
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action you should take, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in TERMBRAY INDUSTRIES INTERNATIONAL (HOLDINGS) LIMITED, you should at once hand this circular together with the enclosed proxy form, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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TERMBRAY INDUSTRIES INTERNATIONAL (HOLDINGS) LIMITED
添利工業國際(集團)有限公司*
(Incorporated in Bermuda with limited liability)
(Stock Code: 00093)

**(1) DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION
TO DISPOSAL OF THE ENTIRE INTEREST IN
TERMBRAY (FUJIAN) LAND DEVELOPMENT COMPANY LIMITED;**
**(2) THIRD SUPPLEMENTAL AGREEMENT REGARDING THE
EXTREME AND CONNECTED TRANSACTION IN RELATION
TO THE 2020 ACQUISITION;**
AND
(3) NOTICE OF SPECIAL GENERAL MEETING

**Independent Financial Adviser to the Independent Board Committee and
the Independent Shareholders**



A letter from the board of directors of Termbray Industries International (Holdings) Limited (the “Company”) is set out on pages 5 to 14 of this circular.

A notice convening the special general meeting of the Company to be held at Room 2107-08, 21/F, Cosco Tower, 183 Queen’s Road Central, Sheung Wan, Hong Kong on Wednesday, 20 December 2023 at 11:00 a.m. is set out on pages 48 to 49 of this circular. Whether or not you intend to attend the meeting, you are requested to complete the accompanying proxy form in accordance with the instructions printed thereon and return the same to the Hong Kong branch share registrar and transfer office of the Company, Tricor Standard Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event not later than 48 hours (i.e. Monday, 18 December 2023 at 11:00 a.m.) before the time appointed for holding of the meeting or any adjournment thereof. Completion and return of the proxy form will not prevent shareholders of the Company from attending and voting at the meeting if they so wish.

* For identification purpose only

1 December 2023

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DEFINITIONS

In this circular, unless the context requires otherwise, the following expressions have the following meanings:

“2020 Acquisition”	the acquisition of the entire issued share capital in aEasy Credit by Termbray Wealth from Earth Axis pursuant to the 2020 Agreement, further details of which were disclosed in the announcement of the Company dated 23 September 2020 and the circular of the Company dated 25 September 2020
“2020 Agreement”	the agreement dated 23 September 2020 entered into between Termbray Wealth as purchaser, and Earth Axis as vendor and Mr. Tommy Lee as vendor’s guarantor (where the context requires, as supplemented and amended by the supplemental agreements entered into between Termbray Wealth and Earth Axis dated 30 December 2021 and 6 June 2022 respectively, details of which were disclosed in the announcements of the Company of the same dates) in relation to the sale and purchase of the entire issued share capital in aEasy Credit
“aEasy Credit”	aEasy Credit Investment Limited, a company incorporated in Hong Kong with limited liability
“associate(s)”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“Company”	Termbray Industries International (Holdings) Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the Stock Exchange
“Completion”	completion of the Proposed Disposal in accordance with the terms of the Sale and Purchase Agreement
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Consideration”	the total consideration for the Proposed Disposal
“Directors”	the directors of the Company
“Earth Axis”	Earth Axis Investment Limited, a company incorporated in the British Virgin Islands with limited liability which is ultimately owned as to 99.99% by Mr. Tommy Lee and 0.01% by Mr. Lee Lap as at the Latest Practicable Date

DEFINITIONS

“Extension Terms”	has the meaning ascribed to it in the section headed “The Third Supplemental Agreement – Subject matter – Extension of payment date of the Outstanding Payment” in the “Letter from the Board” in this circular
“Group”	the Company and its subsidiaries
“HIBOR”	the Hong Kong Interbank Offered Rate for the interest period of one month as quoted by The Hongkong and Shanghai Banking Corporation Limited from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	an independent committee of the Board comprising all independent non-executive Directors established to give recommendation to the Independent Shareholders in relation to the Transactions
“Independent Financial Adviser”	Lego Corporate Finance Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO and the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Transactions
“Independent Shareholders”	Shareholders who are entitled to attend and vote at the SGM, other than: (i) Mr. Tommy Lee and his associates; and (ii) all other Shareholders (if any) who have a material interest in the Transactions
“Latest Practicable Date”	24 November 2023, being the latest practicable date prior to the bulk printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Settlement Manner”	has the meaning ascribed to it in the section headed “The Third Supplemental Agreement – Subject matter – New Settlement Manner of the Outstanding Payment” in the “Letter from the Board” in this circular

DEFINITIONS

“Outstanding Payment”	the balance of the consideration which remains payable by Termbray Wealth to Earth Axis in respect of the 2020 Acquisition on or before 31 December 2023, which after adjustment made pursuant to the 2020 Agreement, is in the amount of HK\$160,502,000
“Purchaser” or “Mr. Tommy Lee”	LEE, Tommy, an executive Director and a substantial shareholder of the Company, holding the indirect interests in 1,962,752,780 Shares, representing approximately 73.58% of the issued share capital of the Company as at the Latest Practicable Date
“Property”	the property known as House No. 17, Manderly Garden, No. 48 Deep Water Bay Road, Hong Kong
“Proposed Disposal”	the proposed disposal of the Sale Shares and assignment of the Sale Loan by the Vendor pursuant to the Sale and Purchase Agreement
“Sale and Purchase Agreement”	the sale and purchase agreement dated 8 November 2023 entered into between the Vendor and the Purchaser in respect of the Proposed Disposal
“Sale Loan”	the total amount of loans due from the Target Company to the Vendor and outstanding as at Completion
“Sale Shares”	10,000 issued shares of the Target Company, representing 100% of the issued shares of the Target Company
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“SGM”	the special general meeting of the Company to be convened for the purposes of considering and, if thought fit, approving the Transactions
“Share(s)”	share(s) of HK\$0.08 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

DEFINITIONS

“substantial shareholder”	has the meaning ascribed to it in the Listing Rules
“Target Company”	Termbray (Fujian) Land Development Company Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Vendor as at the Latest Practicable Date
“Termbray Wealth”	Termbray Wealth Investment Limited, a company incorporated in the British Virgin Islands and an indirect wholly-owned subsidiary of the Company
“Third Supplemental Agreement”	the third supplemental agreement dated 8 November 2023 entered into between Termbray Wealth and Earth Axis to amend and supplement the 2020 Agreement
“Transactions”	the transactions contemplated under the Sale and Purchase Agreement and the New Settlement Manner under the Third Supplemental Agreement
“Vendor”	Termbray (China) Land Development Company Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“%”	per cent.

LETTER FROM THE BOARD



TERMBRAY INDUSTRIES INTERNATIONAL (HOLDINGS) LIMITED

添利工業國際(集團)有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 00093)

Directors:

Executive Directors:

Lee Lap (*Chairman*)

Tommy Lee (*Vice Chairman & Chief Executive Officer*)

Chau Hau Shing

Registered office:

Clarendon House

Church Street

Hamilton HM11

Bermuda

Independent Non-Executive Directors:

Shu Wa Tung, Laurence

Wu Wai Pan

Chak Wai Ting

Head Office and Principal

Place of Business:

Room 2107-08, 21/F, Cosco Tower

183 Queen's Road Central

Sheung Wan

Hong Kong

Hong Kong, 1 December 2023

To the Shareholders

Dear Sir or Madam,

**(1) DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION
TO DISPOSAL OF THE ENTIRE INTEREST IN
TERMBRAY (FUJIAN) LAND DEVELOPMENT COMPANY LIMITED;
(2) THIRD SUPPLEMENTAL AGREEMENT REGARDING THE
EXTREME AND CONNECTED TRANSACTION IN RELATION
TO THE 2020 ACQUISITION;
AND
(3) NOTICE OF SPECIAL GENERAL MEETING**

INTRODUCTION

Reference is made to the announcements of the Company dated 23 September 2020 and 30 October 2020 and the circular of the Company dated 25 September 2020 in relation to, among other things, the 2020 Acquisition. Completion of the 2020 Acquisition took place on 30 October 2020. Pursuant to the 2020 Agreement, the Outstanding Payment shall be settled by Termbray Wealth in cash to Earth Axis on or before 31 December 2023.

* *For identification purpose only*

LETTER FROM THE BOARD

Reference is also made to the announcement of the Company dated 8 November 2023 in relation to, among other things, the Transactions.

