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**NEW INSIGHT INVESTMENTS LIMITED**

*(Incorporated in the British Virgin Islands with limited liability)*

**TERMBRAY INDUSTRIES INTERNATIONAL**

**(HOLDINGS) LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code : 0093)**

**JOINT ANNOUNCEMENT  
RELATING TO PROPOSED PRIVATISATION  
BY WAY OF  
VOLUNTARY CONDITIONAL OFFER BY PIPER JAFFRAY ASIA LIMITED  
ON BEHALF OF NEW INSIGHT INVESTMENTS LIMITED  
FOR ALL THE ISSUED SHARES IN TERMBRAY INDUSTRIES  
INTERNATIONAL (HOLDINGS) LIMITED (OTHER THAN THOSE  
ALREADY HELD BY NEW INSIGHT INVESTMENTS LIMITED AND  
PARTIES ACTING IN CONCERT WITH IT)  
AND  
RESUMPTION OF TRADING**

**Financial Advisor to  
New Insight Investments Limited**

**Piper Jaffray**

**THE OFFER**

The Offeror and Termbray are pleased to announce that on 28 January 2010 (after the trading hours of the Stock Exchange), the Offeror informed the Termbray Board that Piper Jaffray, on behalf of the Offeror, will make a voluntary conditional offer to acquire all of the issued Termbray Shares (other than those already held by the Offeror and parties acting in concert with it).

As at the date of this announcement, the Offeror is not interested in any Termbray Shares and Lee & Leung, which is the holding company of the Offeror, is interested in 1,252,752,780 Termbray Shares, representing approximately 63.99% of the existing issued share capital of Termbray. Each of Mr. Lee Wing Sing Vincent and Mr. Lee Wing Keung is interested in 39,387,120 and 37,500,000 Termbray Shares respectively, representing approximately 2.01% and 1.92% of the existing issued share capital of Termbray as at the date of this announcement. Mr. Lee Wing Sing Vincent (a non-executive director of Termbray) and Mr. Lee Wing Keung are the sons of Mr. Lee Lap and Mdm. Leung Lai Ping, both of whom are directors of the Offeror, Lee & Leung and Termbray. As such, Lee & Leung, Mr. Lee Wing Sing Vincent and Mr. Lee Wing Keung are all considered to be parties acting in concert with the Offeror. As at the date of this announcement, the Offeror and parties acting in concert with it are interested in an aggregate of 1,329,639,900 Termbray Shares, representing approximately 67.92% of the existing issued share capital of Termbray.

The consideration for the Termbray Shares will be either (i) one New Share for every Termbray Share or (ii) HK\$1.20 per Termbray Share payable in cash.

The Offer will be conditional upon the Offeror having received valid acceptances of the Offer (which are not, where permitted, withdrawn) by 4:00 p.m. on the Closing Date (or such later time or date as the Offeror may, subject to the rules of the Takeovers Code, decide) in respect of the Termbray Shares which constitute not less than 90% of the Termbray Shares to which the Offer relates.

#### **COMPOSITE DOCUMENT**

The Composite Document, which will contain details of, among other things, the Offer, a letter from an independent financial adviser in relation to the Offer and a letter from the Independent Board Committee in respect of the Offer, will be despatched to the Shareholders in compliance with the requirements of the Takeovers Code. An expected timetable in relation to the Offer will be included in the Composite Document.

#### **RESUMPTION OF TRADING**

At the request of Termbray, trading in the Termbray Shares on the Stock Exchange has been suspended from 9:30 a.m. on 29 January 2010 pending the release of this announcement. Application has been made by Termbray to the Stock Exchange for the resumption of trading in the Termbray Shares on the Stock Exchange with effect from 9:30 a.m. on 4 February 2010.

#### **THE OFFER**

On 28 January 2010 (after the trading hours of the Stock Exchange), the Offeror informed the Termbray Board that Piper Jaffray, on behalf of the Offeror, will make a voluntary conditional offer to acquire all of the issued Termbray Shares (other than those already held by the Offeror and parties acting in concert with it).

