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TERMBRAY INDUSTRIES INTERNATIONAL (HOLDINGS) LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 0093)

VERY SUBSTANTIAL DISPOSAL

REGARDING THE DEEMED DISPOSAL ARISING FROM SUBSCRIPTION FOR NEW SHARES BY AN INVESTOR IN A MAJOR SUBSIDIARY AND RESUMPTION OF TRADING

Financial Advisor to Termbray Industries International (Holdings) Limited

Piper Jaffray

THE SUBSCRIPTION AGREEMENT

The Board is pleased to announce that on 3 September 2010, Termbray Petro-king, a non-wholly owned subsidiary of the Company, the Investor, King Shine and Termbray NRC, a wholly owned subsidiary of the Company, entered into the Subscription Agreement, pursuant to which Termbray Petro-king and the Investor have agreed that Termbray Petro-king shall allot and issue and the Investor shall subscribe for the Subscription Shares for a consideration of RMB88.8 million payable in US dollars.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Investor and its ultimate beneficial owners is an Independent Third Party and not a connected person of the Company.

GENERAL

The Subscription which involves the Investor acquiring interests in Termbray Petro-king constitutes deemed disposal of the Company's equity interest in a subsidiary of the Company under Rule 14.29 of the Listing Rules. As the applicable percentage ratios (as defined under the Listing Rules) for the Subscription are larger than 75%, the Subscription constitutes a very substantial disposal of the Company under Chapter 14 of the Listing Rules and is therefore subject to the approval by the Shareholders at the SGM to be convened.

The SGM will be held to consider, and if thought fit, passing the resolutions to approve (i) the Subscription Agreement; and (ii) the transactions contemplated under the Subscription Agreement. A circular containing, amongst other things, further details of the Subscription Agreement, together with a notice of the SGM, will be despatched to the Shareholders on or before 27 September 2010.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended from 9:30 a.m. on 6 September 2010 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on 8 September 2010.

INTRODUCTION

The Board is pleased to announce that on 3 September 2010, Termbray Petro-king, a non-wholly owned subsidiary of the Company, the Investor, King Shine and Termbray NRC, a wholly owned subsidiary of the Company, entered into the Subscription Agreement, pursuant to which Termbray Petro-king and the Investor have agreed that Termbray Petro-king shall allot and issue and the Investor shall subscribe for the Subscription Shares for a consideration of RMB88.8 million payable in US dollars. Further details of the Subscription Agreement are set out below.

THE SUBSCRIPTION AGREEMENT

Date:

3 September 2010

Parties:

Termbray Petro-king (as the issuer of the Subscription Shares)

The Investor (as the subscriber of the Subscription Shares)

King Shine (as the issuer's warrantor)

Termbray NRC (as the issuer's warrantor)

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Investor and its ultimate beneficial owners is an Independent Third Party and is not a connected person of the Company.

The Subscription Shares

Pursuant to the Subscription Agreement, the parties have conditionally agreed that the Investor shall subscribe for and Termbray Petro-king shall allot and issue to the Investor the Subscription Shares, representing 10% of the issued share capital of Termbray Petro-king as enlarged by the Subscription.

As at the date of this announcement, Termbray Petro-king is owned as to 51.0% and 49.0% by Termbray NRC and King Shine, respectively. Upon Completion, Termbray Petro-king shall be owned as to 45.9%, 44.1% and 10.0% by Termbray NRC, King Shine and the Investor, respectively.

Consideration

The consideration for the Subscription shall be RMB88.8 million payable by the Investor to Termbray Petro-king in US dollars at the Final Exchange Rate, and shall be payable in cash by way of cashier order at Completion. The consideration was determined after arm's length negotiations between the parties, having taken into account of historical performance and future prospects of Termbray Petro-king's business, and is subject to adjustment as below.

Termbray Petro-king and the Investor agree that there shall be a Consideration Adjustment in the event that the Actual Net Profit is less than RMB85 million. There shall be no Consideration Adjustment if the Actual Net Profit exceeds RMB85 million.