The purpose of this circular is to provide you with information regarding, among other things, (i) further details of the Transactions; (ii) the recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Transactions; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Transactions; (iv) other information as required by the Listing Rules; and (v) a notice of the SGM.

THE PROPOSED DISPOSAL

On 8 November 2023 (after trading hours), the Vendor (an indirect wholly-owned subsidiary of the Company) and the Purchaser entered into the Sale and Purchase Agreement, pursuant to which, the Vendor agreed to sell and the Purchaser agreed to purchase the Sale Shares and the Sale Loan.

The principal terms of the Sale and Purchase Agreement are set out as follows:

Date

8 November 2023

Parties

- (1) The Vendor; and
- (2) The Purchaser.

Subject matter

Subject to the terms and conditions of the Sale and Purchase Agreement, the Vendor agreed to sell and the Purchaser agreed to purchase the Sale Shares and the Sale Loan.

The principal asset of the Target Company is the Property.

LETTER FROM THE BOARD

Consideration and payment terms

The Consideration for the sale and purchase of the Sale Shares and the Sale Loan is HK\$160,000,000 (subject to adjustment), which was determined after arm's length negotiation between the Vendor and the Purchaser taking into account the appraised market value of the Property as at 30 September 2023 in the amount of HK\$160,000,000 as shown in the valuation conducted by Vincorn Consulting and Appraisal Limited, an independent property valuer.

The Consideration will be subject to adjustment based on the net asset value of the Target Company, being the total assets (excluding the Property) less the total liabilities (excluding the Sale Loan and any contingent or deferred tax liabilities) of the Target Company, as at the date of Completion. Such adjustment shall be determined with reference to the unaudited completion accounts of the Target Company as at the date of Completion to be delivered by the Vendor to the Purchaser.

The Consideration shall be settled by way of setting off against the equivalent amount of the Outstanding Payment payable by Termbray Wealth to Earth Axis pursuant to the 2020 Agreement (as supplemented and amended by the Third Supplemental Agreement). If the amount of the Consideration (after adjustment) is higher than the amount of the Outstanding Payment, the shortfall shall be paid by the Purchaser to the Vendor in cash at Completion.

Conditions precedent

Completion is subject to the satisfaction (or where applicable, waiver) of the following conditions precedent no later than 31 March 2024 or such other date as may be agreed between the parties:

- (i) the approval by the Independent Shareholders of the Sale and Purchase Agreement and the transactions contemplated hereunder at the SGM having been obtained; and
- (ii) all representations and warranties made by the Vendor in the Sale and Purchase Agreement remaining true, accurate and not misleading in all material respects as at Completion.

The condition precedent (ii) set out above may be waived by the Purchaser.

Completion

Completion shall take place on the 5th business day after the date on which the condition precedent (i) set out above has been satisfied, or any other date as agreed by the parties in writing.

Upon Completion, the Company will not hold any equity interest in the Target Company and the Target Company will cease to be a subsidiary of the Company.

LETTER FROM THE BOARD

Representations and warranties

The Sale and Purchase Agreement contains representations and warranties of the Vendor, which are no less favourable (from the perspective of the Vendor) than those which are usual and customary for a transaction of this nature and scale.

THE THIRD SUPPLEMENTAL AGREEMENT

On 8 November 2023, Termbray Wealth (an indirect wholly-owned subsidiary of the Company) and Earth Axis (a company ultimately owned as to 99.99% by the Purchaser) entered into the Third Supplemental Agreement to vary the date and manner of the payment of the Outstanding Payment under the 2020 Agreement.

The principal terms of the Third Supplemental Agreement are set out as follows:

Date

8 November 2023

Parties

- (1) Termbray Wealth; and
- (2) Earth Axis.

Subject matter

New Settlement Manner of the Outstanding Payment

Subject to the terms and conditions of the Third Supplemental Agreement, the Outstanding Payment shall be settled in the following manner (the “**New Settlement Manner**”):

- (a) if the Outstanding Payment is higher than the Consideration:
 - (i) an amount equivalent to the Consideration shall be regarded as being paid by Termbray Wealth to Earth Axis as settlement of the equivalent amount of the Outstanding Payment at Completion by way of setting off against the Consideration payable by the Purchaser to the Vendor pursuant to the Sale and Purchase Agreement at Completion; and
 - (ii) the remaining amount of the Outstanding Payment shall be paid by Termbray Wealth to Earth Axis in cash on or before the date of Completion or 31 December 2023, whichever is later; or

LETTER FROM THE BOARD

- (b) if the Outstanding Payment is lower than the Consideration, the Outstanding Payment shall be regarded as fully paid by Termbray Wealth to Earth Axis at Completion by way of setting off against the equivalent amount of the Consideration at Completion.

The New Settlement Manner is conditional upon the approval of the New Settlement Manner by the Independent Shareholders at the SGM and the Completion taking place.

Extension of payment date of the Outstanding Payment

In the event that the approval of the Independent Shareholders for the Transactions is not obtained at the SGM or the Sale and Purchase Agreement is terminated in accordance with the terms contained therein (including on the ground that any condition precedent is not satisfied or where applicable, waived by 31 March 2024 or such other date as may be agreed between the parties), (a) the payment date of the Outstanding Payment shall be extended to 31 December 2024; and (b) interest at the rate equivalent to four-fifths of HIBOR per annum shall accrue on the Outstanding Payment commencing from (including) 1 January 2024 until the actual date of payment, and such interest shall be paid by Termbray Wealth to Earth Axis on the actual payment of the Outstanding Payment (collectively, the “**Extension Terms**”).

INFORMATION ON THE PROPERTY

The Property is located at House No. 17, Manderly Garden, No. 48 Deep Water Bay Road, Hong Kong with saleable area of approximately 3,200 square feet plus a courtyard and roof of approximately 986 square feet and 622 square feet respectively. The Property is a residential property which was leased for rental income.

According to the valuation of the Property conducted by Vincorn Consulting and Appraisal Limited, an independent property valuer, the appraised market value of the Property as at 30 September 2023 is HK\$160,000,000.

INFORMATION ON THE TARGET COMPANY

The Target Company is incorporated in Hong Kong with limited liability. It is principally engaged in the investment holding of the Property, which is the only major asset of the Target Company.

LETTER FROM THE BOARD

Set out below is certain audited financial information of the Target Company (prepared in accordance with the Hong Kong Financial Reporting Standards) for the two financial years ended 31 December 2021 and 31 December 2022:

	For the year ended	
	31 December	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss before tax	17,664	2,077
Loss after tax	17,673	2,399

The unaudited net assets value of the Target Company as at 30 September 2023 was approximately HK\$147,455,000.

FINANCIAL EFFECT OF THE DISPOSAL AND USE OF PROCEEDS

Upon Completion, the Target Company will cease to be a subsidiary of the Company and the financial results of the Target Company will cease to be consolidated in the consolidated financial statements of the Company.

Taking into account (i) the Consideration (before any adjustment) of HK\$160,000,000; (ii) the Sale Loan in the amount of approximately HK\$12,371,000 and other net liabilities of HK\$174,000 as at 30 September 2023; and (iii) the unaudited net asset value of the Target Company of approximately HK\$147,455,000 as at 30 September 2023 (after adjustment of the book value of the Property to HK\$160,000,000 and based on the amounts of Sale Loan and other net liabilities as at 30 September 2023 as stated above), it is envisaged that the Group will not record any gain or loss from the Proposed Disposal before any related expenses. The actual amount of gain/loss will depend on the carrying value of the Group's interest in the Target Company as at Completion. The proceeds from the Proposed Disposal will be applied as settlement of the Outstanding Payment.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

The Property had been left vacant since the expiration of the tenancy agreement in respect of the Property in March 2023 and had not been generating any rental income to the Group. In light of the upcoming obligation of the Group to pay the Outstanding Payment in cash by 31 December 2023 under the 2020 Agreement and the current property market conditions, the Proposed Disposal will allow the Group to dispose of an idle property in exchange of proceeds for the settlement of the Outstanding Payment under the 2020 Agreement. This arrangement for the settlement of the Outstanding Payment by setting off against the Consideration pursuant to the Sale and Purchase Agreement and the New Settlement Manner under the Third Supplemental Agreement will also allow the Group to retain its existing cash and thereby maintain the financial flexibility of the Group. If the approval of the Independent Shareholders for the Transactions is

LETTER FROM THE BOARD

not obtained at the SGM, the Outstanding Payment will be required to be paid by the Group by 31 December 2024 and interest shall accrue thereon at the rate equivalent to four-fifths of HIBOR commencing from 1 January 2024 pursuant to the Extension Terms.

