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TERMBRAY INDUSTRIES INTERNATIONAL (HOLDINGS) LIMITED

(incorporated in Bermuda with limited liability)

Website: www.termbray.com.hk

(Stock Code: 0093)

VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION AND RESUMPTION OF TRADING

Financial adviser to Termbray Industries International (Holdings) Limited

Piper Jaffray

Piper Jaffray Asia Limited

ENRUIDA PRC ACQUISITION AGREEMENT

The Board is pleased to announce that on 6 August 2008, Petro-king PRC, a non-wholly owned subsidiary of the Company, entered into the Enruida PRC Acquisition Agreement with the PRC Vendor and the PRC Vendor's Guarantors, pursuant to which Petro-king PRC agreed to acquire and the PRC Vendor agreed to sell the entire registered and paid-up capital of Enruida PRC at the consideration of RMB40,000,000 (equivalent to approximately HK\$45,548,000). The PRC Consideration will be satisfied in cash.

ENRUIDA HK ACQUISITION AGREEMENT

On the same day, the Company, Petro-king Holding, a non-wholly owned subsidiary of the Company, and King Shine, also entered into the Enruida HK Acquisition Agreement with the HK Vendor and the HK Vendor's Guarantors, pursuant to which Petro-king Holding agreed to acquire and the HK Vendor agreed to sell the entire issued share capital of Enruida HK at the consideration of such sum in HK\$ as shall equivalent to RMB135,000,000 at the Agreed Exchange Rate. The HK Consideration shall be payable partly in cash and partly by way of issue and allotment of the IPO Shares to the HK Vendor.

GENERAL

Ms. Zhang and Mr. Duan, being directors and substantial shareholders of Beijing Petro-king Enruida, which is a non-wholly owned subsidiary of the Company, are connected persons of the Company and the entering into of the Enruida PRC Acquisition Agreement and the Enruida HK Acquisition Agreement constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined under the Listing Rules) for the transactions contemplated under the Enruida PRC Acquisition Agreement and the Enruida HK Acquisition Agreement are greater than 100%, the transactions contemplated under the Enruida PRC Acquisition Agreement and the Enruida HK Acquisition Agreement constitute very substantial transactions of the Company under Rule 14.06(5) of the Listing Rules.

The SGM will be held to consider, and if thought fit, to pass resolutions to approve the Enruida PRC Acquisition Agreement, the Enruida HK Acquisition Agreement and the transactions contemplated thereunder. Both the Enruida PRC Acquisition Agreement and the Enruida HK Acquisition Agreement are therefore subject to approval of the Independent Shareholders at the SGM. Ms. Zhang, Mr. Duan and their associates are connected persons of the Company in the Enruida PRC Acquisition and the Enruida HK Acquisition and are required to abstain from voting in respect of the proposed resolutions to approve the Enruida PRC Acquisition Agreement, the Enruida HK Acquisition Agreement and the transactions contemplated thereunder at the SGM. As at the date of this announcement, Ms. Zhang, Mr. Duan and their associates do not hold any Share and therefore, as at the date of this announcement, no Shareholder is required to abstain from voting in respect of the proposed resolutions to approve the Enruida PRC Acquisition Agreement, the Enruida HK Acquisition Agreement and the transactions contemplated thereunder at the SGM.

A circular containing, among other things, (i) further details of the Enruida PRC Acquisition Agreement and the Enruida HK Acquisition Agreement; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Enruida PRC Acquisition Agreement and the Enruida HK Acquisition 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 Enruida PRC Acquisition Agreement, the Enruida HK Acquisition Agreement and the transactions contemplated thereunder; (iv) the accountants' report of Enruida PRC and Enruida HK; (v) the pro forma financial information of the Enlarged Group; and (vi) a notice of the SGM for the purposes of approving the Enruida PRC Acquisition Agreement, the Enruida HK Acquisition Agreement and the transactions contemplated thereunder will be despatched to the Shareholders as soon as practicable.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading of the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 7 August 2008 pending publication of this announcement. An application has been made to the Stock Exchange for resumption of trading of the Shares with effect from 9:30 a.m. on 13 August 2008.

ENRUIDA PRC ACQUISITION AGREEMENT

Date

6 August 2008

Parties

Petro-king PRC (as the purchaser)

The PRC Vendor (as the vendor)

The PRC Vendor's Guarantors (as the PRC Vendor's guarantors)

Subject matter of the transaction

100% of the registered and paid-up capital of Enruida PRC

Consideration

The consideration payable by Petro-king PRC to the PRC Vendor shall be RMB40,000,000 (equivalent to approximately HK\$45,548,000) in cash. The PRC Consideration has been arrived at after arm's length negotiations between the parties with reference to the net asset value of Enruida PRC as at 30 June 2008, which is approximately RMB36,700,000 based on the unaudited management accounts of Enruida PRC (subject to audit).

The PRC Consideration shall be satisfied by Petro-king PRC in the following manner:

- a) RMB15,000,000 (equivalent to approximately HK\$17,080,500) shall be paid by Petro-king PRC within 7 Business Days from the date on which, (i) after all the conditions precedent to the Enruida PRC Acquisition Agreement are fulfilled save for the filing and registration with the Administration of Industry and Commerce of the PRC to approve the Enruida PRC Acquisition; (ii) all necessary documents for the abovementioned filing and registration have been presented to Petro-king PRC; and (iii) upon the receipt of an legal opinion from the PRC legal adviser of the PRC Vendor confirming that there is no legal obstacle for the aforementioned filing and registration; and
- b) the remaining RMB25,000,000 (equivalent to approximately HK\$28,467,500) shall be paid by Petro-king PRC within 7 Business Days from the date on which (i) the transfer under the Enruida PRC Acquisition Agreement has completed; and (ii) directors of Enruida PRC have been changed to those nominated by Petro-king PRC and filing in relation thereto has been completed.

