

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities.



TERMBRAY INDUSTRIES INTERNATIONAL (HOLDINGS) LIMITED

(Incorporated in Bermuda with limited liability)

website: termbray.com.hk

(Stock Code: 0093)

APPOINTMENT OF CHIEF EXECUTIVE OFFICER AND SHARE OPTION AGREEMENT (CONNECTED TRANSACTION); AND APPOINTMENT OF DIRECTOR AND VICE CHAIRMAN

APPOINTMENT OF CHIEF EXECUTIVE OFFICER AND SHARE OPTION AGREEMENT

The Board is pleased to announce that on 14 January 2008, the conditional Service Contract and Share Option Agreement have been entered into between the Company and Mr. Wang Jinlong. Pursuant to the Service Contract, the appointment of Mr. Wang as chief executive officer of the Company will be effective from the date on which Mr. Wang reports to duty which shall be a date within 15 Business Days from the date on which the Share Option Agreement becoming unconditional for a term of three years. Pursuant to the Share Option Agreement, the Company will grant to Mr. Wang the right to subscribe for 20,000,000 new Shares at HK\$1.20 per Share (subject to adjustment) on the Exercise Date.

Mr. Wang, the executive Director, has substantial experience in the oil and gas sector. The Directors believe that the appointment of Mr. Wang as chief executive officer of the Company would assist the Group's further development in its natural resources business.

APPOINTMENT OF DIRECTOR AND VICE CHAIRMAN

The Board is pleased to announce that on 14 January 2008, Mr. Tommy Lee has been appointed as an executive Director and vice chairman of the Company with effect from 14 January 2008.

GENERAL

Since Mr. Wang is a connected person of the Company, the entering into of the Share Option Agreement constitutes a connected transaction of the Company under Rule 14A.13 of the Listing Rules. The Share Option Agreement is therefore subject to the approval of the Independent Shareholders at the SGM. The SGM will be held to consider, and if thought fit, to approve the Share Option Agreement. Mr. Wang and his associates are required to abstain from voting in respect of the proposed resolution to approve the Share Option Agreement. As at the date of this announcement, Mr. Wang and his associates hold no Share and therefore, as at the date of this announcement, no Shareholder is required to abstain from voting in respect of the proposed resolution to approve the Share Option Agreement.

A circular containing, among other things, (i) further details of the Share Option Agreement; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Share Option Agreement and the transactions contemplated thereunder; (iii) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders on the Share Option Agreement and the transactions contemplated thereunder; and (iv) a notice of SGM for the purposes of approving the Share Option Agreement and the transactions contemplated thereunder will be despatched to the Shareholders as soon as practicable.

An application will be made to the Stock Exchange by the Company for the listing of, and permission to deal in, the new Shares to be issued upon the exercise of the rights under the Option.

APPOINTMENT OF CHIEF EXECUTIVE OFFICER AND SHARE OPTION AGREEMENT

Service Contract

Date

14 January 2008

Parties

- (a) The Company
- (b) Mr. Wang

Principal terms

The appointment of Mr. Wang as the chief executive officer of the Company is conditional upon the Share Option Agreement becoming unconditional and Mr. Wang reporting to duty within 15 Business Days from the date on which the Share Option Agreement becoming unconditional. Such appointment will be effective from the date Mr. Wang reports to duty which shall be a date within 15 Business Days from the date the Share Option Agreement becoming unconditional for a term of three years. Upon such appointment, Mr. Wang:

- (i) will be responsible for the decision making and day-to-day management of the Group;

- (ii) shall not be the director or consultant of any companies other than the Group, Petro-king HK, Petro-king PRC and King Shine;
- (iii) shall not be directly or indirectly engaged in or concerned with or interested in any business other than through the Group, Petro-king HK, Petro-king PRC and King Shine (through the holding of shares in Termbray Oilfield Services (BVI) Ltd.) which is in any respect in competition with or similar to the business as conducted by the Group, in particular oilfield related business;
- (iv) will be entitled to receive from the Company an annual remuneration of HK\$1,200,000 per annum and it is agreed that the annual remuneration payable by the Company aforesaid shall represent the total remuneration receivable by Mr. Wang for all positions held with all members of the Group which shall include the remuneration receivable by Mr. Wang pursuant to his service contracts with Petro-king HK and Petro-king PRC respectively; and
- (v) will be granted 17,000,000 share option under the ESOP.