Having considered the above, the Directors (including the independent non-executive Directors whose opinion will be set out in the letter from the Independent Board Committee in this circular) are of the view that the Sale and Purchase Agreement and the New Settlement Manner under the Third Supplemental Agreement (although not being in the Group's ordinary and usual course of business) are fair and reasonable and on normal commercial terms or better (as defined in the Listing Rules) and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As more than one of the applicable percentage ratios in respect of the transactions contemplated under the Sale and Purchase Agreement calculated under Chapter 14 of the Listing Rules exceeds 5% but all the applicable percentage ratios are less than 25%, the Proposed Disposal constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Further, the Purchaser is an executive Director and a substantial shareholder of the Company, and hence a connected person of the Company. Therefore, the Proposed Disposal also constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As such, the Proposed Disposal is subject to the reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

At the time of the entering into of the 2020 Agreement, the transactions contemplated thereunder constituted an extreme transaction of the Company under Chapter 14 of the Listing Rules and a connected transaction of the Company under Chapter 14A of the Listing Rules. The 2020 Agreement and the transactions contemplated thereunder were approved by the independent Shareholders at the special general meeting of the Company held on 15 October 2020 in accordance with the relevant Listing Rules requirements. As the New Settlement Manner under the Third Supplemental Agreement constitutes a material variation to the terms of the 2020 Agreement, it will be subject to the reporting, announcement, circular and independent shareholders' approval requirements pursuant to Rule 14.36 and the note under Rule 14A.35 of the Listing Rules. If the Transactions are not approved by the Independent Shareholders at the SGM or if the Sale and Purchase Agreement is terminated, the obligation to pay the Outstanding Payment under the 2020 Agreement will be amended by the Extension Terms, which are fully exempt from reporting, announcement, circular and independent shareholders' approval requirements pursuant to Rule 14A.90.

LETTER FROM THE BOARD

Since (i) Mr. Tommy Lee, who is an executive Director, is the Purchaser and the indirect controlling shareholder of Earth Axis; and (ii) Mr. Lee Lap, an executive Director, is the father of Mr. Tommy Lee, they are deemed to have material interests in the Transactions. As such, both of them have abstained from voting on the board resolutions of the Company approving the Sale and Purchase Agreement, the Third Supplemental Agreement and the transactions contemplated thereunder.

The Independent Board Committee (comprising all the independent non-executive Directors) has been formed in accordance with Chapter 14A of the Listing Rules to advise the Independent Shareholders on the Transactions. Lego Corporate Finance Limited, the Independent Financial Adviser, has been appointed by the Company to advise the Independent Board Committee and the Independent Shareholders on the Transactions.

As at the Latest Practicable Date, 1,252,752,780 Shares (representing approximately 46.96% of the total issued Shares as at the Latest Practicable Date) are held by Lee & Leung (B.V.I.) Limited, which is in turn indirectly wholly-owned by HSBC International Trustee Limited as trustee for the Lee & Leung Family Trust. Mr. Lee Lap is the settlor of the Lee & Leung Family Trust, and the discretionary beneficiaries of the Lee & Leung Family Trust are the spouse and certain children of Mr. Lee Lap (including Mr. Tommy Lee) and the offspring of such children. Further, 710,000,000 Shares (representing approximately 26.62% of the total issued Shares as at the Latest Practicable Date) are held by Earth Axis, a company ultimately owned as to 99.99% by Mr. Tommy Lee as at the Latest Practicable Date. As Mr. Tommy Lee, being an executive Director and a substantial shareholder of the Company holding the indirect interests in an aggregate of 1,962,752,780 Shares as described above (representing approximately 73.58% of the total issued Shares as at the Latest Practicable Date) and also the Purchaser and the indirect controlling shareholder of Earth Axis, is materially interested in the Transactions, he and his associates, including Lee & Leung (B.V.I.) Limited and Earth Axis, will abstain from voting on the resolution approving the Transactions at the SGM. To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, save for Mr. Tommy Lee and his associates, no Shareholder has a material interest in the resolution in respect of the Transactions or should be required to abstain from voting on the resolution to be proposed at the SGM for approving the Transactions.

INFORMATION ON THE PARTIES

The Group is principally engaged in property investment and development, and money lending business.

The Vendor is a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company.

The Purchaser is an executive Director and a substantial shareholder of the Company, holding the indirect interests in 1,962,752,780 Shares, representing approximately 73.58% of the issued Shares as at the Latest Practicable Date.

LETTER FROM THE BOARD

Earth Axis is a company incorporated in the British Virgin Islands and is an investment holding company. As at the Latest Practicable Date, Earth Axis is ultimately held as to 99.99% by Mr. Tommy Lee and 0.01% by Mr. Lee Lap, both being executive Directors.

Termbray Wealth is a company incorporated in the British Virgin Islands and an indirect wholly-owned subsidiary of the Company.

GENERAL

The SGM will be convened and held at Room 2107-08, 21/F, Cosco Tower, 183 Queen's Road Central, Sheung Wan, Hong Kong on Wednesday, 20 December 2023 at 11:00 a.m. for the purpose of considering and, if thought fit, approving the Transactions.

The notice of the SGM is set out on pages 48 to 49 of this circular. A proxy form for use at the SGM is enclosed herewith. Whether or not you intend to attend the SGM, you are requested to complete the proxy form and return it to the Hong Kong branch share registrar and transfer office of the Company, Tricor Standard Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not less than 48 hours (i.e. Monday, 18 December 2023 at 11:00 a.m. before the time appointed for holding the SGM or any adjournment thereof. Completion and return of the proxy form will not prevent Shareholders from attending and voting at the SGM if they so wish.

VOTING BY WAY OF POLL

Pursuant to Rule 13.39(4) of the Listing Rules, all votes at the general meeting of Shareholders will be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. The Company will announce the results of the poll in the manner prescribed under Rule 13.39(5) of the Listing Rules.

CLOSURE OF REGISTER OF MEMBERS

In order to determine the list of Shareholders who will be entitled to attend and vote at the SGM, the register of members of the Company will be closed from Friday, 15 December 2023 to Wednesday, 20 December 2023 (both days inclusive), during which no transfer of Shares will be effected. In order to qualify for attendance of the SGM, all completed transfer forms accompanied with the relevant share certificates must be lodged with the Company's Hong Kong share registrar, Tricor Standard Limited, not later than 4:30 p.m. on Thursday, 14 December 2023. The address of Tricor Standard Limited is 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

LETTER FROM THE BOARD

RECOMMENDATION

Your attention is drawn to (i) the letter from the Independent Board Committee on pages 15 to 16 of this circular which sets out the recommendation from the Independent Board Committee to the Independent Shareholders on the Transactions; and (ii) the letter from the Independent Financial Adviser which contains its advice to the Independent Board Committee and the Independent Shareholders on pages 17 to 34 of this circular in respect of the Transactions.

The Board (including the independent non-executive Directors whose opinion will be set out in the letter from the Independent Board Committee) are of the view that the Sale and Purchase Agreement and the New Settlement Manner under the Third Supplemental Agreement (although not being in the Group's ordinary and usual course of business) are fair and reasonable and on normal commercial terms or better (as defined in the Listing Rules) and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the SGM to approve the Transactions.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

Yours faithfully,

For and on behalf of the Board

Termbray Industries International (Holdings) Limited

Lee Lap

Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



TERMBRAY INDUSTRIES INTERNATIONAL (HOLDINGS) LIMITED

添利工業國際(集團)有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 00093)

Independent Board Committee:

Mr. Shu Wa Tung, Laurence

Mr. Wu Wai Pan

Ms. Chak Wai Ting

Hong Kong, 1 December 2023

To the Independent Shareholders

Dear Sir or Madam,

**(1) DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION
TO DISPOSAL OF THE ENTIRE INTEREST IN
TERMBRAY (FUJIAN) LAND DEVELOPMENT COMPANY LIMITED;
AND
(2) THIRD SUPPLEMENTAL AGREEMENT REGARDING
THE EXTREME AND CONNECTED TRANSACTION IN RELATION
TO THE 2020 ACQUISITION**

We refer to the circular of the Company dated 1 December 2023 (the “**Circular**”), of which this letter forms a part. Capitalised terms used herein shall have the same meanings as those defined in the Circular unless the context otherwise requires.