Petro-king PRC currently intends to finance the Enruida PRC Acquisition by its internal resources or bank borrowings or shareholders' loans. The Directors consider that the Enruida PRC Acquisition is on normal commercial terms and the terms of the Enruida PRC Acquisition (including the basis of the PRC Consideration), which are determined on an arm's length basis and with reference to the net asset value of Enruida PRC as at 30 June 2008, are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Board composition

The board of directors of Enruida PRC shall be appointed by Petro-king PRC. For the period from the completion date of the Enruida PRC Acquisition Agreement to the date of release of the Audited Accounts of the Enruida Group with respect to the Second Year Special Audit, Ms. Zhang shall be appointed as the legal representative and general manager of Enruida PRC, as long as Ms. Zhang remains as an employee of the Enruida PRC Group.

Conditions precedent

The conditions precedent to the completion of the Enruida PRC Acquisition include, among others:

- (i) all necessary internal approval having been duly obtained by Petro-king PRC in respect of the Enruida PRC Acquisition. For avoidance of doubt, such necessary internal approval shall include the Independent Shareholders' approval of the Enruida PRC Acquisition;
- (ii) Petro-king PRC completing a due diligence investigation in the business, legal and financial aspects of the Enruida PRC Group and being satisfied with the results of such due diligence investigation;
- (iii) save for those disclosed by the PRC Vendor, the warranties and representation given by the PRC Vendor under the Enruida PRC Acquisition Agreement remaining true and accurate in all material respects at the date of completion;
- (iv) all necessary authorisation, approvals, waivers and permits having been duly obtained by Enruida PRC in respect of the Enruida PRC Acquisition;
- (v) each of the core management, namely Ms. Zhang and Mr. Duan, and the senior managements and core employees having entered into a service contract, with Enruida PRC for a term of 4 years and 3 years respectively commencing on the date of completion of the Enruida PRC Acquisition;
- (vi) the core and senior managements and core employees of Enruida PRC having entered into the undertaking with respect to confidentiality, intellectual properties and non-completion with Enruida PRC;
- (vii) Petro-king PRC having obtained and being satisfied with the audited accounts of Enruida PRC prepared in accordance with HKFRS for the three years ended 31 December 2007 and the six months ended 30 June 2008; and
- (viii) completion of the internal reorganisation of the Enruida PRC Group.

In the event that the filing and registration with the Administration of Industry and Commerce of the PRC to approve the Enruida PRC Acquisition has not been completed by the PRC Vendor before 31 December 2008, or such later date(s) as the parties thereto may agree in writing, Petro-king PRC reserves the right to terminate the Enruida PRC Acquisition Agreement. The PRC Vendor shall repay the first instalment of the PRC Consideration in the sum of RMB15,000,000 to Petro-king PRC within 3 Business Days upon receipt of the notification of termination of the Enruida PRC Acquisition Agreement, together with interest at the rate of 10% per annum of the sum of RMB15,000,000 from the date of payment of the first instalment of the PRC Consideration by Petro-king PRC to the date of receipt of the refund thereof by Petro-king PRC.

Completion of the Enruida PRC Acquisition

Completion of the Enruida PRC Acquisition shall take place upon all the conditions precedent of the Enruida PRC Acquisition Agreement have been fulfilled.

ENRUIDA HK ACQUISITION AGREEMENT

Date

6 August 2008

Parties

Petro-king Holding (as the purchaser)

The HK Vendor (as the vendor)

The HK Vendor's Guarantors (as the HK Vendor's guarantors)

The Company

King Shine

Subject matter of the transaction

100% of the equity interest in Enruida HK

Consideration

The consideration payable by Petro-king Holding to the HK Vendor shall be such sum in HK\$ as shall equivalent to RMB135,000,000 at the Agreed Exchange Rate. The HK Consideration has been arrived at after arm's length negotiations between the parties and having taken into account the Enruida PRC Acquisition and the provision of the Profit Guarantee by the HK Vendor and the HK Vendor's Guarantors.

The HK Consideration shall be satisfied by Petro-king Holding in the following manner:

- (i) such sum in HK\$ as shall equivalent to RMB47,500,000 at the Agreed Exchange Rate to be paid to the HK Vendor on the date of completion of the Enruida HK Acquisition in cash;
- (ii) such sum in HK\$ as shall equivalent to RMB35,000,000 at the Agreed Exchange Rate, (a) on the condition that the First Year Guaranteed Profit is achieved, to be paid to the HK Vendor in cash within 10 Business Days from the date of release of the Audited Accounts of the Enruida Group with respect to the First Year Special Audit; or (b) if the First Year Guaranteed Profit is not achieved, subject to the adjustment and deduction under section headed "The Profit Guarantee", to be paid to the HK Vendor in cash within 10 Business Days from the date of release of the Audited Accounts of the Enruida Group with respect to the Second Year Special Audit; and
- (iii) subject to the adjustment and deduction under section headed "The Profit Guarantee", such sum in HK\$ as shall equivalent to RMB52,500,000 at the Agreed Exchange Rate, being the remaining balance of the HK Consideration to be paid by way of issue and allotment of 550,000 IPO Shares to the HK Vendor, which represents 5.5% of the total issued shares of the listing vehicle of the Petro-king Group to be incorporated on the assumption that the total number of issued IPO Shares

is 10,000,000. The number of the IPO Shares to be issued and allotted to the HK Vendor shall be subject to adjustment in case of subdivision or consolidation of ordinary shares or capitalisation issue of new shares of the listing vehicle of the Petro-king Group for IPO purpose. No adjustment will be made to the number of the IPO Shares to be issued and allotted as aforesaid as a result of or in relation to any transactions (including acquisitions or disposals) by the Petro-king Group or any issue and allotment of shares of the listing vehicle of the Petro-king Group after the date of the Enruida HK Acquisition Agreement), provided that the HK Vendor shall be entitled to subscribe, on a pro rata basis, for any issue of new shares of the listing vehicle of the Petro-king Group to the holders of ordinary shares of the listing vehicle of the Petro-king Group after the allotment of the IPO Shares.