The grant of share option to Mr. Wang under the ESOP will be in compliance with Rule 17.04 of the Listing Rules.

Share Option Agreement

Date

14 January 2008

Parties

- (a) The Company
- (b) Mr. Wang

Subject of the transaction

The Company conditionally agreed to grant to Mr. Wang the Option on the Exercise Date. Upon the exercise of the Option, 20,000,000 Option Shares will be issued, representing (i) about 1.0% of the existing share capital of the Company as at the date of this announcement; and (ii) about 1.0% of the issued share capital of the Company as enlarged by the issue of the Option Shares upon the exercise of the Option.

Consideration

HK\$1.00 payable by Mr. Wang to the Company

Exercise Price

HK\$1.20 per Share (subject to adjustments) which was determined on an arm's length basis between the Company and Mr. Wang with reference to the net asset value of the Company as at 30 September 2007. The Exercise Price represents:

- (i) a discount of approximately 25.5% to the closing price of HK\$1.61 per Share as quoted on the Stock Exchange on 11 January 2008, being the last full trading day prior to the date of the Share Option Agreement;
- (ii) a discount of approximately 25.0% to the average of the closing prices of approximately HK\$1.60 per Share in the last five consecutive trading days as quoted on the Stock Exchange prior to and including the date of the Share Option Agreement;
- (iii) a discount of approximately 25.0% to the average of the closing prices of approximately HK\$1.60 per Share in the last ten consecutive trading days as quoted on the Stock Exchange prior to and including the date of the Share Option Agreement; and
- (iv) a premium of approximately 147.9% over the audited consolidated net assets value attributable to equity holders of the Company of about HK\$0.484 per Share as at 30 September 2007.

The Exercise Price is subject to anti-dilutive adjustments, including consolidation or subdivision of the Shares, capitalization issue, rights issue, issue of new Shares at a price lower than the Exercise Price or capital distribution, and other dilutive events, which may or may not occur at any time from the date of the Share Option Agreement.

The overriding principle as set out in the Stock Exchange's letter dated 5 September 2005 is that no adjustment to the exercise price or number of shares should be to the advantage of the share option scheme participants without prior shareholders' approval. The adjustment will be made to the conversion price if and only if in the event of, among other things, sub-division or consolidation of Shares, bonus issues, rights issues and other dilutive events. Nevertheless, the Directors believe that the adjustment considerations set out in the Share Option Agreement are in general accord with the overriding principle.

Exercise Period

On the condition that Mr. Wang shall continue to provide services to the Company as chief executive officer of the Company under the Service Contract, during the Option Period, Mr. Wang is entitled to:

- (a) exercise the Option to subscribe for one-half of the Option Shares at any time during the period commencing on the Effective Date until the third anniversary of the Effective Date (both dates inclusive); and
- (b) exercise the Option to subscribe for the remaining one-half of the Option Shares at any time during the period commencing on the first anniversary of the Effective Date until the third anniversary of the Effective Date (both dates inclusive).

Conditions precedent of the Share Option Agreement

The Share Option Agreement is conditional upon:

- (a) the approval by the Listing Committee of the Stock Exchange of the listing of, and permission to deal in, the Option Shares upon the exercise of the Option;
- (b) the approval by the Independent Shareholders of the issue of the Option, together with the issue of the Option Shares upon the exercise of the Option; and
- (c) if so required, the Bermuda Monetary Authority shall have approved the issue of the Option, together with the issue of the Option Shares upon the exercise of the Option.