We have been appointed as members of the Independent Board Committee to give you recommendation in respect of the Transactions. Lego Corporate Finance Limited has been appointed as the Independent Financial Adviser to advise you and us in this regard. Details of the advice of the Independent Financial Adviser, together with the principal factors and reasons they have taken into account, are contained in their letter set out on pages 17 to 34 of the Circular. Your attention is also drawn to the Letter from the Board and the additional information set out in the appendices to the Circular.

* For identification purpose only

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having taken into account the advice of, and the principal factors and reasons considered by the Independent Financial Adviser in relation to the Transactions as stated in their letter, we consider that the Sale and Purchase Agreement and the New Settlement Manner under the Third Supplemental Agreement (although not being in the Group's ordinary and usual course of business) are fair and reasonable and on normal commercial terms or better (as defined in the Listing Rules) and in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the SGM in respect of the Transactions.

Yours faithfully,

For and on behalf of

Independent Board Committee

Shu Wa Tung, Laurence

*Independent Non-Executive
Director*

Wu Wai Pan

*Independent Non-Executive
Director*

Chak Wai Ting

*Independent Non-Executive
Director*

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of a letter of advice from Lego Corporate Finance Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of incorporation into this circular, setting out its advice to the Independent Board Committee and the Independent Shareholders in relation to the Sale and Purchase Agreement, the New Settlement Manner under the Third Supplemental Agreement and the transactions contemplated thereunder (including the Proposed Disposal).



1 December 2023

To the Independent Board Committee and the Independent Shareholders

Dear Sir or Madam,

**(1) DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION
TO DISPOSAL OF THE ENTIRE INTEREST IN
TERMBRAY (FUJIAN) LAND DEVELOPMENT COMPANY LIMITED;
AND
(2) THIRD SUPPLEMENTAL AGREEMENT REGARDING
THE EXTREME AND CONNECTED TRANSACTION IN RELATION
TO THE 2020 ACQUISITION**

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Sale and Purchase Agreement, the New Settlement Manner under the Third Supplemental Agreement and the transactions contemplated thereunder (including the Proposed Disposal), details of which are set out in the “Letter from the Board” (the “**Letter from the Board**”) contained in the circular dated 1 December 2023 issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

References are made to (i) the announcement of the Company dated 8 November 2023 in relation to the Sale and Purchase Agreement, the Third Supplemental Agreement and the transactions contemplated thereunder (including the Proposed Disposal); (ii) the announcements of the Company dated 23 September 2020 and 30 October 2020 and the circular of the Company dated 25 September 2020 in relation to, among other things, the 2020 Acquisition. Completion of the 2020 Acquisition took place on 30 October 2020.

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On 8 November 2023, the Vendor (an indirect wholly-owned subsidiary of the Company) and the Purchaser entered into the Sale and Purchase Agreement, pursuant to which, subject to the terms and conditions of the Sale and Purchase Agreement, the Vendor agreed to sell and the Purchaser agreed to purchase the Sale Shares and the Sale Loan at the Consideration of HK\$160,000,000 (subject to adjustment). The Consideration shall be settled by way of setting off against the equivalent amount of the Outstanding Payment payable by Termbray Wealth to Earth Axis pursuant to the 2020 Agreement (as supplemented and amended by the Third Supplemental Agreement). If the amount of the Consideration (after adjustment) is higher than the amount of the Outstanding Payment, the shortfall shall be paid by the Purchaser to the Vendor in cash at Completion.

On 8 November 2023, Termbray Wealth (an indirect wholly-owned subsidiary of the Company) and Earth Axis (a company ultimately owned as to 99.99% by the Purchaser) entered into the Third Supplemental Agreement, pursuant to which it was agreed that the Outstanding Payment shall be settled by (i) the setting off of the Consideration at Completion against the equivalent amount of the Outstanding Payment at Completion; and (ii) the remaining amount (if any) of the Outstanding Payment shall be paid by Termbray Wealth to Earth Axis in cash on or before the date of Completion or 31 December 2023, whichever is later.

It is further agreed under the Third Supplemental Agreement that in the event that the approval of the Independent Shareholders for the Transactions is not obtained at the SGM or the Sale and Purchase Agreement is terminated in accordance with the terms contained therein (including on the ground that any condition precedent is not satisfied or where applicable, waived by 31 March 2024 or such other date as may be agreed between the parties), (a) the payment date of the Outstanding Payment shall be extended to 31 December 2024; and (b) interest at the rate equivalent to four-fifths of HIBOR per annum shall accrue on the Outstanding Payment commencing from (including) 1 January 2024 until the actual date of payment, and such interest shall be paid by Termbray Wealth to Earth Axis on the actual payment of the Outstanding Payment.

As at the Latest Practicable Date, the Purchaser is an executive Director and a substantial shareholder of the Company, holding indirectly approximately 73.58% of the issued share capital of the Company, and therefore it is a connected person of the Company. Accordingly, the Proposed Disposal constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As such, the Proposed Disposal is subject to the reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Further, at the time of the entering into of the 2020 Agreement, the transactions contemplated thereunder constituted an extreme transaction of the Company under Chapter 14 of the Listing Rules and a connected transaction of the Company under Chapter 14A of the Listing Rules. The 2020 Agreement and the transactions contemplated thereunder were approved by the independent Shareholders at the special general meeting of the Company held on 15 October 2020 in accordance with the relevant Listing Rules requirements. As the New Settlement Manner

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under the Third Supplemental Agreement constitutes a material variation to the terms of the 2020 Agreement, it will be subject to the reporting, announcement, circular and independent shareholders' approval requirements under Rule 14.36 and the note under Rule 14A.35 of the Listing Rules. If the Transactions are not approved by the Independent Shareholders at the SGM or if the Sale and Purchase Agreement is terminated, the obligation to pay the Outstanding Payment under the 2020 Agreement will be amended by the Extension Terms, which are fully exempt from reporting, announcement, circular and independent shareholders' approval requirements pursuant to Rule 14A.90.

As at the Latest Practicable Date, 1,252,752,780 Shares (representing approximately 46.96% of the total issued Shares) are held by Lee & Leung (B.V.I.) Limited, which is in turn indirectly wholly-owned by HSBC International Trustee Limited as trustee for the Lee & Leung Family Trust. Mr. Lee Lap is the settlor of the Lee & Leung Family Trust, and the discretionary beneficiaries of the Lee & Leung Family Trust are the spouse and certain children of Mr. Lee Lap (including Mr. Tommy Lee) and the offspring of such children. Further, 710,000,000 Shares (representing approximately 26.62% of the total issued Shares) are held by Earth Axis, a company ultimately owned as to 99.99% by Mr. Tommy Lee as at the Latest Practicable Date. As Mr. Tommy Lee, being an executive Director and a substantial shareholder of the Company holding the indirect interests in an aggregate of 1,962,752,780 Shares as described above (representing approximately 73.58% of the total issued Shares as at the date hereof) and also the Purchaser and the indirect controlling shareholder of Earth Axis, is materially interested in the Transactions, he and his associates, including Lee & Leung (B.V.I.) Limited and Earth Axis, will abstain from voting on the resolution approving the Transactions at the SGM. To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, save for Mr. Tommy Lee and his associates, no Shareholder has a material interest in the resolution in respect of the Transactions or should be required to abstain from voting on the resolution to be proposed at the SGM for approving the Transactions.

The Independent Board Committee, comprising all the independent non-executive Directors, has been established to advise the Independent Shareholders as to whether (i) the terms of the Sale and Purchase Agreement, the New Settlement Manner under the Third Supplemental Agreement and the transactions contemplated thereunder are fair and reasonable so far as the Independent Shareholders are concerned, and are in the interests of the Company and the Shareholders as a whole; and (ii) the entering into of the Sale and Purchase Agreement and the Third Supplemental Agreement (in respect of the New Settlement Manner) are in the ordinary and usual course of business of the Group based on normal commercial terms or better, and to advise the Independent Shareholders as to whether to vote in favour of the relevant resolutions to be proposed at the SGM. As the Independent Financial Adviser, our role is to give an independent opinion to the Independent Board Committee and the Independent Shareholders in such regard.

