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## **TERMBRAY INDUSTRIES INTERNATIONAL (HOLDINGS) LIMITED**

*(Incorporated in Bermuda with limited liability)*

*Website: [www.termbray.com.hk](http://www.termbray.com.hk)*

**(Stock code: 0093)**

### **ANNOUNCEMENT CONTINUING CONNECTED TRANSACTION**

The Board wish to announce that on 14 March 2014, Termbray (Fujian), a wholly-owned subsidiary of the Company, as lessor and Mr. Lee Wing Keung as lessee entered into the Lease Agreement, pursuant to which the lessee will lease the Property from the lessor for a term of three years commencing on 16 March 2014 and expiring on 15 March 2017 at a monthly rent of HK\$157,000 for domestic purposes.

Mr. Lee Wing Keung is the son of Mr. Lee Lap (an executive Director and the Chairman of the Company) and Mdm. Leung Lai Ping (an executive Director of the Company) and is also the brother of Mr. Tommy Lee (an executive Director and the Vice Chairman and Chief Executive Officer of the Company) and, as such, is an associate of Mr. Lee Lap, Mdm. Leung Lai Ping and Mr. Tommy Lee respectively and is therefore a connected person of the Company under Rule 14A.11(4)(b)(i) of the Listing Rules. Accordingly, the entering into of the Lease Agreement constitutes continuing connected transactions of the Company under Chapter 14A of the Listing Rules. As Mr. Lee Lap, Mdm. Leung Lai Ping and Mr. Tommy Lee have a material interest in the continuing connected transactions contemplated under the Lease Agreement, they have all abstained from voting on the board resolutions of the Company approving, among others, the entering into of the Lease Agreement.

As the Board anticipates that the annual caps for the continuing connected transactions contemplated under the Lease Agreement will be less than HK\$10,000,000 throughout the term of the Lease Agreement and that the assets, revenue and consideration ratios as defined under Rule 14.07 of the Listing Rules in respect of such annual caps will respectively be less than 25%, the Lease Agreement will be subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47, the annual review requirements set out in Rules 14A.37 to 14A.40 but exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **BACKGROUND**

Termbray (Fujian) and Mr. Lee Wing Keung on 14 March 2011 entered into the Existing Lease Agreement whereby Termbray (Fujian) agreed to lease to Mr. Lee Wing Keung the Property for a term of three years commencing on 16 March 2011 and expiring on 15 March 2014, details of which had previously been disclosed in the announcements of the Company dated 14 March 2011 and 18 March 2011. Since the Existing Lease Agreement will expire on 15 March 2014, Termbray (Fujian) and Mr. Lee Wing Keung have agreed to renew the Existing Lease Agreement and entered into the Lease Agreement.

## **THE LEASE AGREEMENT**

### **Parties**

Lessor: Termbray (Fujian), a wholly-owned subsidiary of the Company

Lessee: Mr. Lee Wing Keung, the son of Mr. Lee Lap (an executive Director and the Chairman of the Company) and Mdm. Leung Lai Ping (an executive Director of the Company) and also the brother of Mr. Tommy Lee (an executive Director and the Vice Chairman and Chief Executive Officer of the Company)

### **Date**

14 March 2014

### **Property to be leased**

The Property, the subject of the Lease Agreement, is owned by Termbray (Fujian) and is a residential property situated on Hong Kong Island with a gross floor area of approximately 334 square metres.

### **Term**

The term of the Lease Agreement is three years commencing on 16 March 2014 and expiring on 15 March 2017.

### **Use**

The property shall be used for domestic purposes.

### **Rent and payment terms**

The monthly rent for the Property is HK\$157,000 (**exclusive** of rates, management fees and utility charges), amounting to a rent of HK\$1,884,000 per annum.

The terms (including without limitation, the rent) of the Lease Agreement were arrived at after arm's length negotiations between the parties, based on the current market rental value of the Property as valued by Vigers Appraisal & Consulting Limited, an independent property valuer not connected with any Directors, chief executives or substantial shareholders of the Company or any of its subsidiaries or an associate of any of them. According to the valuation conducted by the aforesaid property valuer, as at 31 January 2014, the current market monthly rental value of the Property is HK\$157,000, exclusive of rates, management fees and utility charges, which is comparable to similar properties in the vicinity.