Petro-king Holding currently intends to finance the Enruida HK Acquisition by its internal resources or bank borrowings or shareholders' loans. The Directors consider that the Enruida HK Acquisition is on normal commercial terms and the terms of the Enruida HK Acquisition (including the basis of the HK Consideration), which are determined on an arm's length basis, are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Guarantee by the Company and King Shine

The Company and King Shine undertake under the Enruida HK Acquisition Agreement to severally guarantee the obligation of Petro-king Holding to pay the HK Consideration in proportion to the respective shareholding of the Company and King Shine in Petro-king Holding, being 51% and 49% respectively.

The Profit Guarantee

Pursuant to the Enruida HK Acquisition Agreement, the HK Vendor and the HK Vendor's Guarantors jointly and severally guarantee that the aggregate amount of the audited consolidated net profits of the Enruida Group as ascertained from the audited consolidated financial statements of the Enruida Group prepared in accordance with HKFRS for the two years ending 31 December 2008 and 31 December 2009 shall not be less than RMB23,000,000 and RMB27,000,000 respectively.

If the audited consolidated net profits of the Enruida Group for the year ending 31 December 2008 is less than RMB23,000,000, the second payment of the HK Consideration, which shall equivalent to RMB35,000,000 at the Agreed Exchange Rate, subject to any deduction of the Reimbursed Shortfall Amount as described below, shall be paid to the HK Vendor in cash within 10 Business Days from the date of release of the Audited Accounts of the Enruida Group with respect to the Second Year Special Audit.

If the audited consolidated net profits of the Enruida Group for the year ending 31 December 2009 is less than RMB27,000,000, but the aggregated amount of the audited consolidated net profits of the Enruida Group for the two years ending 31 December 2009 exceeds RMB50,000,000, or the amount of shortfall is within RMB2,500,000, no reimbursement shall be made by the HK Vendor to Petro-king Holding. For the avoidance of doubt, the shortfall aforesaid is calculated by deduction of the aggregated amount of the audited consolidated net profits of the Enruida Group for the two years ending 31 December 2009 from RMB50,000,000. Provided that if (a) the aggregated amount of the audited consolidated net profits of the Enruida Group for the two years ending 31 December 2009 shall be less than RMB50,000,000, and (b) the amount of shortfall aforesaid exceeds RMB2,500,000; an amount equivalent to such shortfall

multiplied by 3.5 times (the “**Reimbursed Shortfall Amount**”) shall be reimbursed by the HK Vendor, or failing which, by the Vendor’s Guarantors jointly and severally, to Petro-king Holding in cash within 10 Business Days from the date of release of the Second Year Special Audit. The Reimbursed Shortfall Amount shall be limited to the Total Consideration. The Reimbursed Shortfall Amount shall be paid by the HK Vendor by deducting first from the remaining balance of the HK Consideration, if any.

IPO

The parties thereto acknowledge that it is the intention of the parties that the Petro-king Group shall apply for the IPO on a Recognised Stock Exchange to be decided by the shareholders of Petro-king Holding within 3 years from the completion date of the Enruida HK Acquisition (the “**Relevant Date**”), provided that such listing is in the best interests of the shareholders, employees and business of the Petro-king Group. The exact time for application will be agreed by the parties to the Enruida HK Acquisition Agreement when the application for IPO of the Petro-king Group is crystallised.

If the IPO is not consummated by the Relevant Date, the HK Vendor shall have an option to (which shall be exercised within 10 Business Days from the Relevant Date, failing which the HK Vendor shall be deemed to have opted for the extension of the Relevant Date to the Listing Date mentioned in paragraph (b) below):

- (a) require the HK Purchaser to pay such sum in HK\$ as shall equivalent to RMB52,500,000 at the Agreed Exchange Rate, being the remaining balance of the HK Consideration in cash; or
- (b) notify Petro-king Holding within 10 Business Days from the Relevant Date of its intention to allow an extension of the Relevant Date to the Listing Date.

If the IPO is not consummated by the date of the release of the Audited Accounts of the Enruida Group with respect to the Second Year Special Audit, Petro-king Holding shall pay the HK Vendor interest compensation equivalent to the product of such sum in HK\$ as shall equivalent to RMB52,500,000 at the Agreed Exchange Rate multiplied by 5% per annum for the period from the date of the release of Audited Accounts of the Enruida Group with respect to the Second Year Special Audit to the Relevant Date.

The Company will comply with the applicable Listing Rules when such arrangements for IPO is crystallised.

Board composition

Petro-king Holding agrees to procure that for the period from the date of completion of the Enruida HK Acquisition Agreement to the date of release of the Audited Accounts of Enruida Group with respect to the Second Year Special Audit, Ms. Zhang shall remain to be appointed as the legal representative and general manager of Enruida PRC, and shall be appointed as a member of the board of directors and vice-president of Petro-king Holding, as long as Ms. Zhang remains as an employee of the Enruida Group.