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OUR INDEPENDENCE

As at the Latest Practicable Date, Lego Corporate Finance Limited did not have any relationships or interests with the Company or any other parties that could reasonably be regarded as relevant to the independence of Lego Corporate Finance Limited. In the last two years, there was no engagement between the Company and Lego Corporate Finance Limited. Apart from normal professional fees paid or payable to us in connection with this appointment as the Independent Financial Adviser, no arrangement exists whereby we had received or will receive any fees or benefits from the Company or any other party to the transactions. Accordingly, we consider that we are eligible to give independent advice in respect of the Sale and Purchase Agreement, the New Settlement Manner under the Third Supplemental Agreement and the transactions contemplated thereunder.

BASIS OF OUR OPINION

In formulating our opinion and advice, we have relied on (i) the information and facts contained or referred to in the Circular; (ii) the information supplied by the Group and its advisers; (iii) the opinions expressed by and the representations of the Directors and the management of the Group (the “**Management**”); (iv) the valuation report on the Property (the “**Valuation Report**”) prepared by Vincorn Consulting and Appraisal Limited, an independent valuer appointed by the Company (the “**Valuer**”); and (v) our review of the relevant public information. We have assumed that all the information provided and representations and opinions expressed to us or contained or referred to in the Circular were true, accurate and complete in all respects as at the date thereof and may be relied upon. We have also assumed that all statements contained and representations made or referred to in the Circular are true at the time they were made and continue to be true as at the date of the Circular and all such statements of belief, opinions and intention of the Directors and the Management and those as set out or referred to in the Circular were reasonably made after due and careful enquiry. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors, the Management, and/or the advisers of the Company. We have also sought and received confirmation from the Directors that no material facts have been withheld or omitted from the information provided and referred to in the Circular and that all information or representations provided to us by the Directors and the Management are true, accurate, complete and not misleading in all respects at the time they were made and continued to be so until the date of the Circular.

We consider that we have reviewed the relevant information currently available to reach an informed view and to justify our reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information provided, representations made or opinion expressed by the Directors and the Management, nor have we conducted any form of in-depth investigation into the business, affairs, operations, financial position or future prospects of the Group or the parties to the Sale and Purchase Agreement and the Third Supplemental Agreement or any of their respective subsidiaries or associates.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our recommendation, we have considered the following principal factors and reasons:

1. BACKGROUND INFORMATION

(a) Information on the Parties

The Company

The Group is principally engaged in property investment and development, and money lending business.

The following table summarises the financial information of the Group for the years ended 31 December 2021 and 2022 (“FY2021” and “FY2022”) and the six months ended 30 June 2022 and 2023 (“6M2022 and “6M2023”) as extracted from the annual report of the Company for FY2022 (the “2022 Annual Report”) and the interim report of the Company for 6M2023 (the “2023 Interim Report”).

	FY2022	FY2021	6M2023	6M2022
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Audited)	(Audited)	(Unaudited)	(Unaudited)
Revenue	162,870	112,435	94,851	72,609
Profit before income tax	24,793	31,737	16,599	16,009
Profit for the year/period	15,189	21,267	13,608	11,464
				As at
		As at 31 December		30 June
		2022	2021	2023
		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Audited)	(Audited)	(Unaudited)
Non-current assets	947,416	1,005,417	1,008,882	
Current assets	323,290	329,188	275,347	
Total assets	1,270,706	1,334,605	1,284,229	
Non-current liabilities	96	147,567	26	
Current liabilities	178,503	64,136	186,793	
Total liabilities	178,599	211,703	186,819	
Total equity	1,092,107	1,122,902	1,097,410	

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For 6M2022 and 6M2023

The Group's revenue increased from approximately HK\$72.6 million for 6M2022 to approximately HK\$94.9 million for 6M2023 and the Group's profit for the period increased from approximately HK\$11.5 million for 6M2022 to approximately HK\$13.6 million for 6M2023. As disclosed in the 2023 Interim Report, such increase was mainly attributable to (i) the increase in interest income from the money lending business of approximately HK\$22.7 million; and (ii) the fair value gains of approximately HK\$6.0 million on the investment properties, which was partially offset by (i) the increase in provision for impairment and write-off of loan and interest receivables of approximately HK\$19.5 million; and (ii) the increase in advertising and promotion expenses of approximately HK\$7.7 million.

As at 30 June 2023, total assets of the Group amounted to approximately HK\$1,284.2 million, which mainly comprised of (i) loan receivables of approximately HK\$580.5 million; (ii) property, plant and equipment of approximately HK\$231.1 million; (iii) investment properties of approximately HK\$228.0 million; and (iv) cash and cash equivalents of approximately HK\$133.9 million. As at 30 June 2023, total liabilities of the Group amounted to approximately HK\$186.8 million, which mainly comprised of (i) other payables and accruals of approximately HK\$167.1 million; and (ii) income tax payable of approximately HK\$17.7 million.

For FY2021 and FY2022

The Group's revenue increased from approximately HK\$112.4 million for FY2021 to approximately HK\$162.9 million for FY2022. As disclosed in the 2022 Annual Report, such increase was mainly attributable to the increase in interest income from money lending business of approximately HK\$52.3 million due to the increased number of registered users of the Group's automatic lending mobile application "X Wallet" App. The Group's net profit decreased from approximately HK\$21.3 million for FY2021 to approximately HK\$15.2 million for FY2022. As disclosed in the 2022 Annual Report, such decrease was primarily attributable to (i) the increase in provision for impairment and write-off of loan and interest receivables of approximately HK\$40.5 million; (ii) the increase in fair value losses on investment properties of approximately HK\$12.7 million; and (iii) the increase in advertising and promotion expenses of approximately HK\$3.5 million, which was partially offset by the increase in revenue of approximately HK\$50.4 million.

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As at 31 December 2022, total assets of the Group amounted to approximately HK\$1,270.7 million, which mainly comprised of (i) loan receivables of approximately HK\$536.3 million; (ii) property, plant and equipment of approximately HK\$235.4 million; (iii) investment properties of approximately HK\$222.0 million; and (iv) cash and cash equivalents of approximately HK\$166.8 million. As at 31 December 2022, total liabilities of the Group amounted to approximately HK\$178.6 million, which mainly comprised of (i) other payables and accruals of approximately HK\$161.6 million; and (ii) income tax payable of approximately HK\$14.5 million.

The Purchaser

The Purchaser is an executive Director and a substantial shareholder of the Company, holding the indirect interests in 1,962,752,780 Shares, representing approximately 73.58% of the issued Shares as at the Latest Practicable Date.

The Vendor

The Vendor is a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company.

Termbray Wealth

Termbray Wealth is a company incorporated in the British Virgin Islands and an indirect wholly-owned subsidiary of the Company.

Earth Axis

Earth Axis is a company incorporated in the British Virgin Islands and is an investment holding company. As at the Latest Practicable Date, Earth Axis is ultimately held as to 99.99% by Mr. Tommy Lee and 0.01% by Mr. Lee Lap, both being executive Directors.

(b) Information on the Target Company

The Target Company is incorporated in Hong Kong with limited liability. It is principally engaged in the investment holding of the Property, which is the only major asset of the Target Company.

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Set out below is certain audited financial information of the Target Company (prepared in accordance with the Hong Kong Financial Reporting Standards) for the two financial years ended 31 December 2021 and 31 December 2022:

	For the year ended	
	31 December	
	2022	2021
	HK\$'000	HK\$'000
Loss before tax	17,664	2,077
Loss after tax	17,673	2,399

The unaudited net assets value of the Target Company as at 30 September 2023 was approximately HK\$147,455,000.

(c) Information on the Property

The Property is located at House No. 17, Manderly Garden, No. 48 Deep Water Bay Road, Hong Kong with saleable area of approximately 3,200 square feet plus a courtyard and roof of approximately 986 square feet and 622 square feet respectively. The Property is a residential property which was leased for rental income.

According to the valuation of the Property conducted by the Valuer, the appraised market value of the Property as at 30 September 2023 is HK\$160,000,000.