As at the date of this announcement, the Offeror is not interested in any Termbray Shares and Lee & Leung, which is the holding company of the Offeror, is interested in 1,252,752,780 Termbray Shares, representing approximately 63.99% of the existing issued share capital of Termbray. Each of Mr. Lee Wing Sing Vincent and Mr. Lee Wing Keung is interested in 39,387,120 and 37,500,000 Termbray Shares respectively, representing approximately 2.01% and 1.92% of the existing issued share capital of Termbray as at the date of this announcement. Mr. Lee Wing Sing Vincent (a non-executive director of Termbray) and Mr. Lee Wing Keung are the sons of Mr. Lee Lap and Mdm. Leung Lai Ping, both of whom are directors of the Offeror, Lee & Leung and Termbray. As such, Lee & Leung, Mr. Lee Wing Sing Vincent and Mr. Lee Wing Keung are all considered to be parties acting in concert with the Offeror. As at the date of this announcement, the Offeror and parties acting in concert with it are interested in an aggregate of 1,329,639,900 Termbray Shares, representing approximately 67.92% of the existing issued share capital of Termbray.

### **Consideration for the Offer**

Shareholders who accept the Offer will be entitled to choose between the Share Alternative or the Cash Alternative, as described below:

#### ***Share Alternative***

For each Termbray Share ..... 1 New Share

#### ***Cash Alternative***

For each Termbray Share ..... HK\$1.20 in cash

#### ***Nature of New Shares***

The Offeror was incorporated in the British Virgin Islands on 4 January 2010 and its current sole activity is to make the Offer. Save for the expenses incurred as a result of the incorporation of the Offeror and the paid-up capital in the sum of US\$1.00, the Offeror does not have any assets or liabilities as at the date of this announcement. There is no inherent value in the New Shares prior to the Offeror completing the Offer and acquiring the Termbray Shares. If Shareholders choose the Share Alternative, the New Shares that they will receive will be unlisted. In addition, there may be a limited market for the transfer of the New Shares.

#### ***Comparison of Value***

The Offer Price of HK\$1.20 represents:

- (a) a premium of approximately 5.26% over the closing price of HK\$1.14 per Termbray Share as quoted on the Stock Exchange on the Last Trading Date;
- (b) a premium of approximately 8.11% over the average closing price of approximately HK\$1.11 per Termbray Share as quoted on the Stock Exchange for the last 10 trading days immediately prior to and including the Last Trading Date;
- (c) a premium of approximately 1.69% over the average closing price of approximately HK\$1.18 per Termbray Share as quoted on the Stock Exchange for the last 30 trading days immediately prior to and including the Last Trading Date; and

- (d) a premium of approximately 106.9% to the unaudited consolidated equity attributable to owners of Termbray per Termbray Share of approximately HK\$0.58 as at 30 September 2009 (based on the unaudited consolidated equity attributable to owners of Termbray of approximately HK\$1,142,577,000 and 1,957,643,050 Termbray Shares in issue as at 30 September 2009).

### **Outstanding Termbray Options and Convertible Notes**

As at the date of this announcement, there are outstanding Termbray Options A and Termbray Options B entitling the holder thereof, namely Mr. Wang, to subscribe for 20,000,000 Termbray Shares at an exercise price of HK\$1.20 per Termbray Share and 17,000,000 Termbray Shares at an exercise price of HK\$1.25 per Termbray Share, respectively. Mr. Wang has given an irrevocable undertaking to the Offeror that conditional upon the Offer becoming unconditional, Mr. Wang will surrender the Termbray Options A and the Termbray Options B for nil consideration and release and discharge Termbray from its obligations under the share option agreement dated 14 January 2008, in each case with effect from the date on which the Offer becomes unconditional.