Other Terms

In the event that by 31 December 2008 (or such other date as Petro-king Holding and the HK Vendor may agree), the Enruida HK Acquisition has not been completed pursuant to the Enruida HK Acquisition Agreement but the Enruida PRC Acquisition has already been completed, Petro-king Holding shall procure Petro-king PRC to transfer the 100% equity interest in Enruida PRC to the PRC Vendor at the original price paid by Petro-king PRC within 30 Business Days after 31 December 2008 (or such other date as Petro-king Holding and the HK Vendor may agree) and those directors appointed by Petro-king PRC to the board of directors and the legal representative of each member of the Enruida PRC Group shall resign with immediate effect and confirm that they have no claim against the relevant company in respect of his resignation or otherwise. In such event, all stamp duty, capital gain tax, personal income tax or any equivalent tax in respect of the repurchase of Enruida PRC by the PRC Vendor from Petro-king PRC shall be borne equally between Petro-king Holding on the one part and the HK Vendor on the other part provided that such duty and tax shall be borne by the defaulting party if non-completion of the Enruida HK Acquisition Agreement is resulted from the default or breach of the Enruida HK Acquisition Agreement on the part of the defaulting party.

Conditions precedent

The conditions precedent to the completion of the Enruida HK Acquisition Agreement include, among others:

- (i) the passing of an ordinary resolution approving the Enruida HK Acquisition Agreement and the transactions contemplated thereunder by the Shareholders in general meeting;
- (ii) the warranties, representations and undertakings given by the HK Vendor and the HK Vendor's Guarantors under the Enruida HK Acquisition Agreement remaining true and accurate in all material respects;
- (iii) Petro-king Holding undertaking and completing a due diligence investigation in respect of the Enruida Group and being satisfied with the results of such due diligence investigation in all respects;
- (iv) Petro-king Holding having obtained and being satisfied with the audited accounts of Enruida HK prepared in accordance with HKFRS for the three years ended 31 December 2007 and the six months ended 30 June 2008;
- (v) Petro-king Holding having obtained a Hong Kong legal opinion on Enruida HK and on the sale and purchase of the entire equity interest in Enruida HK contemplated under the Enruida HK Acquisition Agreement in form and substance satisfactory to Petro-king Holding issued by a qualified Hong Kong law firm appointed by Petro-king Holding;
- (vi) all necessary consents, approvals and waivers for the sale and transfer of the entire equity interest in Enruida HK and to give effect to the transactions contemplated under the Enruida HK Acquisition Agreement being obtained; and

(vii) the HK Vendor and the HK Vendor's Guarantors having procured that each of the senior managements and core employees entered into and executed a service contract, which shall be in a form agreed by Petro-king Holding and the HK Vendor, with Enruida HK Group for a term of 3 or 4 years respectively at the option of Petro-king Holding after the date of completion of the Enruida HK Acquisition.

In the event that not all the conditions precedent to the Enruida HK Acquisition Agreement have been fulfilled or waived by Petro-king Holding and/or the HK Vendor by no later than 4:00 p.m. on 31 December 2008 (or by such later date(s) as the parties thereto may agree in writing), the Enruida HK Acquisition Agreement shall lapse and be of no further effect and no party to the Enruida HK Acquisition Agreement shall have any claim against or liability or obligation to the other party (save in respect of any antecedent breaches of the Enruida HK Acquisition Agreement).

Completion of the Enruida HK Acquisition

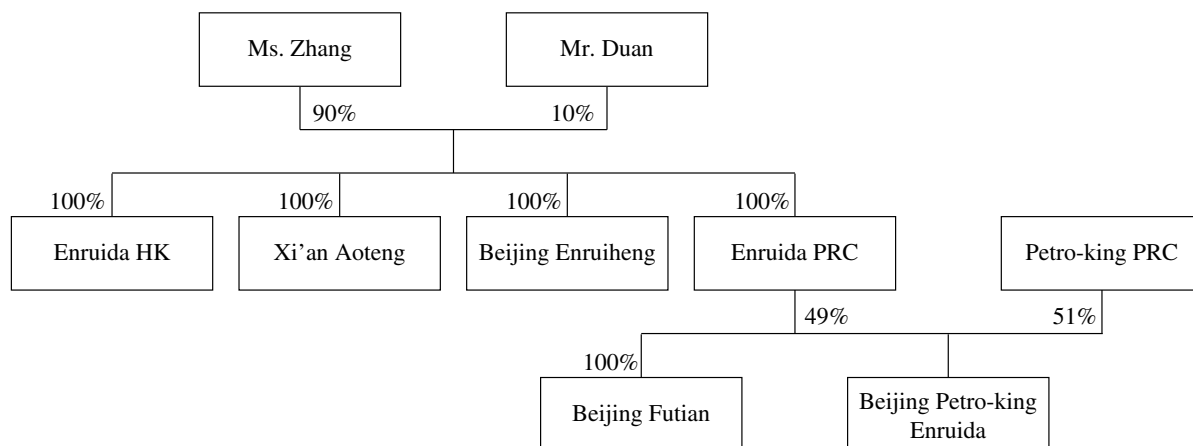
Completion of the Enruida HK Acquisition shall be conditional on the completion of the Enruida PRC Acquisition.

Completion of the Enruida HK Acquisition shall take place within 10 Business Days after fulfilling of the conditions precedent of the Enruida HK Acquisition Agreement or such other date as the parties to the Enruida HK Acquisition Agreement may agree in writing.