In the event of the conditions precedent not being fulfilled by 30 June 2008 (or such later date as the Company and Mr. Wang may agree), the Share Option Agreement and the Option granted thereunder shall thereupon forthwith cease, determine and lapse and neither party shall have any claim against the other.

Other information

On 14 January 2008, an agreement has been entered into between Mr. Lee Lap, the Chairman of the Company, and Mr. Wang, pursuant to which Mr. Lee Lap agreed, conditional on the Service Contract becoming unconditional, to provide Mr. Wang with an apartment (“Apartment”) in Hong Kong at no charge for a period of three years during Mr. Wang’s employment with the Company as chief executive officer. Mr. Lee Lap also agreed to pay for the related rates, management fees and utilities related to the Apartment during such period of time. Upon completion of the Service Contract, Mr. Lee Lap agreed to transfer the title of the Apartment to Mr. Wang as gift.

Reasons for the Service Contract and the Share Option Agreement

Mr. Wang has been appointed as Director with effect from 31 December 2007 upon completion of the acquisition of Petro-king HK by the Company which took place on 31 December 2007. He is also the director of a number of non wholly-owned subsidiaries of the Company, namely Petro-king PRC, Petro-king HK, Termbray Oilfield Services Limited and Termbray Oilfield Services (BVI) Ltd. Save as disclosed, Mr. Wang does not hold any other positions in the Company or any of its subsidiaries and did not hold any other major appointments or qualifications and has not held any directorships in any other listed public companies in the last three years preceding the date of this announcement.

Mr. Wang, aged 42, holds a bachelor degree in petroleum engineering from Southwest Petroleum Institute, the PRC. He is the executive director and general manager of Petro-king PRC since May 2003 and the director of Petro-king HK since July 2003. Mr. Wang has over 20 years of working experience in the oilfield exploration industry. Mr. Wang worked for the 5th Drilling Company of Ministry of Geology and Mineral Resources of PRC (“MGMR”) (中國地質礦產部) during the period from June 1986 to July 1994 and was the senior engineer before he left the company. He was transferred to work as the project drilling engineer for the UNDP058 project of the United Nations and MGMR during the period from February 1991 to January 1993. During the period from August 1994 to May 2003, he worked for Phillips China Inc., an integrated oil and gas company headquartered in the U.S., and his last position held therewith was senior drilling/production engineer.

Mr. Wang does not have any relationship with any other Directors, senior management or substantial or controlling shareholders of the Company as defined in the Listing Rules.

As at the date of this announcement, King Shine, which is beneficially owned by Mr. Wang as to 56.54%, is the holder of the Convertible Notes in an aggregate principal amount of HK\$133,692,000 pursuant to which King Shine is entitled to convert into an aggregate of 111,410,000 new Shares upon exercise of the conversion rights under the Convertible Notes from 1 July 2009 up to the third anniversary of the date of the issue of the Convertible Note. Save for the aforesaid, Mr. Wang was not interested in any Shares within the meaning of Part XV of the SFO.

Save as disclosed above, there are no other matters relating to the appointment of Mr. Wang that need to be brought to the attention of the Shareholders and there is no other information which is required to be disclosed pursuant to paragraphs (h) to (v) of Rule 13.51(2) of the Listing Rules.

The Group is principally engaged in property development and property investment. The Directors believe that the natural resources sector offers significant development potential and has been considering opportunities in this sector. The Group has submitted a bid to acquire a producing oilfield in Eurasia and is in negotiation with the vendor to be granted exclusivity for the acquisition. Apart from substantial capital investment, the expansion into the natural resources sector requires expertise in this respect. Given that Mr. Wang has substantial experience in the oil and gas sector, the Directors believe that the appointment of Mr. Wang as the chief executive officer of the Company would assist the Group's further development in its natural resources business.