As at the date of this announcement, Termbray has outstanding Convertible Notes in a principal amount of HK\$133,692,000 issued to King Shine, which is beneficially owned by Mr. Wang as to approximately 56.98%. King Shine has given an irrevocable undertaking to the Offeror that they will not transfer the Convertible Notes or exercise the conversion right attaching thereto before the close of the Offer. In addition, King Shine has irrevocably undertaken to the Offeror not to accept an offer comparable to the Offer in respect of the Convertible Notes.

Each of the irrevocable undertakings executed by Mr. Wang and King Shine shall cease to be of any effect upon the earlier of any of the following events taking place: (a) the making of a revised or an alternative offer for the Termbray Shares which results in an increase in the Offer Price above HK\$1.20 per Termbray Share; or (b) the lapse of the Offer; or (c) the Offer has not become unconditional by 30 September 2010.

Accordingly, no comparable offer will be made for the outstanding Termbray Options and the Convertible Notes and the total number of Termbray Shares subject to the Offer is 628,003,150 Termbray Shares.

Save for the aforesaid, Termbray does not have any other outstanding options, derivatives, warrants or securities which are convertible or exchangeable into Termbray Shares and has not entered into any agreement for the issue of such options, derivatives, warrants or securities which are convertible or exchangeable into Termbray Shares.

Pursuant to the terms and conditions of the Convertible Notes, the proposed delisting of the Termbray Shares on the Stock Exchange (details of which are set out in the section headed "Compulsory Acquisition and Withdrawal of Listing" in this announcement) will constitute an event of default after which the Convertible Notes will, upon giving notice by King Shine, immediately become due and payable by Termbray. At present, Termbray has bank balances and cash of not less than HK\$700 million. Upon receiving the demand notice from King Shine, Termbray will apply part of such bank balance and cash for repayment of the Convertible Notes.

### **HIGHEST AND LOWEST PRICES**

During the six-month period preceding the Last Trading Date, the highest and lowest closing price of Termbray Shares as quoted on the Stock Exchange was HK\$1.48 on 4 November 2009 and HK\$0.99 on both 28 July 2009 and 29 July 2009.

## **TOTAL CONSIDERATION**

On the basis of the Offer Price of HK\$1.20 per Termbray Share and 1,957,643,050 Termbray Shares in issue as at the date of this announcement, the entire issued share capital of Termbray is valued at approximately HK\$2,349,171,660. On the basis of the 1,329,639,900 Termbray Shares already held by the Offeror and parties acting in concert with it which are not subject to the Offer, the Offer is valued at approximately HK\$753,603,780 based on the Offer Price and 628,003,150 Termbray Shares.

## **CONFIRMATION OF FINANCIAL RESOURCES**

Piper Jaffray is satisfied that sufficient financial resources are available to the Offeror and Lee & Leung to satisfy full acceptance of the Offer. The Offeror will finance the Offer by subscription monies and other available funds from Lee & Leung in the manner as set out in the Subscription Agreement. Details of the Subscription Agreement are set out in the section headed "Subscription Agreement" in this announcement.

## **NO ELECTION**

Shareholders who accept the Offer but do not indicate clearly their choice of either the Share Alternative or the Cash Alternative will be deemed to have elected the Cash Alternative in respect of their entire holding of Termbray Shares.

## **SETTLEMENT OF CONSIDERATION**

Settlement of the consideration in respect of acceptances of the Offer will be made as soon as possible, but in any event within 10 days of the date of receipt of a complete and valid acceptance in respect of the Offer or of the date on which the Offer becomes or is declared unconditional, whichever is later.

## **STAMP DUTY**

Lee & Leung will pay both the sellers' ad valorem stamp duty and the buyer's ad valorem stamp duty in respect of acceptances of the Offer.