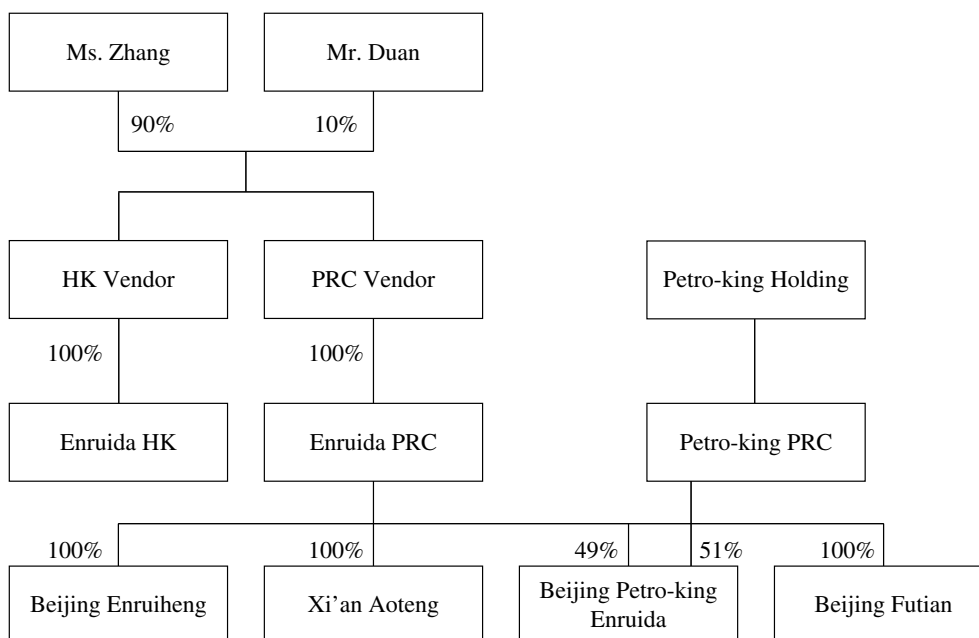
INFORMATION ON THE ENRUIDA GROUP

The Enruida Group provides oilfield engineering and technical consultancy services for domestic oilfields as well as environmental protection services in the oilfields including sewage treatment, waste management and pollution control, and is led by a team of professionals who have gained substantial experience in the oil industry through working for international renowned oil companies.

As informed by the HK Vendor's Guarantors, the Enruida PRC Group has conducted a reorganisation prior to signing of the Enruida PRC Acquisition Agreement. Before the reorganisation of the Enruida PRC Group and as at 31 December 2007, Enruida PRC held the entire equity interest in Beijing Futian and 49% equity interest in Beijing Petro-king Enruida. As informed by the HK Vendor's Guarantors, the group structure of the Enruida Group as at 31 December 2007 is as follows:



Upon the reorganisation of the Enruida PRC Group, Beijing Enruiheng and Xi'an Aoteng became wholly-owned subsidiaries of Enruida PRC. As informed by the HK Vendor's Guarantors, the group structure of the Enruida Group after the reorganisation and as at the date of the Enruida PRC Acquisition Agreement is as follows:



Enruida PRC Group

Enruida PRC was established as a limited liability company under the laws of the PRC with a registered capital of RMB1,000,000 on 24 February 2003 and was beneficially held as to 90% by Ms. Zhang and 10% by Mr. Duan respectively. The registered capital was increased to RMB5,000,000 in April 2007. Enruida PRC Group is principally engaged in provision of oilfield engineering and technical consultancy services for domestic oilfields as well as environmental protection services in the oilfields including sewage treatment, waste management and pollution control. Beijing Enruiheng was established with a registered capital of RMB1,000,000 in June 2006, which was increased to RMB2,000,000 in March 2007, and is principally engaged in oilfield engineering and technical consultancy services and environmental protection services for domestic oilfields, especially in sewage treatment, waste management and pollution control. Xi'an Aoteng was established with a registered capital of RMB500,000 in September 2007, which was increased to RMB1,000,000 in June 2008 and is principally engaged in oilfield engineering and technical consultancy services for domestic oilfields, especially in provision of oilfield production enhancement services such as perforation services (射孔服務). Beijing Futian was established with a registered capital of RMB1,000,000 in August 2004 and is principally engaged in oilfield engineering and consultancy services for domestic oilfields, especially in corrosion detection (腐蝕檢測) services for pipelines. Beijing Petro-king Enruida was established with a registered capital of RMB2,000,000 in April 2006 and is principally engaged in the trading of tools and equipment and provision of consultancy services on well drilling.

The Enruida PRC Group has received various certificates and recognitions for its quality of operation and management, including “Grade C Environmental Protection Engineering Specialist Contractor Qualification Certificate (Provisional)” (環保工程專業承包叁級資質證書 (暫定)) issued by Beijing Municipal Construction Committee and “Certificate of Operation of Environmental Pollution Control Facilities” (環境污染治理設施運營資質證書) – Grade A industrial waste water and Grade A industrial solid sewage treatment standards issued by the Ministry of Environmental Protection of the PRC.

The following financial information is the combined results of the Enruida PRC Group (without elimination of intergroup transactions and consolidation adjustment), assuming its reorganisation was completed before 1 January 2006, based on the management accounts of the Enruida PRC Group prepared in accordance with the PRC accounting standards.

