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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 Directors wish to announce that on 14 March 2008, Termbay (Fujian) Land Development Company Limited (“Termbay (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 at a monthly rent of HK\$190,000 for domestic purposes.

Mr. Lee Wing Keung is the son of Mr. Lee Lap, an executive Director and the Chairman of the Company, and, as such, is treated as a connected person under Rule 14A.11(4)(b) of the Listing Rules. Accordingly, the signing of the Lease Agreement constitutes a continuing connected transaction subject to the reporting, announcement and the independent shareholders’ approval requirements under Chapter 14A of the Listing Rules for the Company.

A circular containing further details of the Lease Agreement, the recommendation from the Independent Board Committee and the letter of advice from the independent financial adviser of the Company to the Independent Board Committee and the independent Shareholders, and a notice of the Special General Meeting to approve the Lease Agreement, will be dispatched to the Shareholders as soon as practicable in accordance with the Listing Rules.

#### **BACKGROUND**

Termbay (Fujian) and Mr. Lee Wing Keung have on 11 March 2005 entered into the Existing Lease Agreement whereby Termbay (Fujian) has agreed to lease to Mr. Lee Wing Keung the Property for a term of three years from 16 March 2005 to 15 March 2008, details of which had previously been disclosed by the Company in the announcement of the Company dated 11 March 2005. Since the Existing Lease Agreement will expire on 15 March 2008, Termbay (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) Land Development Company Limited, 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

### **Date**

14 March 2008

### **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 saleable area of approximately 306 square metres.

### **Condition**

The Lease Agreement is conditional upon the obtaining of the approval of the independent Shareholders.

If the above condition is not fulfilled within 3 months immediately after the date of the Lease Agreement (or such a later date as may be agreed by the parties), the Lease Agreement will lapse.

### **Term**

Conditional on the independent Shareholders' approval, the term of the Lease Agreement is three years commencing on 16 March 2008 and expiring on 15 March 2011.

### **User**

The Property shall be used for domestic purposes.

### **Rent and payment terms**

The monthly rent for the Property is HK\$190,000.00 (inclusive of rates, management fees and utility charges), amounting to a rent of HK\$2,280,000 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 DTZ Debenham Tie Leung 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 2008, the current market monthly rental value of the Property is HK\$190,000, inclusive of rates, management fees and, utilities charges, which is comparable to similar properties in the vicinity.

## **HISTORICAL FIGURES AND ANNUAL CAPS**

The aggregate rental income received by the Group in respect of the Existing Lease Agreement for the two years ended 31 March 2006 and 2007 were HK\$ 1,440,000 and HK\$ 1,440,000 respectively.

It is expected that the annual amount receivable under the Lease Agreement will not exceed the annual caps as set out below:

	<b>For the year ending 31 March</b>		
	<b>2009</b>	<b>2010</b>	<b>2011</b>
	HK\$ 2,280,000	HK\$ 2,280,000	HK\$ 2,280,000

Such annual caps are determined based on the monthly rental of HK\$190,000, being the monthly rental prescribed under the Lease Agreement and the Directors (excluding members of the Independent Board Committee whose view will be given in the circular to be dispatched to the Shareholders after taking into account of the advice of the independent financial adviser) have confirmed that such annual caps are fair and reasonable. The above annual caps are subject to the approval of the independent Shareholders.

## **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 (excluding members of the Independent Board Committee whose view will be given in the circular to be dispatched to the Shareholders after taking into account of the advice of the independent financial adviser) 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, as such, is treated as an associate of Mr. Lee Lap under Rule 14A.11(4)(b) of the Listing Rules and thereby is a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the signing of the Lease Agreement constitutes a continuing connected transaction subject to the reporting, announcement and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules for the Company.

A circular containing further details of the Lease Agreement, the recommendation from the Independent Board Committee and the letter of advice from the independent financial adviser of the Company to the Independent Board Committee and the independent Shareholders, and a notice of the Special General Meeting to approve the Lease Agreement, will be dispatched to the Shareholders as soon as practicable in accordance with the Listing Rules.

## DEFINITIONS

“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
“Director(s)”	the director(s) of the Company
“Existing Lease Agreement”	the lease agreement dated 11 March 2005 between Termbray (Fujian) and Mr. Lee Wing Keung whereby Termbray (Fujian) has agreed to lease to Mr. Lee Wing Keung the Property for a term of three years from 16 March 2005 to 15 March 2008, details of which had previously been disclosed by the Company in the announcement of the Company dated 11 March 2005
“Group”	the Company together with its subsidiaries
“Independent Board Committee”	the committee of the board of the Directors, consisting of independent non-executive Directors, to advise the independent Shareholders in respect of the Lease Agreement
“Lease”	the transaction contemplated under the Lease Agreement
“Lease Agreement”	the lease agreement dated 14 March 2008 entered into between Mr. Lee Wing Keung as the lessee and Termbray (Fujian) Land Development Company Limited, a wholly owned subsidiary of the Company, as the lessor
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Property”	the residential property situated on Hong Kong Island with a saleable area of approximately 306 square metres
“Shareholders”	the holders of shares of the Company
“Special General Meeting”	the special general meeting of the Company to be held to approve the Lease Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

By order of the Board  
**TERMBRAY INDUSTRIES INTERNATIONAL (HOLDINGS) LIMITED**  
**Lee Lap**  
*Chairman*

Hong Kong, 14 March 2008

*As at the date hereof, the board of Directors comprises of five executive Directors, namely Mr. LEE Lap, Mdm. LEUNG Lai Ping, Mr. LEE Tommy, Mr. WANG Jinlong and Mr. WONG Shiu Kee; one non-executive Director, namely Mr. LEE Ka Sze, Carmelo and three independent non-executive Directors, namely Mr. CHAN Siu Kang, Mr. LO Yiu Hee and Mr. Tong Hin Wor.*