The Consideration Adjustment shall be determined in accordance with the following formula:

$$A \times \frac{B}{C}$$

where:

A is the consideration being RMB88.8 million

B is the amount of the Actual Net Profit falling short of RMB100 million

C is RMB100 million

If, with reference to the Actual Net Profit, any Consideration Adjustment is payable, it shall be payable to the Investor within 30 days after the date of release of the 2010 Audited Accounts. The Consideration Adjustment shall be borne by Termbray Petro-king as to the full amount of the Consideration Adjustment and, if the payment by Termbray Petro-king is insufficient, by all those shareholders of Termbray Petro-king in existence as at 31 December 2010 (except the Investor) severally in accordance with the then respective shareholdings in Termbray Petro-king (without taking into account of those shareholding of the Investor in Termbray Petro-king) on a pro-rata basis.

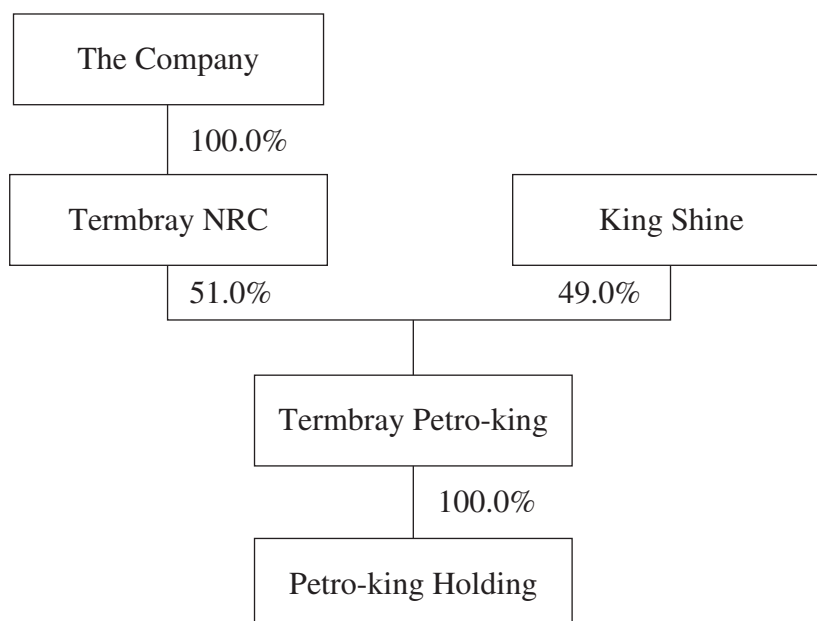
Warrantors' guarantee

In consideration of the Investor entering into the Subscription Agreement with Termbray Petro-king, the Warrantors agree to guarantee Termbray Petro-king's payment obligations of the Consideration Adjustment, but not for any other purpose under any other provisions of the Subscription Agreement. Each Warrantor's liability shall be several and in accordance with the then respective shareholding in Termbray Petro-king as at 31 December 2010 on a pro-rata basis.

