000 Shares) will be entitled to a pro-rata number of Petro-king Shares, being rounded down to the nearest whole number of Petro-king Shares.

The Distribution in Specie will be available to Shareholders whose names appear on the register of members of the Company on the Record Date, but will not be extended to Non-Qualifying Overseas Shareholders. The Petro-king Shares which would otherwise have been transferred to any Non-Qualifying Overseas Shareholders will be sold in the market as soon as possible, on or after the date of posting of the share certificates for the Petro-king Shares (which date is currently expected to be on or about Friday, 21 July 2017), and any proceeds of sale, after deduction of expenses and duties, will be distributed in Hong Kong dollars to the relevant Non-Qualifying Overseas Shareholders, except that net proceeds less than HK\$100 will be retained for the benefit of the Company.

No fraction of a Petro-king Share will be distributed. Fractional entitlements to the Petro-king Shares and any Petro-king Shares left undistributed (other than any Petro-king Shares sold for the benefit of the Non-Qualifying Overseas Shareholders) will be sold in the market and the net proceeds of such sale will be retained for the benefit of the Company.

Following completion of the Distribution in Specie, Petro-king will no longer be accounted for as an associate in the consolidated financial statements of the Company.

RECORD DATE AND CLOSURE OF REGISTER OF MEMBERS

For determining entitlements to the Distribution in Specie, the register of members and transfer books of the Company will be closed on Wednesday, 5 July 2017 and Thursday, 6 July 2017, during which period no transfer of Shares will be registered. In order to qualify for the Distribution in Specie, any document in respect of the transfer of Shares acquired and the accompanying share certificates must be lodged with the Company's Hong Kong registrar and transfer office, Tricor Standard Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 4 July 2017. The last day for trading in Shares on the Stock Exchange with entitlements to the Distribution in Specie is expected to be Friday, 30 June 2017.

The Record Date for determining a Shareholder's entitlements to the Distribution in Specie is Thursday, 6 July 2017.

DECLARATION OF SPECIAL INTERIM DIVIDEND BY WAY OF DISTRIBUTION IN SPECIE OF PETRO-KING SHARES

Basis of entitlement

The Board is pleased to announce that, on 16 June 2017, it has resolved to declare a special interim dividend for the year ending 31 March 2018 in the form of a distribution in specie of the 526,180,335 Petro-king Shares held by the Group to the Qualifying Shareholders whose names appear on the register of members of the Company on the Record Date in proportion to their then respective shareholdings in the Company on the following basis:

for every 1,000 Shares held. 268 Petro-king Shares

A Qualifying Shareholder holding less than an integral multiple of 1,000 Shares (for the avoidance of doubt, including a Qualifying Shareholder holding less than 1,000 Shares) will be entitled to a pro-rata number of Petro-king Shares, being rounded down to the nearest whole number of Petro-king Shares.

No fraction of a Petro-king Share will be distributed. Fractional entitlements to the Petro-king Shares and any Petro-king Shares left undistributed (other than any Petro-king Shares sold for the benefit of the Non-Qualifying Overseas Shareholders as set out in the section headed "Qualifying Shareholders and Non-Qualifying Overseas Shareholders" below) will be sold in the market and the net proceeds of such sale will be retained for the benefit of the Company. If any calculation of a Qualifying Shareholder's entitlement to the Petro-king Shares would result in a fraction of a Petro-king Share, such entitlement will be rounded down to the nearest whole number of Petro-king Shares.

The Petro-king Shares

The 526,180,335 Petro-king Shares to be distributed represent all the Petro-king Shares held by the Group and approximately 30.47% of the total number of issued Petro-king Shares as at the date of this announcement. They are recorded by the Group as an investment in an associate. The Petro-king Shares are listed on the Main Board of the Stock Exchange (Stock Code: 2178).

Record Date and closure of register of members

For determining entitlements to the Distribution in Specie, the register of members and transfer books of the Company will be closed on Wednesday, 5 July 2017 and Thursday, 6 July 2017, during which period no transfer of Shares will be registered. In order to qualify for the Distribution in Specie, any document in respect of the transfer of Shares acquired and the accompanying share certificates must be lodged with the Company's Hong Kong registrar and transfer office, Tricor Standard Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 4 July 2017. The last day for trading in Shares on the Stock Exchange with entitlements to the Distribution in Specie is expected to be Friday, 30 June 2017.

The Record Date for determining a Shareholder's entitlements to the Distribution in Specie is Thursday, 6 July 2017.

Despatch of share certificates and CCASS settlement

It is expected that share certificates for the relevant Petro-king Shares will be despatched on or about Friday, 21 July 2017 by ordinary post at the risk of the Qualifying Shareholders to their respective addresses shown on the register of members of the Company on the Record Date.

In the case of a joint holding of Shares, the share certificate for the Petro-king Shares will be posted to the address of the person whose name stands first on the register of members of the Company in respect of such Shares on the Record Date.