## **HISTORICAL FIGURES AND ANNUAL CAPS**

The aggregate annual rental income received by the Group under the Existing Lease Agreement for the two years ended 31 March 2012 and 2013 were HK\$2,400,000 and HK\$2,400,000 respectively. The monthly rent for the Property was HK\$200,000 (**inclusive** of rates, management fees and utility charges) under the Existing Lease Agreement.

It is expected that the aggregate annual rental income receivable by the Group under the Lease Agreement will not exceed the annual caps as set out below:

	<b>For the year ending 31 March</b>			
<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	
HK\$81,032	HK\$1,884,000	HK\$1,884,000	HK\$1,802,968	

Such annual caps are determined based on the monthly rental of HK\$157,000, being the monthly rental prescribed under the Lease Agreement and the Directors (including the independent non-executive Directors) have confirmed that such annual caps are fair and reasonable.

## **REASONS FOR ENTERING INTO THE LEASE AGREEMENT**

The Group is principally engaged in property development, investment and the provision of oilfield engineering and consultancy services. The Directors (including the independent non-executive Directors) believe that the Lease will provide additional stable income for the Company and are of the view that the terms of the Lease Agreement are fair and reasonable and that the Lease Agreement is on normal commercial terms and in the ordinary and usual course of business of the Company and in the best interests of the Company and the Shareholders as a whole.

## **GENERAL**

Mr. Lee Wing Keung is the son of Mr. Lee Lap (an executive Director and the Chairman of the Company) and Mdm. Leung Lai Ping (an executive Director of the Company) and is also the brother of Mr. Tommy Lee (an executive Director and the Vice Chairman and Chief Executive Officer of the Company) and, as such, is an associate of Mr. Lee Lap, Mdm. Leung Lai Ping and Mr. Tommy Lee respectively and is therefore a connected person of the Company under Rule 14A.11(4)(b)(i) of the Listing Rules. Accordingly, the entering into of the Lease Agreement constitutes continuing connected transactions of the Company under Chapter 14A of the Listing Rules. As Mr. Lee Lap, Mdm. Leung Lai Ping and Mr. Tommy Lee have a material interest in the continuing connected transactions contemplated under the Lease Agreement, they have all abstained from voting on the board resolutions of the Company approving, among others, the entering into of the Lease Agreement.

As the Board anticipates that the annual caps for the continuing connected transactions contemplated under the Lease Agreement will be less than HK\$10,000,000 throughout the term of the Lease Agreement and that the assets, revenue and consideration ratios as defined under Rule 14.07 of the Listing Rules in respect of such annual caps will respectively be less than 25%, the Lease Agreement will be subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47, the annual review requirements set out in Rules 14A.37 to 14A.40 but exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## DEFINITIONS

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	Termbray Industries International (Holdings) Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Existing Lease Agreement”	the lease agreement dated 14 March 2011 entered into between Termbray (Fujian) and Mr. Lee Wing Keung whereby Termbray (Fujian) agreed to lease to Mr. Lee Wing Keung the Property for a term of three years commencing on 16 March 2011 and expiring on 15 March 2014, details of which had previously been disclosed in the announcements of the Company dated 14 March 2011 and 18 March 2011
“Group”	the Company together with its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Lease”	the transactions contemplated under the Lease Agreement
“Lease Agreement”	the lease agreement dated 14 March 2014 entered into between Mr. Lee Wing Keung as the lessee and Termbray (Fujian) as the lessor
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People's Republic of China and for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region and Taiwan

“Property”	a residential property situated on Hong Kong Island with a gross floor area of approximately 334 square metres
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Termbray (Fujian)”	Termbray (Fujian) Land Development Company Limited, a wholly-owned subsidiary of the Company

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

Hong Kong, 14 March 2014

As at the date of this announcement, the Board comprises:

***Executive Directors:***

Mr. Lee Lap (*Chairman*)

Mr. Tommy Lee (*Vice Chairman and Chief Executive Officer*)

Mdm. Leung Lai Ping

Mr. Wong Shiu Kee

***Independent Non-Executive Directors:***

Mr. Lo Yiu Hee

Mr. Tong Hin Wor

Mr. Siu Lok Chow, Gabriel

***Non-Executive Director:***

Mr. Lee Ka Sze, Carmelo