(d) Reasons for and benefits of the Transactions

As disclosed in the Letter from the Board, the Property had been left vacant since the expiration of the tenancy agreement in respect of the Property in March 2023 and had not been generating any rental income to the Group. In light of the upcoming obligation of the Group to pay the Outstanding Payment in cash by 31 December 2023 under the 2020 Agreement and the current property market conditions, the Proposed Disposal will allow the Group to dispose of an idle property in exchange of proceeds for the settlement of the Outstanding Payment under the 2020 Agreement. This arrangement for the settlement of the Outstanding Payment by setting off against the Consideration pursuant to the Sale and Purchase Agreement and the New Settlement Manner under the Third Supplemental Agreement will also allow the Group to retain existing cash and thereby maintaining the financial flexibility of the Group. If the approval of the Independent Shareholders for the Transactions is not obtained at the SGM, the Outstanding Payment will be required to be paid by the Group by 31 December 2024 and interest shall accrue thereon at the rate equivalent to four-fifths of HIBOR commencing from 1 January 2024 pursuant to the Extension Terms.

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We have reviewed the 2022 Annual Report and the 2023 Interim Report, and noted that the Group recorded net cash used in operating activities of approximately HK\$80.8 million, HK\$4.8 million and HK\$30.6 million for FY2021, FY2022 and 6M2023, respectively, and the Group had cash and cash equivalents of approximately HK\$133.9 million as at 30 June 2023. Having considered that (i) the Property has been idle since March 2023; (ii) the existing financial resources of the Group would not be sufficient for the Company to fully settle the Outstanding Payment, which will be due on 31 December 2023; (iii) the Consideration of HK\$160,000,000 shall set off the equivalent amount of the Outstanding Payment upon Completion; (iv) the balance of the Outstanding Payment of approximately HK\$502,000 shall be paid in cash on or before the date of Completion or 31 December 2023, whichever is later; and (v) the New Settlement Manner under the Third Supplemental Agreement will also allow the Group to retain existing cash, the Company is of the view, and we concur, that the entering into of the Sale and Purchase Agreement and the Third Supplemental Agreement (in respect of the New Settlement Manner), as the arrangement for the settlement of the Outstanding Payment, represent an opportunity for the Group to realise from its investment in the Property in order to accommodate the payment terms of the payment obligation of the Group and the payment terms are favourable to the Company to preserve cash flow in the long run for the Group's future business development.

In view of the above, the Directors are of the view, and we concur, that the Sale and Purchase Agreement and the New Settlement Manner under the Third Supplemental Agreement (although not being in the Group's ordinary and usual course of business) are fair and reasonable and on normal commercial terms or better and in the interests of the Company and the Shareholders as a whole.

2. THE PROPOSED DISPOSAL

On 8 November 2023 (after trading hours), the Vendor (an indirect wholly-owned subsidiary of the Company) and the Purchaser entered into the Sale and Purchase Agreement, pursuant to which, the Vendor agreed to sell and the Purchaser agreed to purchase the Sale Shares and the Sale Loan.

The principal terms of the Sale and Purchase Agreement are set out below:

Date

8 November 2023

Parties

- (1) The Vendor; and
- (2) The Purchaser.

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Subject matter

Subject to the terms and conditions of the Sale and Purchase Agreement, the Vendor agreed to sell and the Purchaser agreed to purchase the Sale Shares and the Sale Loan.

The principal asset of the Target Company is the Property.

Consideration and payment terms

The Consideration for the sale and purchase of the Sale Shares and the Sale Loan is HK\$160,000,000 (subject to adjustment), which was determined after arm's length negotiation between the Vendor and the Purchaser taking into account the appraised market value of the Property as at 30 September 2023 in the amount of HK\$160,000,000 as shown in the valuation conducted by the Valuer.

The Consideration will be subject to adjustment based on the net asset value of the Target Company, being the total assets (excluding the Property) less the total liabilities (excluding the Sale Loan and any contingent or deferred tax liabilities) of the Target Company, as at the date of Completion. Such adjustment shall be determined with reference to the unaudited completion accounts of the Target Company as at the date of Completion to be delivered by the Vendor to the Purchaser.

The Consideration shall be settled by way of setting off against the equivalent amount of the Outstanding Payment payable by Termbray Wealth to Earth Axis pursuant to the 2020 Agreement (as supplemented and amended by the Third Supplemental Agreement). If the amount of the Consideration (after adjustment) is higher than the amount of the Outstanding Payment, the shortfall shall be paid by the Purchaser to the Vendor in cash at Completion.

Conditions precedent

Completion is subject to the satisfaction (or where applicable, waiver) of the following conditions precedent no later than 31 March 2024 or such other date as may be agreed between the parties:

- (i) the approval by the Independent Shareholders of the Sale and Purchase Agreement and the transactions contemplated hereunder at the SGM having been obtained; and
- (ii) all representations and warranties made by the Vendor in the Sale and Purchase Agreement remaining true, accurate and not misleading in all material respects as at Completion.

The condition precedent (ii) set out above may be waived by the Purchaser.

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Completion

Completion shall take place on the 5th business day after the date on which the condition precedent (i) set out above has been satisfied, or any other date as agreed by the parties in writing.

Upon Completion, the Company will not hold any equity interest in the Target Company and the Target Company will cease to be a subsidiary of the Company.

Financial effect of the Disposal and use of proceeds

As disclosed in the Letter from the Board, upon Completion, the Target Company will cease to be a subsidiary of the Company and the financial results of the Target Company will cease to be consolidated in the consolidated financial statements of the Company.

Taking into account (i) the Consideration (before any adjustment) of HK\$160,000,000; (ii) the Sale Loan in the amount of approximately HK\$12,371,000 and other net liabilities of HK\$174,000 as at 30 September 2023; and (iii) the unaudited net asset value of the Target Company of approximately HK\$147,455,000 as at 30 September 2023 (after adjustment of the book value of the Property to HK\$160,000,000 and based on the amounts of Sale Loan and other net liabilities as at 30 September 2023 as stated above) (the “**Adjusted NAV**”), it is envisaged that the Group will not record any gain or loss from the Proposed Disposal before any related expenses. The actual amount of gain/loss will depend on the carrying value of the Group’s interest in the Target Company as at Completion. The proceeds from the Proposed Disposal will be applied as settlement of the Outstanding Payment.

Representation and warranties

The Sale and Purchase Agreement contains representations and warranties of the Vendor, which are no less favourable (from the perspective of the Vendor) than those which are usual and customary for a transaction of this nature and scale.

Taking into consideration (i) of the reasons for and benefits of the Transactions as discussed above, in particular the payment terms are favourable to the Company to preserve cash flow in the long run for the Group’s future business development; (ii) that the Consideration is determined after arm’s length negotiation between the Vendor and the Purchaser taking into account the appraised market value of the Property as at 30 September 2023 in the amount of HK\$160,000,000 as shown in the Valuation Report prepared by the Valuer; and (iii) the Consideration (before any adjustment) of HK\$160,000,000 is equivalent to the sum of the Adjusted NAV of approximately HK\$147,455,000 and the Sale Loan in the amount of approximately HK\$12,371,000 and other net liabilities of HK\$174,000 as at 30 September 2023, the Directors are of the view,

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and we concur, that the terms of the Sale and Purchase Agreement are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned.

3. THE THIRD SUPPLEMENTAL AGREEMENT

On 8 November 2023, Termbray Wealth (an indirect wholly-owned subsidiary of the Company) and Earth Axis (a company ultimately owned as to 99.99% by the Purchaser) entered into the Third Supplemental Agreement to vary the date and manner of the payment of the Outstanding Payment under the 2020 Agreement.

The principal terms of the Third Supplemental Agreement are set out as follows:

Date

8 November 2023

Parties

- (1) Termbray Wealth; and
- (2) Earth Axis.

Subject matter

New Settlement Manner of the Outstanding Payment

Subject to the terms and conditions of the Third Supplemental Agreement, the Outstanding Payment shall be settled in the following manner (the “**New Settlement Manner**”):

- (a) if the Outstanding Payment is higher than the Consideration:
 - (i) an amount equivalent to the Consideration shall be regarded as being paid by Termbray Wealth to Earth Axis as settlement of the equivalent amount of the Outstanding Payment at Completion by way of setting off against the Consideration payable by the Purchaser to the Vendor pursuant to the Sale and Purchase Agreement at Completion; and
 - (ii) the remaining amount of the Outstanding Payment shall be paid by Termbray Wealth to Earth Axis in cash on or before the date of Completion or 31 December 2023, whichever is later; or

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- (b) if the Outstanding Payment is lower than the Consideration, the Outstanding Payment shall be regarded as fully paid by Termbray Wealth to Earth Axis at Completion by way of setting off against the equivalent amount of the Consideration at Completion.