The Directors consider that the appointment of Mr. Wang to be the chief executive officer of the Company (including the entering into of the Share Option Agreement) is on normal commercial terms and the terms of the Share Option Agreement (including the basis of the consideration), which are determined on an arm's length basis and with reference to the net asset value of the Group, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

APPOINTMENT OF DIRECTOR AND VICE CHAIRMAN

The Board announces that Mr. Tommy Lee was appointed as an executive Director and vice chairman of the Company with effect from 14 January 2008.

Mr. Lee, aged 30, is the son of Mr. Lee Lap and Mdm. Leung Lai Ping, the Directors and substantial shareholders of the Company. Mr. Lee studied in Economics in the Seneca College in Canada. Mr. Lee had been the Vice President of a private company which is principally engaged in the manufacture and sale of printed circuit board and he was responsible for the overall management and strategic planning of the private company during the past seven years.

According to the service contract between the Company and Mr. Lee, Mr. Lee is entitled to an annual remuneration of HK\$1,040,000 per annum which is determined by the Board with reference to his duties and responsibilities with the Company and the Company's performance. Mr. Lee's appointment will continue thereafter until being terminated by either party giving not less than one-month prior notice.

Save as disclosed above, Mr. Lee does not have any relationship with any other Directors, senior management or substantial or controlling shareholders of the Company as defined in the Listing Rules.

Lee & Leung (B.V.I.) Limited owns 1,252,752,780 Shares of the Company. Lee & Leung (B.V.I.) Limited is wholly-owned by First Trend Management Limited as trustee for Lee & Leung Family Unit Trust. All the units in Lee & Leung Family Unit Trust are held by HSBC International Trustee Limited as trustee for Lee & Leung Family Trust. Mr. Lee Lap is the settlor of the Lee & Leung Family Trust. The discretionary beneficiaries of the Lee & Leung Family Trust are Mdm. Leung Lai Ping, the children of Mr. Lee Lap and Mdm. Leung Lai Ping and the offspring of such children. Save for being one of the beneficiaries of the Lee & Leung Family Trust, Mr. Lee does not have any interests in the securities in the Company within the meaning of Part XV of the Securities and Futures Ordinance.

Mr. Lee is also the director of non wholly-owned subsidiaries of the Company, namely Petro-king HK, Termbray Oilfield Services Limited and Termbray Oilfield Services (BVI) Ltd.. Save as disclosed, Mr. Lee does not hold any other positions in the Company or any of its subsidiaries and did not hold any other major appointments or qualifications and has not held any directorships in any other listed public companies in the last three years preceding the date of this announcement.

Save as disclosed above, there are no other matters relating to the appointment of Mr. Lee as an executive Director and vice chairman of the Company that need to be brought to the attention of the Shareholders and there is no other information which is required to be disclosed pursuant to paragraphs (h) to (v) of Rule 13.51(2) of the Listing Rules.

The Board would like to take this opportunity to express its warmest welcome to Mr. Lee for his joining to the Board.

GENERAL

Since Mr. Wang is a connected person of the Company, the entering into of the Share Option Agreement constitutes a connected transaction of the Company under Rule 14A.13 of the Listing Rules. The Share Option Agreement is therefore subject to the approval of the Independent Shareholders at the SGM. The SGM will be held to consider, and if thought fit, to approve the Share Option Agreement. Mr. Wang and his associates are required to abstain from voting in respect of the proposed resolution to approve the Share Option Agreement. As at the date of this announcement, Mr. Wang and his associates hold no Share and therefore, as at the date of this announcement, no Shareholder is required to abstain from voting in respect of the proposed resolution to approve the Share Option Agreement.

A circular containing, among other things, (i) further details of the Share Option Agreement; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Share Option Agreement and the transactions contemplated thereunder; (iii) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders on the Share Option Agreement and the transactions contemplated thereunder; and (iv) a notice of SGM for the purposes of approving the Share Option Agreement and the transactions contemplated thereunder will be despatched to the Shareholders as soon as practicable.