## **CONDITION OF THE OFFER**

The Offer will be conditional upon the Offeror having received valid acceptances of the Offer (which are not, where permitted, withdrawn) by 4:00 p.m. on the Closing Date (or such later time or date as the Offeror may, subject to the rules of the Takeovers Code, decide) in respect of the Termbray Shares which constitute not less than 90% of the Termbray Shares to which the Offer relates.

In addition to the condition set out above, the Offer shall also be subject to the terms that acceptance of the Offer by any person will constitute a warranty by such person or persons to the Offeror that the Termbray Shares acquired under the Offer are sold by such person or persons free from all third party rights, liens, charges, equities, adverse interests and encumbrances whatsoever and together with all rights attaching thereto as at the date of this announcement or subsequently becoming attached to them, including the right to receive all dividends and distributions, if any, declared, made or paid on or after the date of this announcement.

## **COMPLETION OF THE OFFER**

If the condition to the Offer set out under the paragraph headed “Condition of the Offer” in this announcement is not satisfied on or before the Closing Date, the Offer will lapse and the Offeror will not proceed with the Offer. The latest time and date on which the Offeror can declare the Offer unconditional as to acceptances is 7:00 p.m. on the 60th day after posting of the Composite Document (or such later date to which the Executive may consent).

## **IRREVOCABLE UNDERTAKING**

The Offer will not be extended to the parties acting in concert with the Offeror (including Lee & Leung, Mr. Lee Wing Sing Vincent and Mr. Lee Wing Keung). As at the date of this announcement, each of Lee & Leung, Mr. Lee Wing Sing Vincent and Mr. Lee Wing Keung is interested in 1,252,752,780, 39,387,120 and 37,500,000 Termbray Shares respectively, representing approximately 63.99%, 2.01% and 1.92% of the existing issued share capital of Termbray. Lee & Leung which is the holding company of the Offeror, and Mr. Lee Wing Sing Vincent (a non-executive director of Termbray) and Mr. Lee Wing Keung who are the sons of Mr. Lee Lap and Mdm. Leung Lai Ping, both of whom are directors of the Offeror, Lee & Leung and Termbray, are all considered to be parties acting in concert with the Offeror. Therefore, the Offer will not be extended to them. Notwithstanding the aforesaid, each of Lee & Leung, Mr. Lee Wing Sing Vincent and Mr. Lee Wing Keung has given an irrevocable undertaking to the Offeror to transfer all of the Termbray Shares respectively held by them to the Offeror within 60 days after the Offer becomes unconditional in return for the allotment and issue of the same number of New Shares by the Offeror, on the same terms as the Offer, subject to the Offer becoming or being declared unconditional save and except that such transfer is expected to be effected in the principal register of Termbray in Bermuda.

As at the date of this announcement, the Offeror and parties acting in concert with it have not received any irrevocable commitment to accept the Offer.

## **SUBSCRIPTION AGREEMENT**

The Offeror and Lee & Leung have entered into the Subscription Agreement pursuant to which Lee & Leung will subscribe for one New Share in the Offeror at the subscription price of HK\$1.20 in respect of each Termbray Share for which the Cash Alternative is elected. The Offeror will in turn apply the subscription monies received under the Subscription Agreement to satisfy the Offer Price payable to the relevant Shareholders who elect the Cash Alternative. In addition, all costs and expenses in relation to the Offer incurred by the Offeror, including but not limited to the stamp duty payable under the Offer, shall be borne by Lee & Leung. The Subscription Agreement is conditional only upon the Offer becoming or being declared unconditional and will terminate if the Offer does not become or is not declared unconditional on or before the 60th day after posting of the Composite Document (or such later date as the Offer may remain open to, as may be agreed between the parties and approved by the Executive).

Depending on the number of Shareholders who elect to receive the Cash Alternative on completion of the Offer, the parties acting in concert with the Offeror will hold between approximately 67.92% to 100% of the share capital of the Offeror.