Investors holding Shares through CCASS Participants are expected to receive the Petro-king Shares through their respective stockbrokers or custodians or through their CCASS Investor Participant stock accounts following the despatch of share certificates of the Petro-king Shares. Such investors should seek the advice of their respective stockbrokers or other professional advisers in case of doubt.

Odd lot matching service for the Petro-king Shares

The Company has, at its own costs, appointed Mason Securities Limited to provide matching service for sale and purchase of odd lots of the Petro-king Shares, on a best effort basis, to those Qualifying Shareholders entitled to the Distribution in Specie who wish to acquire odd lots of the Petro-king Shares to make up a full board lot, or to dispose of their odd lots of the Petro-king Shares.

Qualifying Shareholders who wish to utilise the service should contact Ms. Sandra Cheung of Mason Securities Limited at (852) 2218 2818, Portion 1, 12/F, The Center, 99 Queen's Road Central, Hong Kong during the period from 9:00 a.m. on Monday, 24 July 2017 to 4:00 p.m. on Friday, 8 September 2017, both days inclusive. Holders of odd lots of the Petro-king Shares should note that successful matching of such sale and purchase is not guaranteed.

Qualifying Shareholders and Non-Qualifying Overseas Shareholders

The Distribution in Specie will be available to the Shareholders whose names appear on the register of members of the Company on the Record Date, but will not be extended to Non-Qualifying Overseas Shareholders.

Shareholders with registered addresses outside Hong Kong

Based on the register of members of the Company as at 15 June 2017, there was one Shareholder whose address as shown on the register of members of the Company was outside Hong Kong, in the overseas jurisdiction of Japan, with a total shareholding of 380,000 Shares, representing in aggregate approximately 0.019% of the total number of issued Shares as at the close of business on 15 June 2017.

The Company had engaged legal counsel to ascertain whether or not there are any legal or regulatory requirements or restrictions which would make extending the Distribution in Specie to the Shareholder whose address as shown on the register of members of the Company is located in Japan administratively prohibitive or inexpedient, and the Company has been advised that there are no such legal or regulatory restrictions in Japan requiring the exclusion of such Shareholder from the Distribution in Specie. Having considered such advice provided by the legal counsel, the Directors are of the view that the Distribution in Specie will be extended to the Shareholder whose address as shown on the register of members of the Company will be in Japan on the Record Date.

Notwithstanding the above, the Board reserves the right to exclude any Shareholder from the Distribution in Specie if it is believed that the distribution of the Petro-king Shares to such person may violate any applicable legal and/or regulatory requirements in any jurisdiction.

If and when necessary, the Company will make further announcement concerning the results of its enquiries regarding any other relevant overseas jurisdictions.

Arrangements for Non-Qualifying Overseas Shareholders (if any)

As the Distribution in Specie will not be extended to Non-Qualifying Overseas Shareholders (if any), arrangements will be made for the Petro-king Shares which would otherwise have been transferred to any Non-Qualifying Overseas Shareholders to be sold in the market as soon as possible, on or after the date of posting of the share certificates for the Petro-king Shares (which date is currently expected to be on or about Friday, 21 July 2017), and any proceeds of sale, after deduction of expenses and duties, will be distributed in Hong Kong dollars to the relevant Non-Qualifying Overseas Shareholders, except that net proceeds less than HK\$100 will be retained for the benefit of the Company.

Cheques representing the net proceeds of the sale of such Petro-king Shares, if any, will be sent by ordinary post to the Non-Qualifying Overseas Shareholders at their own risk, within fourteen (14) days after the sale of all such Petro-king Shares. In the absence of bad faith or willful default, none of the Company or any broker or agent appointed by the Company to effect the sale shall have any liability of any loss whatsoever arising as a result of the timing or the terms of any such sale.

REASONS FOR AND BENEFITS OF THE DISTRIBUTION IN SPECIE

The Board is of the view that the Distribution in Specie is in the interests of the Company and its Shareholders as a whole after taking into consideration the followings:–

- (1) On 23 March 2017, Petro-king announced its annual results for the year ended 31 December 2016. During the year, Petro-king recorded an operating loss of HK\$416.9 million (2015: HK\$344.2 million), representing a year-on-year increase of approximately 21%. The loss attributable to the owners of Petro-King for the year ended 31 December 2016 was approximately HK\$443.4 million (2015: HK\$384.3 million), representing a year-on-year increase of approximately 15%. As disclosed in the 2016 annual report of Petro-king, the increase in losses was mainly attributable to the lower oilfield services activity level and the continued downward pressure on pricing as a result of the downturn of both the China and the overseas oilfield service markets. As shown on the annual results of the Company for the year ended 31 March 2017, the Group recorded a loss for the year of approximately HK\$132 million, which was mainly attributable to the share of loss of Petro-king amounting to approximately HK\$136 million. The Distribution in Specie will relieve the Group from having to account for the operating loss of Petro-king in the consolidated financial statements of the Company as an associate and to unlock the value of the Petro-king Shares in the Company's accounts and return the same to the Shareholders.
- (2) The Distribution in Specie will allow the Group to streamline its business activities by focusing on its principal businesses of property investment and development. The Group's operations will not be affected by the Distribution in Specie. As shown in the annual results of the Company for the year ended 31 March 2017, the Group has consolidated total assets of approximately HK\$1,009 million, and the book carrying amount of the Petro-king Shares held by the Group was approximately HK\$115 million.
- (3) Pursuant to the Distribution in Specie, the Qualifying Shareholders will be entitled to receive their proportionate interest in Petro-king Shares, such that they may directly participate in the investment of the Petro-king Shares by either holding such shares or realising their value on market. The Distribution in Specie will provide the Shareholders with the flexibility to determine the level of their participation in investing in Petro-king at their own discretion in comparison to a disposal of the Petro-king Shares by the Company followed by a special cash dividend.