An application will be made to the Stock Exchange by the Company for the listing of, and permission to deal in, the new Shares to be issued upon the exercise of the rights under the Option.

DEFINITIONS

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

“associate”	has the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors
“Business Day”	a day other than a Saturday or a Sunday on which banks are generally open in Hong Kong for normal business
“Company”	Termbray Industries International (Holdings) Limited, a company incorporated in Bermuda with limited liability and whose Shares are listed on the main board of the Stock Exchange
“Directors”	the directors of the Company
“Effective Date”	the later of (i) the fifth business day immediately following fulfillment of the conditions under the Share Option Agreement (or such other day as may be agreed between the Company and Mr. Wang in writing); and (ii) the first day on which Mr. Wang reports duty to the Company pursuant to the Service Contract
“ESOP”	the scheme approved in the general meeting held on 18 August 2006 by the Shareholders for the issue or grant to officers and/or employees of the Company and/or any Subsidiary of Shares or options to subscribe for Shares
“Exercise Date”	means any business day falling during the Option Period on which the Option is duly exercised before the close of business on such day by delivery of an exercise notice to the Company, where appropriate, together with a remittance for the aggregate amount of the moneys payable by Mr. Wang to the Company upon the exercise of the Option in accordance with the Share Option Agreement provided that if an exercise notice is served during a period when the register of holders of Shares is closed the “Exercise Date” shall be the next business day on which the register of holders of Shares is open
“Exercise Price”	initial price of HK\$1.20 per Share or such adjusted price as may for the time being be applicable under the Share Option Agreement
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC

“Independent Board Committee”	the independent board committee of the Company, consisting of independent non-executive Directors, to advise the Independent Shareholders in respect of the Share Option Agreement and the transactions contemplated thereunder
“Independent Shareholders”	the Shareholders other than Mr. Wang and his associates
“King Shine”	King Shine Group Limited, a company incorporated in the British Virgin Islands indirectly holding 49% interest in Petro-king PRC and Petro-king HK, non wholly-owned subsidiaries of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Lee”	Mr. Tommy Lee, the son of Mr. Lee Lap, the Chairman of the Company
“Mr. Wang”	Mr. Wang Jinlong, the Director
“Option”	the right to subscribe for the Option Shares at HK\$1.20 per Share (subject to adjustment)
“Option Period”	the period from the Effective Date to the third anniversary of the Effective Date (both dates inclusive)
“Option Shares”	20,000,000 new Shares issuable upon the exercise of the Option pursuant to the Share Option Agreement
“Petro-king HK”	Petro-king International Co., Limited, a company incorporated in Hong Kong
“Petro-king PRC”	深圳市百勤石油技術有限公司 (Petro-king Oilfield Technology Limited), a company established in the PRC
“PRC”	People’s Republic of China
“Service Contract”	the service contract dated 14 January 2008 entered into between the Company and Mr. Wang, whereby the Company has agreed to employ Mr. Wang and Mr. Wang has agreed to serve the Company as chief executive officer of the Company subject to the fulfilment of certain conditions precedent
“SGM”	a special general meeting of the Company to be held to consider the ordinary resolution(s) to be proposed to approve the Share Option Agreement and the transactions contemplated thereunder
“Share(s)”	ordinary share(s) of HK\$0.08 each in the share capital of the Company

“Share Option Agreement”	an agreement dated 14 January 2008 entered into between the Company and Mr. Wang relating to the Option
“Shareholders”	holders of the Share(s) from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

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

Hong Kong, 14 January 2008

As at the date hereof, the executive Directors are Mr. Lee Lap, Mdm. Leung Lai Ping, Mr. Wong Shiu Kee, Mr. Tommy Lee and Mr. Wang Jinlong; the non-executive Director is Mr. Lee Ka Sze, Carmelo; and the independent non-executive Directors are Dr. The Hon. Lee Tung Hai, Leo, G.B.M., G.B.S., LL.D., J.P., Mr. Chan Siu Kang and Mr. Lo Yiu Hee.