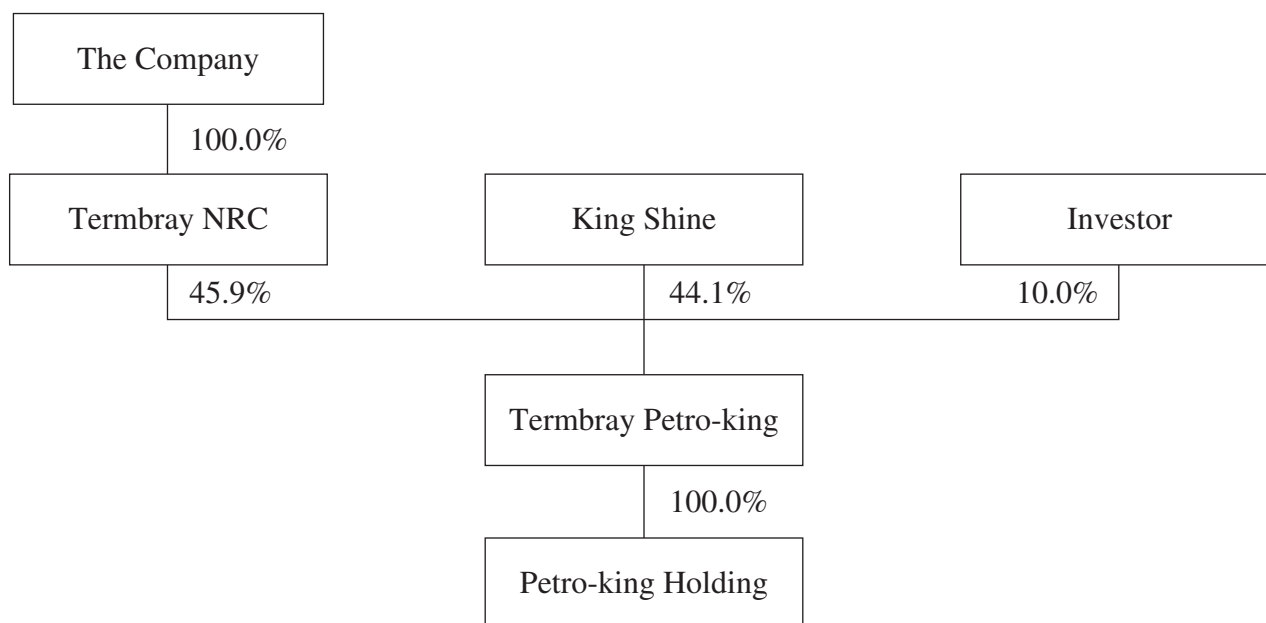
Corporate Structure

The following diagrams provide an illustration of the simplified corporate structure of Termbray Petro-king as at the date of this announcement and immediately after Completion.

Simplified corporate structure of Termbray Petro-king as at the date of this announcement:



Simplified corporate structure of Termbray Petro-king immediately after Completion:



Conditions precedent

Completion of the Subscription shall be subject to and conditional upon the fulfillment of the following Conditions:

- (a) the approval by the Shareholders for the allotment and issue of the Subscription Shares at a special general meeting of the Company in accordance with the Listing Rules;
- (b) all necessary internal consents and approvals of Termbray Petro-king (including approvals from its board and shareholders, if required) and third party approvals (including governmental and regulatory approvals, if any) regarding the subscription of the Subscription Shares having been obtained by Termbray Petro-king to the satisfaction of the Investor;

- (c) all of the warranties of Termbray Petro-king remaining true and correct in all material respects; and
- (d) no Material Adverse Change or Effect resulting from any of the following events occurring before Completion:
 - (i) the grant of any final judgment of litigation causing Termbray Petro-king Group to pay a sum more than HK\$20 million;
 - (ii) the fixed assets of Termbray Petro-king Group being stolen or destroyed by fire or flood which diminishes the net book value of the fixed assets of Termbray Petro-king amounting to more than HK\$25 million in aggregate;
 - (iii) winding up or cessation or closure of business of any member of Termbray Petro-king Group which leads to a loss of the asset value of Termbray Petro-king Group exceeding HK\$25 million in aggregate; or
 - (iv) the occurrence of any single event (save and except in the ordinary course of business) which leads to the net asset value of Termbray Petro-king Group being reduced by HK\$25 million.

If the Conditions are not fulfilled on or before the Long Stop Date, the Subscription Agreement shall lapse and be of no further effect and no party to the Subscription Agreement shall have any claim against or liability to the other party, save in respect of any antecedent breaches of the Subscription Agreement.

Completion

Completion shall take place at 3:00 p.m. on the Completion Date. Upon Completion, Termbray Petro-king will cease to be a subsidiary of the Company and will become an associate company of the Company.

USE OF SUBSCRIPTION MONEY

Termbray Petro-king shall procure that the subscription money paid by the Investor under the Subscription Agreement shall only be used to expand the existing main business of Termbray Petro-king and to develop new business.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION

The Directors consider that the Subscription by the Investor of the Subscription Shares would considerably strengthen Petro-king Group's financial position and its ability to continue to expand in the oilfield engineering and consultancy services industry. The proceeds of the Subscription will also increase the liquidity of Petro-king Group and strongly position it to fund its continued expansion. Besides, the Investor agrees to use its reasonable endeavours to procure the related companies of the Investor, which are engaged in oil natural gas business, to provide all necessary support for the business of Petro-king Group. Therefore, the Directors consider that the significant contribution of financial capital to Petro-king Group represents an attractive opportunity to recapitalize the competitive strengths of Petro-king Group to continue its development of its oilfield engineering and consultancy services and further accelerate growth of its business.

Save for Petro-king ESOP and the Potential Transaction, which may further dilute the interest of the Group in Termbray Petro-king, the Group has no intention to further dispose of the interest in Termbray Petro-king. The details of the Potential Transaction is still under negotiation, and as at the date of this announcement, the Group has not entered into any agreement with, among others, the target company and its shareholder in relation to the Potential Transaction. Further announcement regarding the Potential Transaction may be made by the Company as and when required in compliance with the applicable Listing Rules. The Group will continue to operate its property investment and development business and be engaged in oilfield engineering and consultancy services through its interest in Petro-king Group in the future.