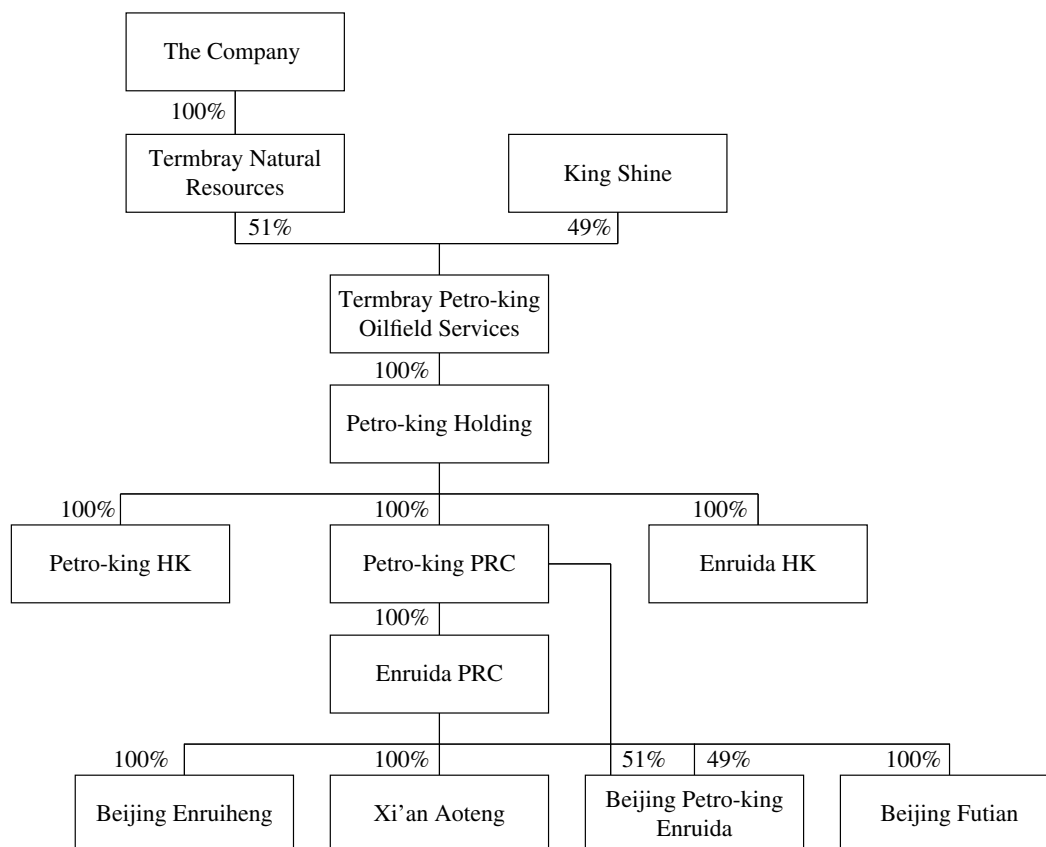
	For the year ended 31 December	
	2006 <i>(RMB'000)</i>	2007 <i>(RMB'000)</i>
Turnover	16,751	41,717
Profit before taxation	2,490	12,791
Profit after taxation	2,335	11,820
	As at 31 December	
	2006 <i>(RMB'000)</i>	2007 <i>(RMB'000)</i>
Total asset value	31,211	52,392
Net asset value	21,820	39,335

Enruida HK

Enruida HK was incorporated in Hong Kong with an authorised and issued share capital of HK\$10,000 on 23 May 2005 and was beneficially held as to 90% by Ms. Zhang and 10% by Mr. Duan respectively. Enruida HK is principally engaged in sales and trading of laboratory equipment and software for domestic oilfields. The following financial information is based on the accounts of Enruida HK prepared in accordance with HKFRS.

	For the period from 23 May 2005 to 30 September 2006 <i>(audited)</i> <i>(HK'000)</i>	For the period from 1 October 2006 to 30 September 2007 <i>(unaudited)</i> <i>(HK'000)</i>
Turnover	716	–
Loss before taxation	(11)	(12)
Loss after taxation	(11)	(12)
	As at 30 September	
	2006 <i>(audited)</i> <i>(HK'000)</i>	2007 <i>(unaudited)</i> <i>(HK'000)</i>
Total asset value	86	78
Net asset value	(1)	(10)

After the completion of the Enruida HK Acquisition and the Enruida PRC Acquisition, both Enruida HK and Enruida PRC will become wholly-owned subsidiaries of Petro-king Holding, and therefore will become non-wholly owned subsidiaries of the Company and their financial results will be consolidated into the Group's consolidated accounts. The group structure of the Company after the completion of the Enruida HK Acquisition and the Enruida PRC Acquisition shall be as follows:



REASONS FOR AND BENEFITS OF THE ENRUIDA PRC ACQUISITION AND THE ENRUIDA HK ACQUISITION

The Group is principally engaged in property development, property investment and the provision of oilfield engineering and consultancy services. Petro-king Holding and Petro-king PRC, both being non-wholly owned subsidiaries of the Company, are principally engaged in the provision of oilfield engineering and consultancy services for domestic and overseas oilfields.

The Directors believe that the natural resources sector offers significant development potential and has been considering opportunities in this sector. The Directors believe that the Enruida Group has significant growth potential and would be a major profit contributor to the Group. It is expected that synergy will be created between the Petro-king Group and the Enruida Group which will enhance the long-term growth of the Group. Furthermore, the senior management of the Enruida Group have an average of more than ten years of experience in the oilfield industry. The experience of the Enruida Group in oilfield related engineering and consultancy services would grant the Group the expertise required to expand and be successful in the oil sector. The Directors believe that the acquisition presents a unique opportunity for the Group to make a big step forward in pursuing its natural resources strategy.