FINANCIAL EFFECTS OF THE DISTRIBUTION IN SPECIE

Following completion of the Distribution in Specie, Petro-king will no longer be accounted for as an associate in the consolidated financial statements of the Company.

Shareholder's equity of the Group will be reduced by the book carrying amount of all the Petro-king Shares held by the Group as at completion of the Distribution in Specie. For reference, as shown on the audited financial information of the Group as at 31 March 2017, the book carrying amount of the Petro-king Shares held by the Group was approximately HK\$115 million.

The profit and loss implications on the Group as a result of the distribution of the Petro-king Shares upon completion of the Distribution in Specie may only be ascertained following the date of settlement of the Distribution in Specie.

TENTATIVE TIMETABLE FOR THE DISTRIBUTION IN SPECIE

2017

Last day of dealing in the Shares on a cum-entitlement basis	30 June (Friday)
Commencement of dealing in the Shares on an ex-entitlement basis	3 July (Monday)
Latest time for lodging transfer of the Shares in order to qualify for the Distribution in Specie	4:30 p.m. 4 July (Tuesday)
Closure of register of members and transfer book of the Company	5 July (Wednesday) to 6 July (Thursday) (both days inclusive)
Record Date	6 July (Thursday)
Register of members and transfer book of the Company re-open	7 July (Friday)
Despatch of physical share certificates for the Petro-king Shares on or about	21 July (Friday)

Note 1: All references to time and date in this announcement refer to Hong Kong local time and date.

Note 2: The timings are indicative only. Should there be any change to the above tentative timetable, further announcement will be made by the Company as and when appropriate.

INFORMATION ON THE GROUP

The Group is principally engaged in property investment and development.

INFORMATION ON PETRO-KING

Petro-king is a company incorporated in British Virgin Islands with limited liability. The principal activities of Petro-king and its subsidiaries are oilfield engineering and consultancy services.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the meanings as set out below:

“Board”	means the board of Directors
“CCASS”	means the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited
“CCASS Investor Participant”	means a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation

“CCASS Participant”	means any person admitted to participate in CCASS as a direct clearing participant, a general clearing participant, a custodian participant, or any CCASS Investor Participant
“Company”	means Termbray Industries International (Holdings) Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 93)
“Director(s)”	means the director(s) of the Company
“Distribution in Specie”	means the distribution of a special interim dividend by the Company in the form of a distribution in specie of the 526,180,335 Petro-king Shares held by the Group to the Qualifying Shareholders in proportion to their respective shareholdings in the Company
“Group”	means the Company and its subsidiaries
“Hong Kong”	means the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	means the Rules Governing the Listing of Securities on the Stock Exchange
“Non-Qualifying Overseas Shareholder(s)”	means Shareholder(s) whose (respective) address as shown on the register of members of the Company on the Record Date is in a place outside Hong Kong (if any), and whom is excluded from receiving the Petro-king Shares in the Distribution in Specie on account of the relevant legal or regulatory requirements or restrictions by the Board out of necessity or expediency
“Petro-king”	means Petro-king Oilfield Services Limited (百勤油田服務有限公司), a company incorporated in the British Virgins Island with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 2178)
“Petro-king Share(s)”	means the share(s) of Petro-king in issue
“Qualifying Shareholder(s)”	means the Shareholder(s) whose name(s) appear(s) on the register of members of the Company on the Record Date, other than the Non-Qualifying Overseas Shareholder(s)
“Record Date”	means Thursday, 6 July 2017, being the date fixed for determining the Shareholders’ entitlements to the Distribution in Specie
“Share(s)”	means the ordinary share(s) of nominal value of HK\$0.08 each in the share capital of the Company

“Shareholder(s)”	means holder(s) of Share(s)
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited
“HK\$”	means Hong Kong dollars, the lawful currency of Hong Kong
“%”	means per cent.

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

Hong Kong, 16 June 2017

The Directors as at the date of this announcement are as follows:

Executive Directors:

Mr. Lee Lap (*Chairman*)
Mr. Tommy Lee (*Vice Chairman & Chief Executive Officer*)
Mdm. Leung Lai Ping
Mr. Wong Shiu Kee

Independent Non-Executive Directors:

Mr. Lo Yiu Hee
Mr. Tong Hin Wor
Mr. Ching Yu Lung

Non-Executive Director:

Mr. Lee Ka Sze, Carmelo