The New Settlement Manner is conditional upon the approval of the New Settlement Manner by the Independent Shareholders at the SGM and the Completion taking place.

Extension of payment date of the Outstanding Payment

In the event that the approval of the Independent Shareholders for the Transactions is not obtained at the SGM or the Sale and Purchase Agreement is terminated in accordance with the terms contained therein (including on the ground that any condition precedent is not satisfied or where applicable, waived by 31 March 2024 or such other date as may be agreed between the parties), (a) the payment date of the Outstanding Payment shall be extended to 31 December 2024; and (b) interest at the rate equivalent to four-fifths of HIBOR per annum shall accrue on the Outstanding Payment commencing from (including) 1 January 2024 until the actual date of payment, and such interest shall be paid by Termbray Wealth to Earth Axis on the actual payment of the Outstanding Payment (collectively, the “**Extension Terms**”).

Taking into consideration (i) of the reasons for and benefits of the Transactions as discussed above, in particular the payment terms and Extension Terms are favourable to the Company to preserve cash flow in the long run for the Group’s future business development; and (ii) save for the way of settlement as disclosed above, all other terms and conditions of the 2020 Agreement shall remain unchanged and continue to be in full force and effect, the Directors consider, and we concur, that the terms of the Third Supplemental Agreement (in respect of the New Settlement Manner) are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned.

4. THE VALUATION OF THE PROPERTY

As disclosed in the Letter from the Board, the Consideration was determined after arm’s length negotiation between the Vendor and the Purchaser taking into account the appraised market value of the Property as at 30 September 2023 in the amount of HK\$160,000,000 as shown in the valuation conducted by the Valuer.

Given that as at the Latest Practicable Date, the Target Company principally serves as investment holding vehicle and that its only property interest is the Property, in assessing the fairness and reasonableness of the Consideration, we have focused on analysing the Valuation Report.

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(a) The Valuer

For due diligence purpose, we have reviewed the Valuation Report and interviewed the staff members of the Valuer as to its expertise, independence and details in relation to the Valuation Report, particularly (i) the Valuer's terms of engagement with the Company; (ii) the Valuer's qualification and experience in relation to the preparation of the Valuation Report; and (iii) the steps and due diligence measures taken by the Valuer in performing the valuation. From our review of the engagement letter between the Company and the Valuer, we are satisfied that the terms of engagement between the Company and the Valuer are appropriate to the opinion the Valuer is required to be given, with no limitations on the scope of work which might adversely impact on the degree of assurance given by the Valuer. Furthermore, as advised by the Valuer, the Company and the Vendor have not made any formal or informal representations to the Valuer that contravenes with their understanding and assessment on the relevant material information as set out in the Valuation Report.

Based on the engagement letter and other relevant information provided by the Valuer, we noted that the Valuer is a qualified asset appraisal firm which provides valuation services. We understand that Mr. Vincent Cheung ("**Mr. Cheung**"), the managing director and responsible person of the Valuer, is a fellow of the Royal Institution of Chartered Surveyors, a member of the Hong Kong Institute of Surveyors, a Registered Professional Surveyor (General Practice) under the Surveyors Registration Ordinance (Cap. 417) in Hong Kong, a member of China Institute of Real Estate Appraisers and Agents, a member of Hong Kong Securities and Investment Institute, a member of Institute of Shopping Centre Management, a member of Hong Kong Institute of Real Estate Administrators, a fellow of the Hong Kong Institute of Directors, a Registered Valuer of the Royal Institution of Chartered Surveyors and a Registered Real Estate Appraiser and Agent People's Republic of China. He has over 26 years' experience in valuation of fixed and intangible assets of this magnitude and nature in the subject region. We have also obtained information on the track records of the Valuer on other asset valuations and noted that it has experience in the provision of a wide range of valuation services to numerous companies listed on the Stock Exchange. As such, we are of the view that the Valuer and Mr. Cheung are qualified, experienced and competent in performing the valuation of the Property.

In addition, we have enquired with and the Valuer has confirmed that it is independent from the Purchaser, the Group, the Vendor and their respective associates. The Valuer also confirmed that they were not aware of any relationships or interest between itself and the Purchaser, the Group, the Vendor or any other parties that could reasonably be regarded as relevant to its independence to act as the independent valuer of the Company. The Valuer also confirmed that apart from normal professional fees paid or

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payable to them in connection with its appointment as the Valuer, no arrangements exist whereby it has received or will receive any fees or benefits from the Purchaser, the Group, the Vendor or any other party to the transactions.

We noted that the Valuer mainly carried out its due diligence through discussion with the Management and conducted its own proprietary research and has relied on public information obtained through its own research as well as the information provided by the Management. We were advised by the Valuer that it has assumed such information to be true, complete and accurate and has accepted it without verification which is material to the valuation.

(b) Valuation basis and assumptions

As stated in the Valuation Report, in valuing the property interest, the Valuer has complied with Chapter 5 of the Listing Rules, the HKIS Valuation Standards 2020 published by the Hong Kong Institute of Surveyors from 31 December 2020 with reference to the International Valuation Standards (collectively, the “**Standards**”) published by the International Valuation Standards Councils effective from 31 January 2022.

Based on our discussion with the Valuer, we have not identified any major factors which cause us to doubt the fairness and reasonableness of the principal basis and assumptions used in arriving at the valuation of the Property. As stated in the Valuation Report, the Valuer has carried out inspections, made relevant enquiries and searches for the purpose of the valuation of the Property. We have reviewed and discussed with the Valuer the basis and assumptions adopted in arriving at the value of the Property. Taking into consideration of the nature of the Property and that the valuation is conducted in accordance with the aforesaid requirements, we consider that the basis and assumptions adopted by the Valuer for determining the market value of the Property are appropriate.

(c) Valuation methodology

We noted that the valuation was primarily based on the market approach. The market approach refers to valuation by making reference to comparable market transactions in the assessment of the market value of a property interest. The market approach is universally considered as the most accepted valuation approach for valuing most forms of properties. Given that Hong Kong has an active and well-publicised property market and that there already exists sufficient samples of comparable properties available for analysis, we are of the view that these comparable properties provide good and objective benchmarks for the valuation of the Property. Accordingly, we agree with the Valuer that the market approach is appropriate for the valuation of the Property.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As advised by the Valuer, comparable transactions are selected based on similar location and characteristics of the Property. Based on the information provided by the Valuer, three most comparable properties have been selected for comparison purpose for the Property. For our due diligence purpose, we obtained information of the comparable properties, such as address, district, age, unit, floor area etc. The selected comparable properties for comparison purpose for the Property are set out as follow:

	Comparable 1	Comparable 2	Comparable 3
Development	Springfield Gardens	Manderly Garden	Jade Crest
Address	Nos. 5-9 Shouson Hill Road West	No. 48 Deep Water Bay Road	Nos. 35A-35H Shouson Hill Road
District	Shouson Hill	Shouson Hill	Shouson Hill
Year of Completion	1974	1986	1973
Unit	House A6	House 9	House 35C
Effective Saleable Area (sq.ft)	2,764.4	3,330.1	2,636.9
Nature	Agreement for Sale and Purchase	Agreement for Sale and Purchase	Agreement for Sale and Purchase
Date of Instrument	29 August 2022	14 September 2021	11 August 2021
Consideration (HK\$)	118,000,000	183,800,000	143,000,000
Effective Saleable Unit Rate (HK\$/sq.ft)	42,686	55,193	54,231

Through our discussion with the Valuer, we also understand that data and information about the comparable properties were mostly obtained from online public domains, which included the websites of the Land Registry, the Buildings Department and Rating and Valuation Department. As confirmed by the Valuer, the comparable properties represent an exhaustive list to the best of their knowledge. In view of (i) the selected comparable properties are all situated close to the Property; (ii) the comparable properties share similar characteristics of the Property in terms of physical and locational attributes, particularly the view, completion year, number of storey and car parking space and floor area; and (iii) the Valuer has applied necessary adjustments as discussed below, we concur with the Valuer that the selection criteria of the comparable properties are fair and reasonable and the selected comparable properties are appropriate for determining the valuation of the Property.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