GENERAL

Ms. Zhang and Mr. Duan, being directors and substantial shareholders of Beijing Petro-king Enruida, which is a non-wholly owned subsidiary of the Company, are connected persons of the Company and the entering into of the Enruida PRC Acquisition Agreement and the Enruida HK Acquisition Agreement constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined under the Listing Rules) for the transactions contemplated under the Enruida PRC Acquisition Agreement and the Enruida HK Acquisition Agreement are greater than 100%, the transactions contemplated under the Enruida PRC Acquisition Agreement and the Enruida HK Acquisition Agreement constitute very substantial transactions of the Company under Rule 14.06(5) of the Listing Rules.

The SGM will be held to consider, and if thought fit, passing the resolutions to approve the Enruida PRC Acquisition Agreement, the Enruida HK Acquisition Agreement and the transactions contemplated thereunder. Both the Enruida PRC Acquisition Agreement and the Enruida HK Acquisition Agreement are therefore subject to approval of the Independent Shareholders at the SGM. Ms. Zhang, Mr. Duan and their associates are connected persons of the Company in the Enruida PRC Acquisition and the Enruida HK Acquisition and are required to abstain from voting in respect of the proposed resolutions to approve the Enruida PRC Acquisition Agreement, the Enruida HK Acquisition Agreement and the transactions contemplated thereunder at the SGM. As at the date of this announcement, Ms. Zhang, Mr. Duan and their associates do not hold any Share and therefore, as at the date of this announcement, no Shareholder is required to abstain from voting in respect of the proposed resolutions to approve the Enruida PRC Acquisition Agreement, the Enruida HK Acquisition Agreement and the transactions contemplated thereunder at the SGM.

A circular containing, among other things, (i) further details of the Enruida PRC Acquisition Agreement and the Enruida HK Acquisition Agreement; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Enruida PRC Acquisition Agreement and the Enruida HK Acquisition 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 Enruida PRC Acquisition Agreement, the Enruida HK Acquisition Agreement and the transactions contemplated thereunder; (iv) the accountants' report of Enruida PRC and Enruida HK; (v) the pro forma financial information of the Enlarged Group; and (vi) a notice of the SGM for the purposes of approving the Enruida PRC Acquisition Agreement, the Enruida HK Acquisition Agreement and the transactions contemplated thereunder will be dispatched to the Shareholders as soon as practicable.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading of the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 7 August 2008 pending publication of this announcement. An application has been made to the Stock Exchange for resumption of trading of the Shares with effect from 9:30 a.m. on 13 August 2008.

DEFINITIONS

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

“Agreed Exchange Rate”	the exchange rate between HK\$ and RMB being the average of the ask and bid exchange rate as quoted by the Hong Kong and Shanghai Banking Corporation Limited at 11:00 a.m. on one Business Day before the date of payment of the first instalment of the PRC Consideration
“associate”	has the meaning given thereto in the Listing Rules
“Audited Accounts”	the accounts audited by Deloitte Touche Tohmatsu or such other recognised accountant firm in accordance with HKFRS
“Beijing Enruiheng”	北京恩瑞恒科技有限公司 (Beijing Enruiheng Technology Co., Ltd.*), a company established in the PRC
“Beijing Futian”	富田(北京)石油工程技術服務有限公司 (Futian (Beijing) Petroleum Engineering Technology Services Co., Ltd.*), a company established in the PRC
“Beijing Petro-king Enruida”	北京百勤恩瑞達石油技術有限公司 (Beijing Petro-king – Enruida Oilfield Technology Co., Ltd.*), a company established in the PRC
“Board”	the board of Directors
“Business Day”	means a day (other than a Saturday or days on which a typhoon signal 8 or above or black rainstorm signal is hoisted in Hong Kong at 10:00 a.m.) on which banks in Hong Kong are generally open for 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
“Director(s)”	director(s) of the Company
“Enlarged Group”	the Group as enlarged after completion of the Enruida PRC Acquisition and the Enruida HK Acquisition

“Enruida Group”	Enruida HK and Enruida PRC Group, together with their subsidiaries
“Enruida HK”	Hendrun Technologies Industrial R&D Co., Limited, a company incorporated in Hong Kong
“Enruida HK Acquisition”	the acquisition of the entire issued share capital of Enruida HK pursuant to the Enruida HK Acquisition Agreement
“Enruida HK Acquisition Agreement”	the sale and purchase agreement dated 6 August 2008 entered into between the Company, Petro-king Holding, the HK Vendor, the HK Vendor’s Guarantors and King Shine in relation to the Enruida HK Acquisition
“Enruida PRC”	北京恩瑞達科技有限公司 (Beijing Enruida Technology Co., Ltd.*), a company established in the PRC
“Enruida PRC Acquisition”	the acquisition of the entire registered and paid-up capital of Enruida PRC pursuant to the Enruida PRC Acquisition Agreement
“Enruida PRC Acquisition Agreement”	the sale and purchase agreement dated 6 August 2008 entered into between Petro-king PRC, the PRC Vendor and the PRC Vendor’s Guarantors in relation to the Enruida PRC Acquisition
“Enruida PRC Group”	Enruida PRC, together with its subsidiaries and associated companies
“First Year Guaranteed profit”	the guarantee given by the HK Vendor and the HK Vendor’s Guarantors under the Enruida HK Acquisition Agreement that the audited consolidated net profits of Enruida HK and the Enruida PRC Group prepared in accordance with HKFRS for the year ending 31 December 2008 shall not be less than RMB23,000,000
“First Year Special Audit”	the special audit on Enruida HK and the Enruida PRC Group conducted by a recognised accountant firm in accordance with HKFRS for the year ending 31 December 2008
“Group”	the Company and its subsidiaries
“Guaranteed Profit”	the First Year Guaranteed Profit and the Second Year Guaranteed Profit
“HK Consideration”	the consideration of RMB135,000,000 payable by Petro-king Holding to the HK Vendor for the purchase of the entire issued share capital of Enruida HK
“HKFRS”	the Hong Kong Financial Reporting Standards
“HK Vendor”	Wisdom Boom Investments Limited, a company incorporated in the British Virgin Islands