## COMPULSORY ACQUISITION AND WITHDRAWAL OF LISTING

To the extent applicable and pursuant to the compulsory acquisition power under the Companies Act, if the Offeror acquires not less than 90% of the Termbray Shares held by the Independent Shareholders (by virtue of the acceptances of the Offer or otherwise) within the period of four months after posting the initial Composite Document, the Offeror intends to exercise its rights under the provisions of the Companies Act and Rule 2.11 of the Takeovers Code to compulsorily acquire those Termbray Shares not acquired by the Offeror pursuant to the Offer, and following which an application will be made for the withdrawal of the listing of Termbray Shares from the Stock Exchange pursuant to Rule 6.15 of the Listing Rules.

If the Offeror does not effect the compulsory acquisition set out above upon the Offer becoming unconditional, the directors of the Offeror will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that there is sufficient public float for the Termbray Shares. However, the Offeror does not consider that this is likely to occur given the intention of the Offeror to privatise Termbray by exercising its compulsory acquisition power upon the Offer becoming unconditional.

The Stock Exchange has stated that if, at the completion of the Offer, less than 25% of the Termbray Shares are held by the public, or if the Stock Exchange believes that there are insufficient Termbray Shares in public hands to maintain an orderly market, then it will consider exercising its discretion to suspend trading in the Termbray Shares.

## SHAREHOLDING STRUCTURE OF TERMBRAY

The table below sets out the shareholding structure of Termbray as at the date of this announcement:

<b>Shareholders</b>	<b>Number of Termbray Shares</b>	<b>Approximate % of the total issued Termbray Shares</b>
Offeror and parties acting in concert with it ( <i>Note</i> )	1,329,639,900	67.92
Independent Shareholders	628,003,150	32.08
Total	<u>1,957,643,050</u>	<u>100</u>

*Note:* Such interests were held as to 1,252,752,780 Termbray Shares by Lee & Leung, 39,387,120 Termbray Shares by Mr. Lee Wing Sing Vincent, and 37,500,000 Termbray Shares by Mr. Lee Wing Keung. For the relationship as described under the section headed “Irrevocable Undertaking” above, Lee & Leung, Mr. Lee Wing Sing Vincent and Mr. Lee Wing Keung are all considered to be parties acting in concert with the Offeror.

## INFORMATION ON THE TERMBRAY GROUP

Termbray is incorporated in Bermuda with limited liability and the Termbray Shares are listed on the Stock Exchange. The Termbray Group is principally engaged in property development, property investment, engineering projects (involving sale of tools and equipment) and provision of consultancy services on well drilling.

The unaudited consolidated profit attributable to owners of Termbray for the six months ended 30 September 2009 was approximately HK\$16,649,000. The audited consolidated loss attributable to equity holders of Termbray for the year ended 31 March 2009 was approximately HK\$6,629,000 and the audited consolidated loss attributable to equity holders of Termbray for the financial year ended 31 March 2008 was approximately HK\$20,848,000. The unaudited consolidated equity attributable to owners of Termbray was approximately HK\$1,142,577,000 as at 30 September 2009 and the audited consolidated equity attributable to equity holders of Termbray was approximately HK\$1,124,096,000 as at 31 March 2009.

## **INFORMATION ON THE OFFEROR**

The Offeror is a company incorporated in the British Virgin Islands on 4 January 2010 with limited liabilities and its current sole activity is to make the Offer. Save for the expenses incurred as a result of the incorporation of the Offeror and the paid-up capital in the sum of US\$1.00, the Offeror does not have any assets or liabilities as at the date of this announcement. The Offeror is a wholly-owned subsidiary of Lee & Leung, a company incorporated in the British Virgin Islands with limited liability and the controlling shareholder of Termbray. As at the date of this announcement, Lee & Leung is wholly-owned by First Trend Management (PTC) 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, an executive director of Termbray, is the settlor of the Lee & Leung Family Trust whereas Mdm. Leung Lai Ping and Mr. Tommy Lee, both of whom are executive directors of Termbray and Mr. Lee Wing Sing Vincent, a non-executive director of Termbray are the discretionary beneficiaries of the Lee & Leung Family Trust.