The Board considers that the terms of the Subscription Agreement are negotiated on an arm's length basis, on normal commercial terms, are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

INFORMATION ON TERMBRAY PETRO-KING

Termbray Petro-king is an investment holding company incorporated in the British Virgin Islands with limited liability and is principally engaged in oilfield engineering and consultancy services through Petro-king Group.

According to the unaudited consolidated management accounts of Termbray Petro-king which were prepared in accordance with the Hong Kong Financial Reporting Standards, Termbray Petro-king has consolidated net assets of about HK\$225.0 million as at 31 March 2010. Further financial information of Termbray Petro-king is set out as below (subject to audit):

	For the year ended 31 March	
	2009	2010
	<i>(HK\$' million)</i>	<i>(HK\$' million)</i>
Turnover	215.3	382.4
Net profit before taxation and minority interest	69.3	123.4
Net profit after taxation and minority interest	59.4	94.7

FINANCIAL EFFECT OF THE SUBSCRIPTION

Immediately after Completion, Termbray Petro-king will cease to be a subsidiary of the Company and will become an associate company of the Company. The accounts of Termbray Petro-king will no longer be consolidated to the consolidated financial statements of the Group.

A potential gain of HK\$35.3 million, subject to the confirmation by the auditor of the Company, is expected to be recognized in the income statement of the Group for the year ending 31 March 2011. The potential gain is calculated based on (i) the difference of the Group's equity interest in Termbray Petro-king upon Completion, i.e. 5.1% of the unaudited net assets value of Termbray Petro-king of HK\$225.0 million as at 31 March 2010; and (ii) the share of consideration of the Subscription by the Company upon Completion.

The actual gain to be recognized upon Completion may differ from the estimated gain calculated above as the net asset value of Termbray Petro-king is subject to change upon the timing of the Completion. Further information regarding the financial effect of the Subscription will be included in the circular.

INFORMATION ON THE GROUP

The Group is principally engaged in property investment and development, oilfield engineering and provision of consultancy services.

During the four months from 1 April 2010 to 31 July 2010, the Group has sold three residential units of Ever Success Plaza, leaving 230 residential units remained to be sold, out of which 134 residential units were let out as at 31 July 2010. The Group plans to sell all the units, including those currently being let out. Property investment and development has been the principal business of the Group for all these years and the Group has spent many resources to look for investment opportunities in the property markets in the PRC, especially Guangdong Province. However, due to the intense competition of the property market in Guangdong province, the Group has not acquired any land or properties for the year ended 31 March 2010, but the Group will still continue to explore the investment opportunities in the property markets in the PRC in the future.

INFORMATION ON THE INVESTOR

The Investor was incorporated in Hong Kong and is an investment holding company wholly owned by TCL Corporation.

GENERAL

The Subscription which involves the Investor acquiring interests in Termbray Petro-king constitutes deemed disposal of the Company's equity interest in a subsidiary of the Company under Rule 14.29 of the Listing Rules. As the applicable percentage ratios (as defined under the Listing Rules) for the Subscription are larger than 75%, the Subscription constitutes a very substantial disposal of the Company under Chapter 14 of the Listing Rules and is therefore subject to the approval by the Shareholders at the SGM to be convened.

The SGM will be held to consider, and if thought fit, passing the resolutions to approve (i) the Subscription Agreement; and (ii) the transactions contemplated under the Subscription Agreement. A circular containing, amongst other things, further details of the Subscription Agreement, together with a notice of the SGM, will be despatched to the Shareholders on or before 27 September 2010.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended from 9:30 a.m. on 6 September 2010 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on 8 September 2010.