“HK Vendor’s Guarantors” or “PRC Vendor’s Guarantors”	Ms. Zhang and Mr. Duan
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent board committee of the Company formed for the purpose of advising the Independent Shareholders in respect of the Enruida PRC Acquisition Agreement, the Enruida HK Acquisition Agreement and the transactions contemplated thereunder
Independent Shareholders	the Shareholders other than Ms. Zhang and Mr. Duan and their associates
“IPO”	an initial public offering of the shares of the listing vehicle of the Petro-king Group on the Recognised Stock Exchange
“IPO Shares”	shares of the listing vehicle of the Petro-king Group to be allotted and issued to the HK Vendor upon the listing of the Petro-king Group on the Recognised Stock Exchange
“King Shine”	King Shine Group Limited, an investment holding company incorporated in the British Virgin Islands and holds 49% equity interest in Petro-king Holding, the remaining 51% equity interest of Petro-king Holding is indirectly held by the Company
“Listing Date”	the date of which the shares of the listing vehicle of the Petro-king Group are listed pursuant to the IPO
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange in force from time to time
“Mr. Duan”	Mr. Duan Weiqing (段維慶先生), being one of the PRC Vendor’s Guarantors and one of the HK Vendor’s Guarantors
“Ms. Zhang”	Ms. Zhang Xiaorui (張曉瑞女士), being one of the PRC Vendor’s Guarantors and one of the HK Vendor’s Guarantors
“Petro-king Group”	Petro-king Holding and its subsidiaries from time to time hereafter and after completion of the Enruida PRC Acquisition and the Enruida HK Acquisition, inclusive of the Enruida Group
“Petro-king Holding”	Petro-king Holding Limited, a company incorporated in Hong Kong, which is a non-wholly owned subsidiary of the Company and is a connected person of the Company
“Petro-king PRC”	深圳市百勤石油技術有限公司 (Shengzhen Petro-king Oilfield Technology Limited*), a company established in the PRC

“PRC”	the People’s Republic of China (for the purpose of this announcement excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan)
“PRC Consideration”	the consideration of RMB40,000,000 payable by Petro-king PRC to the PRC Vendor for the acquisition of entire equity interest in Enruida PRC
“PRC Vendor”	北京市恒遠德潤能源環境科技有限公司 (Beijing Hendrun Energy Environment Technology Limited*), a company established in the PRC
“Profit Guarantee”	the guarantee given by the HK Vendor and the HK Vendor’s Guarantors under the Enruida HK Acquisition Agreement that the aggregate amount of the audited consolidated net profits of the Enruida Group prepared in accordance with HKFRS for the two years ending 31 December 2008 and 31 December 2009 shall not be less than RMB23,000,000 and RMB27,000,000 respectively
“Recognised Stock Exchange”	the Stock Exchange, or such other internationally recognised securities exchange
“Second Year Guaranteed Profit”	the guarantee given by the HK Vendor and the HK Vendor’s Guarantors under the Enruida HK Acquisition Agreement that the audited consolidated net profits of Enruida HK and the Enruida PRC Group prepared in accordance with HKFRS for the year ending 31 December 2009 should not be less than RMB 27,000,000
“Second Year Special Audit”	the special audit on Enruida HK and the Enruida PRC Group conducted by a recognised accountant firm in accordance with HKFRS for the year ending 31 December 2009
“SGM”	a special general meeting of the Company to be held to consider the ordinary resolution(s) to be proposed to approve the Enruida PRC Acquisition Agreement, the Enruida HK Acquisition Agreement and the transactions contemplated thereunder
“Share(s)”	ordinary share(s) of HK\$0.08 each in the share capital of the Company
“Shareholders”	holders of the Company shares from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Termbray Natural Resources”	Termbray Natural Resources (BVI) Limited, a company incorporated in British Virgin Islands
“Termbray Petro-king Oilfield Services”	Termbray Petro-king Oilfield Services (BVI) Ltd., a company incorporated in British Virgin Islands
“Total Consideration”	the HK Consideration and the PRC Consideration

“Xi’an Aoteng”	西安奧騰石油工程技術服務有限公司 (Xi’an Aoteng Petroleum Engineering Technology Services Co., Ltd.*), a company established in the PRC
“HK\$”	Hong Kong dollars
“RMB”	Renminbi, the lawful currency of the PRC

In this announcement, all amounts in RMB have been translated in HK\$ at a rate of RMB1.00 = HK\$1.1387 for illustration purposes only.

* *For identification purpose only*

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

Hong Kong, 12 August 2008

As at the date hereof, the executive Directors are Mr. Lee Lap, Mdm. Leung Lai Ping, Mr. Tommy Lee, Mr. Wang Jinlong and Mr. Wong Shiu Kee; the non-executive Director is Mr. Lee Ka Sze, Carmelo; and the independent non-executive Directors are Mr. Lo Yiu Hee, Mr. Chan Siu Kang and Mr. Tong Hin Wor.