## **REASONS FOR THE OFFER**

The average daily traded volume of the Termbray Shares over the six-month period prior to the Last Trading Date was approximately 197,874 Termbray Shares, representing approximately 0.01% of the issued share capital of Termbray as at the date of this announcement. Given the low trading volume of Termbray Shares traded on the Stock Exchange, the Offeror believes that access to the equity capital markets does not provide Termbray with an effective fund raising platform nor enhance its fund raising ability, and that the costs and management resources associated with the maintenance of Termbray's listing status may not be justified. If Termbray is to be delisted, it will be able to simplify its corporate structure, reduce administration time and costs and to save significant resources on listing compliance and investor relations in Hong Kong.

Furthermore, the Offeror believes that in view of the low liquidity, Termbray Shares are in general thinly traded and there is currently limited opportunity for the Independent Shareholders to divest their investment in Termbray. The Offer represents an opportunity to the Independent Shareholders who wish to exit from their investment in Termbray and to invest such cash in other investment opportunities that they may consider more attractive.

## **INTENTION IN RELATION TO TERMBRAY**

The Offeror intends that the Termbray Group will carry on its current business and continue its business in the oilfield related industry through the Petro-king Group following completion of the Offer.



In this connection, the Offeror intends to reorganise the assets of the Termbray Group. In addition, in order to further develop its business the Offeror may consider taking various steps including but not limited to, merger and acquisition and divestiture of business and/or assets, corporate restructuring and separate listing of the Petro-king Group in an appropriate securities exchange at an appropriate time subject to the development of the Petro-king Group. The Offeror will assess the above upon completion of the Offer. No concrete plan has been formulated as at the date of this announcement. Save for the above, there is no intention of the Offeror to introduce significant changes to the existing operations, business and management of the Termbray Group or continued employment of the employees of the Termbray Group and Petro-king Group.

## **BENEFITS OF THE OFFER FOR THE INDEPENDENT SHAREHOLDERS**

The Offer gives the Independent Shareholders who elect to receive the Cash Alternative an opportunity to realise their investments in Termbray at a price which is above both the market price of Termbray Shares on the Last Trading Date and the net asset value per Termbray Share. In addition, while the Offeror considers that the reorganization of assets and/or businesses of the Termbray Group would be better managed if it were not listed, it appreciates that some Independent Shareholders with a longer term investment perspective may wish to retain an interest in the Termbray Group. As such, the Offer also gives the Independent Shareholders who has trust in the management and business philosophy of Termbray an opportunity to retain their ownership interest in the Termbray Group by electing the Share Alternative, albeit indirectly and, therefore, participate in the Termbray Group's future development following the assets and/or business reorganization of the Termbray Group. However, there is no guarantee by the Offeror on any immediate benefit that can be brought to the Independent Shareholders or any concrete plan on the future development of Termbray Group that can be implemented immediately upon completion of the Offer.

## **COMPOSITE DOCUMENT**

The Composite Document, which will contain details of, among other things, the Offer, a letter from an independent financial adviser in relation to the Offer and a letter from the Independent Board Committee in respect of the Offer, will be despatched to the Shareholders in compliance with the requirements of the Takeovers Code. An expected timetable in relation to the Offer will be included in the Composite Document.

## **AVAILABILITY OF THE OFFER**

The availability of the Offer to persons not resident in Hong Kong may be affected by the applicable laws of the relevant overseas jurisdictions. Persons who are not resident in Hong Kong should inform themselves about and observe any applicable requirements in their own jurisdictions.