DEFINITIONS

Unless the context requires otherwise, terms used in this announcement shall have the following meanings:

“2010 Audited Accounts”	the audited accounts of Termbray Petro-king for the financial period ending 31 December 2010 which shall be prepared in accordance with the Hong Kong Financial Reporting Standard or the International Financial Reporting Standard
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“Actual Net Profit”	the audited consolidated net profit (after taxation and excluding (i) non-operational gains or losses items; and (ii) any charges to the consolidated income statement arising from the options granted or to be granted under the Petro-king ESOP) of Termbray Petro-king for the financial period ending 31 December 2010 as audited by one of the four largest international audit firms, namely Deloitte Touche Tohmatsu, PricewaterhouseCoopers, Ernst & Young and KPMG
“Board”	the board of directors of the Company
“business day”	a day (excluding Saturday, Sunday, public holiday, bank holiday and any day on which a tropical cyclone warning no.8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for business
“Company”	Termbray Industries International (Holdings) Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the allotment and issue of the Subscription Shares under the Subscription Agreement
“Completion Date”	a date falling within five business days after fulfillment of the Conditions or such other date as may be agreed between Termbray Petro-king and the Investor in writing
“Conditions”	the conditions precedent to Completion
“Consideration Adjustment”	the adjustment to the consideration of RMB88.8 million, if the Actual Net Profit falls short of RMB85 million
“Directors”	the directors of the Company
“Final Exchange Rate”	the exchange rate between RMB and USD being the mid-point buying and selling rate for the conversion of RMB into USD published by the People’s Bank of China at 11:00 a.m. on the Completion Date
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquires, are third parties independent of the Company and its connected persons of the Company in accordance with the Listing Rules

“Investor”	T.C.L. Industries Holdings (H.K.) Limited, a wholly-owned subsidiary of TCL Corporation
“King Shine”	King Shine Group 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
“Long Stop Date”	5:00 p.m. on 31 December 2010 or such other time and/or date as Termbray Petro-king and the Investor may agree in writing
“Material Adverse Change or Effect”	any change or event, the consequence of which is to materially and adversely affect the financial position, business or assets or liabilities of Termbray Petro-king Group as a whole
“Petro-king ESOP”	an employee share option plan to be adopted by Termbray Petro-king, pursuant to which, Termbray Petro-king may grant options to employees of Termbray Petro-king Group to subscribe up to 7.49% of the enlarged issued shares of Termbray Petro-king immediately after the allotment and issue of the Subscription Shares at Completion
“Petro-king Group”	Petro-king Holding and its subsidiaries
“Petro-king Holding”	Petro-king Holding Limited, a company incorporated in Hong Kong and a wholly owned subsidiary of Termbray Petro-king
“Potential Transaction”	the transaction falling and/or contemplated under a sale and purchase agreement to be entered into by, among others, Termbray Petro-king, the target company incorporated in Singapore with limited liability and the shareholder of the target company, pursuant to which Termbray Petro-king may subscribe and/or purchase 55% of the equity interest in the target company and the terms of which shall be agreed, varied, amended or supplemented by the parties thereto
“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan)
“RMB”	Renminbi, the lawful currency of the PRC
“SGM”	special general meeting of the Company to be held to consider, and if thought fit, passing the resolutions to approve (i) the Subscription Agreement; and (ii) the transactions contemplated under the Subscription Agreement
“Shareholder(s)”	holder(s) of Share(s)
“Share(s)”	share(s) of HK\$0.08 each in the share capital of the Company

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription of the Subscription Shares by the Investor pursuant to the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 3 September 2010 entered into between Termbray Petro-king, the Investor, King Shine and Termbray NRC in relation to the Subscription
“Subscription Shares”	those new Termbray Petro-king Shares to be allotted and issued by Termbray Petro-king to the Investor pursuant to the Subscription Agreement at Completion representing 10% of the enlarged issued share capital of Termbray Petro-king immediately after the allotment and issue of the Subscription Shares at Completion save for Termbray Petro-king Shares that may be issued under the Petro-king ESOP and the Potential Transaction
“subsidiar(ies)”	has the meaning as defined in the Companies Ordinance (Chapter 32 of the laws of Hong Kong)
“Termbray NRC”	Termbray Natural Resources Company Limited, a company incorporated in the British Virgin Islands and is a wholly owned subsidiary of the Company
“Termbray Petro-king”	Termbray Petro-king Oilfield Services (BVI) Limited, a company incorporated in the British Virgin Islands, which holds the entire equity interest in Petro-king Holding
“Termbray Petro-king Group”	Termbray Petro-king and its subsidiaries
“Termbray Petro-king Share(s)”	ordinary share(s) of US\$1.00 each in the issued share capital of Termbray Petro-king
“USD” or “US dollars”	the lawful currency of the United States
“Warrantors”	warrantors to the Subscription Agreement, namely Termbray NRC and King Shine

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

Hong Kong
7 September 2010

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