## **INTEREST OF THE OFFEROR AND ITS CONCERT PARTIES IN TERMBRAY**

As at the date of this announcement, save as an aggregate of 1,329,639,900 Termbray Shares held by Lee & Leung, Mr. Lee Wing Sing Vincent and Mr. Lee Wing Keung, neither the Offeror nor any parties acting in concert with it owns, controls or directs any Termbray Shares or holds any convertible securities, warrants or options (or outstanding derivatives) in respect of the Termbray Shares. Neither the Offeror nor any party acting in concert with it has dealt for value in the Termbray Shares or convertible securities, warrants or options (or outstanding derivatives) in respect of Termbray Shares during the six month period up to and including the date of this announcement.

As at the date of this announcement, there are no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in Termbray which the Offeror or any parties acting in concert with it has borrowed or lent.

As at the date of this announcement, save for the irrevocable undertaking given by each of Lee & Leung, Mr. Lee Wing Sing Vincent, Mr. Lee Wing Keung, Mr. Wang and King Shine as mentioned in this announcement, there are no other arrangement (whether by way of option, indemnity or otherwise) in relation to the New Shares or the Termbray Shares which might be material to the Offer.

As at the date of this announcement, there are no agreements or arrangements to which the Offeror is a party which relate to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition of the Offer.

## **DISCLOSURE OF DEALINGS**

In accordance with Rule 3.8 of the Takeovers Code, reproduced below is the full text of Note 11 to Rule 22 of the Takeovers Code:

“Responsibilities of stockbrokers, banks and other intermediaries

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than \$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”

## **GENERAL**

Under Rule 2.1 of the Takeovers Code, a board which receives an offer must establish an independent committee of the board to make a recommendation (i) as to whether the offer is, or is not, fair and reasonable; and (ii) as to acceptance or voting. The Independent Board Committee comprising the three independent non-executive directors of Termbray, namely Mr. Chan Siu Kang, Mr. Lo Yiu Hee and Mr. Tong Hin Wor, has been established. Non-executive directors of Termbray include Mr. Lee Ka Sze, Carmelo and Mr. Lee Wing Sing Vincent and since (i) Mr. Lee Ka Sze, Carmelo is a practising solicitor and a partner of Woo, Kwan, Lee & Lo, which is currently acting as the legal advisor to Termbray in respect of the Offer; and (ii) Mr. Lee Wing Sing Vincent is a party acting in concert with the Offeror, Mr. Lee Ka Sze, Carmelo and Mr. Lee Wing Sing Vincent are therefore, not independent in respect of the Offer and will not be members of the Independent Board Committee. Termbray will appoint an independent financial adviser to advise the Independent Board Committee in respect of the Offer. Relevant announcement will be made by Termbray when an independent financial adviser has been appointed as soon as possible.

## RESUMPTION OF TRADING

At the request of Termbray, trading in the Termbray Shares on the Stock Exchange has been suspended from 9:30 a.m. on 29 January 2010 pending the release of this announcement. Application has been made by Termbray to the Stock Exchange for the resumption of trading in the Termbray Shares on the Stock Exchange with effect from 9:30 a.m. on 4 February 2010.

## DEFINITIONS

In this announcement, the following terms shall have the meanings respectively set opposite them unless the context requires otherwise:

“acting in concert”	shall have the meaning set out in the Takeovers Code
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Cash Alternative”	HK\$1.20 for each Termbray Share
“Closing Date”	the date to be stated in the Composite Document as the first closing date of the Offer or any subsequent closing date as may be announced by the Offeror and approved by the Executive
“Companies Act”	the Companies Act 1981 of Bermuda
“Composite Document”	the composite offer document to be jointly issued by or on behalf of the Offeror and Termbray in connection with the Offer
“controlling shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Convertible Notes”	the convertible notes in an aggregate principal amount of HK\$133,692,000 issued by Termbray to King Shine pursuant to a subscription agreement dated 31 December 2007
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“Independent Board Committee”	the independent committee of the board of directors of Termbray appointed to advise the Independent Shareholders in respect of the Offer (being all three independent non-executive directors of Termbray)
“Independent Shareholders”	Shareholders other than the Offeror and parties acting in concert with it
“King Shine”	King Shine Group Limited, a company incorporated in the British Virgin Islands with limited liability and owned as to approximately 56.98% by Mr. Wang
“Last Trading Date”	28 January 2010, being the last full trading day prior to the suspension of trading in the Termbray Shares pending the issue of this announcement

“Lee & Leung”	Lee & Leung (B.V.I.) Limited, a company incorporated in the British Virgin Islands with limited liability
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Wang”	Mr. Wang Jinlong, an executive director of Termbray
“New Share(s)”	ordinary share(s) of US\$0.01 each in the share capital of the Offeror
“Offer”	the voluntary conditional offer to be made by Piper Jaffray on behalf of the Offeror to acquire all of the issued Termbray Shares other than those already held by the Offeror and parties acting in concert with it on the basis of one New Share for every Termbray Share or a cash alternative of HK\$1.20 for each Termbray Share
“Offer Price”	the offer price of HK\$1.20 payable by the Offeror to the Shareholders for each Termbray Share accepted under the Offer
“Offeror”	New Insight Investments Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of Lee & Leung
“Piper Jaffray”	Piper Jaffray Asia Limited, a licensed corporation under the SFO permitted to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO
“Petro-king Group”	Petro-king Holding and its subsidiaries
“Petro-king Holding”	Petro-king Holding Limited, a company incorporated in Hong Kong which is a non-wholly owned subsidiary of Termbray
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	means the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
“Share Alternative”	one New Share for each Termbray Share
“Share Option Scheme”	the share option scheme of Termbray adopted on 18 August 2006
“Shareholder(s)”	holder(s) of the Termbray Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Agreement”	a subscription agreement dated 28 January 2010 entered into between the Offeror and Lee & Leung in relation to the subscription of New Shares by Lee & Leung

“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“Termbray”	Termbray Industries International (Holdings) Limited, a company incorporated in Bermuda the shares of which are listed on the Main Board of the Stock Exchange
“Termbray Board”	the board of directors of Termbray
“Termbray Group”	Termbray and its subsidiaries
“Termbray Options”	all outstanding options granted by Termbray to subscribe for Termbray Shares comprising Termbray Options A and Termbray Options B
“Termbray Options A”	20,000,000 share options granted by Termbray to Mr. Wang to subscribe for Termbray Shares at an exercise price of HK\$1.20 per Termbray Share pursuant to a share option agreement dated 14 January 2008
“Termbray Options B”	17,000,000 share options granted by Termbray to Mr. Wang under the Share Option Scheme conferring on Mr. Wang the right to subscribe for Termbray Shares at an exercise price of HK\$1.25 per Termbray Share
“Termbray Share(s)”	shares of HK\$0.08 each in the share capital of Termbray
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

By Order of the Board  
**New Insight Investments Limited**  
**Lee Lap**  
*Director*

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

Hong Kong, 3 February 2010

*As at the date of this announcement, the directors of the Offeror are Mr. Lee Lap and Mdm. Leung Lai Ping.*

*The directors of the Offeror jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than those relating to the Termbray Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement (other than those expressed by the Termbray Group) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any statements in this announcement misleading.*

*As at the date of this announcement, the executive directors of Termbray are Mr. Lee Lap, Mdm. Leung Lai Ping, Mr. Tommy Lee, Mr. Wong Shiu Kee and Mr. Wang Jinlong; the non-executive directors of Termbray are Mr. Lee Ka Sze, Carmelo and Mr. Lee Wing Sing Vincent; and the independent non-executive directors of Termbray are Mr. Chan Siu Kang, Mr. Lo Yiu Hee and Mr. Tong Hin Wor.*

*The directors of Termbray jointly and severally accept full responsibility for the accuracy of the information contained in this announcement relating to the Termbray Group and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement by the Termbray Group have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any statements in this announcement relating to the Termbray Group misleading.*