For our due diligence purpose, we have reviewed the underlying calculation of the percentage adjustments from the Valuer and noted that certain percentage adjustments have been made on the unit rate of the averaged unit rate of the comparable properties based on the differences in location, building age, size, view, house type and facilities between the comparable properties and the Property. We noted that the unit rate of the properties is generally higher for the properties that are (i) with a lower building age and (ii) with a smaller floor area, and vice versa. We have discussed with the Valuer and were given to understand that such adjustment factors were commonly adopted for the valuation of properties. The Valuer has applied the adjustments by assigning different weightings to the adjustment factors based on their professional judgement and experience and in accordance with the requirements set out by the Standards. After due adjustments in terms of the aforesaid aspects, the adjusted unit rates of the adopted comparables are ranging from HK\$42,936 to HK\$50,695 per sq.ft. on the basis of effective saleable area. The adopted unit rate of the property is HK\$47,000 per sq.ft. on the basis of effective saleable area. Considering that (i) the selection criteria of the comparable properties are fair and reasonable and the selected comparable properties for the valuation of the Property are appropriate; (ii) the adjustment factors applied based on location, view, building age and floor area are commonly adopted in the valuation of properties; and (iii) the Valuer has applied the adjustments based on its professional judgement and experience and are applied in the same manner as required by the Standards, we consider that it is justifiable for the Valuer to apply such adjustments in the valuation.

(d) Conclusion

Considering the abovementioned factors, in particular, (i) the Property represents the only property interests of the Target Company and hence the valuation of the Target Company is mostly determined by the appraised value of the Property, and that we consider the Valuation Report is an appropriate reference for determining the valuation of the Property upon our review; (ii) the Consideration (before any adjustment) of HK\$160,000,000 is equivalent to the sum of the Adjusted NAV of approximately HK\$147,455,000 and the Sale Loan in the amount of approximately HK\$12,371,000 and other net liabilities of HK\$174,000 as at 30 September 2023; and (iii) the adjustments of the Consideration by reference to the unaudited completion accounts of the Target Company shall reflect the changes of the net asset value of the Target Group (excluding the Property, the Sale Loan and any contingent or deferred tax liabilities) as at the date of Completion, we consider that the Consideration as determined with reference to the fair market value is fair and reasonable so far as the Independent Shareholders are concerned.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

RECOMMENDATION

Having considered that the above principal factors, we are of the opinion that (i) the terms of the Sale and Purchase Agreement, the New Settlement Manner under the Third Supplemental Agreement and the transactions contemplated thereunder are on normal commercial terms or better, fair and reasonable so far as the Independent Shareholders are concerned; and (ii) although the Proposed Disposal and the entering into of the Sale and Purchase Agreement and the Third Supplemental Agreement (in respect of the New Settlement Manner) are not in the ordinary and usual course of business of the Group, it is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders, and advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the SGM for approving the Sale and Purchase Agreement, the New Settlement Manner under the Third Supplemental Agreement and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of
Lego Corporate Finance Limited
Mr. Stanley Ng
Managing Director

Mr. Stanley Ng is a licensed person registered with the Securities and Futures Commission and a responsible officer of Lego Corporate Finance Limited to carry out Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong). He has over 19 years of experience in the accounting and investment banking industries.

The following is the text of a letter and a valuation certificate prepared for the purpose of incorporation in this circular received from Vincorn Consulting and Appraisal Limited, an independent valuer, in connection with its valuation of the property interests to be disposed of by the Group. Terms defined in this appendix applies to this appendix only.

Vincorn Consulting and Appraisal Limited
Units 1602-4, 16/F
FWD Financial Centre
No. 308 Des Voeux Road Central
Hong Kong

**The Board of Directors**

Termbray Industries International (Holdings) Limited
Room 2107-08, 21/F, Cosco Tower
183 Queen's Road Central
Sheung Wan
Hong Kong

1 December 2023

Dear Sirs,

INSTRUCTION AND VALUATION DATE

We refer to your instructions for us to assess the market value of the property interests located in Hong Kong to be disposed of by Termbray Industries International (Holdings) Limited (the “**Company**”) and its subsidiaries (hereinafter together referred to as the “**Group**”) for the purposes of public disclosure. We confirm that we have carried out inspection, made relevant enquiries and searches and obtained such further information as we consider necessary in order to provide you with our opinion of the market value of the property interests as at 30 September 2023 (the “**Valuation Date**”).

VALUATION STANDARDS

The valuation has been prepared in accordance with the HKIS Valuation Standards 2020 published by The Hong Kong Institute of Surveyors effective from 31 December 2020 with reference to the International Valuation Standards published by the International Valuation Standards Council effective from 31 January 2022; and the requirements set out in Chapter 5 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited issued by The Stock Exchange of Hong Kong Limited.

VALUATION BASIS

Our valuation has been undertaken on the basis of market value. Market value is defined as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

VALUATION ASSUMPTIONS

Our valuation has been made on the assumption that the seller sells the property interests in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the value of the property interests.

No allowances have been made for any charges, mortgages or amounts owing on the property interests, nor for any expenses or taxations which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property interests are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect the value of the property interests.

As the property interests are held under long term leasehold interests, we have assumed that the owner has free and uninterrupted rights to use the property interests for the whole of the unexpired term of the leasehold interests.

VALUATION METHODOLOGY

When valuing the property interests to be disposed of by the Group, we have adopted market approach.

Market approach is universally considered as the most accepted valuation approach for valuing most forms of property. This involves the analysis of recent market evidence of similar properties to compare with the subject under valuation. Each comparable is analysed on the basis of its unit rate; each attribute of the comparables is then compared with the subject and where there are any differences, the unit rate is adjusted in order to arrive at the appropriate unit rate for the subject. This is done by making percentage adjustments to the unit rate for various factors, such as time, location, building age, building quality and so on.

LAND TENURE AND TITLE INVESTIGATION

We have made enquires and relevant searches at the Hong Kong Land Registry. However, we have not searched the original documents nor have we verified the existence of any amendments, which do not appear in the documents available to us. All documents have been used for reference only.

All legal documents disclosed in this letter and the valuation certificate are for reference only. No responsibility is assumed for any legal matters concerning the legal titles to the property interests set out in this letter and the valuation certificate.

INFORMATION SOURCES

We have relied to a considerable extent on the information provided by the Group. We have also accepted advice given to us on matters such as identification of the property, particulars of occupancy and all other relevant matters. Dimensions, measurements and areas included in the valuation are based on information contained in the documents provided to us and are, therefore, only approximations.

We have also been advised by the Group that no material factors or information have been omitted or withheld from the information supplied and consider that we have been provided with sufficient information to reach an informed view. We believe that the assumptions used in preparing our valuation are reasonable and have had no reason to doubt the truth and accuracy of the information provided to us by the Group which is material to the valuation.

INSPECTION AND INVESTIGATIONS

The property was inspected externally and internally. Although not all areas were accessible for viewing at the time of inspection, we have endeavored to inspect all areas of the property. Investigations were carried out as necessary. Our investigations have been conducted independently and without influence from any third party in any manner.

We have not tested any services of the property and are therefore unable to report on their present conditions. We have not undertaken any structural surveys of the property and are therefore unable to comment on the structural conditions. We have not carried out any investigations on site to determine the suitability of the ground conditions for any future developments. Our valuation is prepared on the assumption that these aspects are satisfactory and that no extraordinary expenses or delays will be required.

We have not carried out any on-site measurements to verify the correctness of the areas in respect of the property but have assumed that the areas shown on the documents or deduced from the plans are correct. All documents and plans have been used as reference only and all dimensions, measurements and areas are therefore approximations.

CURRENCY

Unless otherwise stated, all monetary figures stated in this report are in Hong Kong Dollar (“HK\$”).

The valuation certificate is attached hereto.

Yours faithfully,
For and on behalf of
Vincorn Consulting and Appraisal Limited

Vincent Cheung
BSc(Hons) MBA FRICS MHKIS RPS(GP)
MCIREA MHKSI MISCM MHIREA FHKIoD
RICS Registered Valuer
Registered Real Estate Appraiser & Agent PRC
Managing Director

Note:

Vincent Cheung is a fellow of the Royal Institution of Chartered Surveyors, a member of the Hong Kong Institute of Surveyors, a Registered Professional Surveyor (General Practice) under the Surveyors Registration Ordinance (Cap. 417) in Hong Kong, a member of China Institute of Real Estate Appraisers and Agents, a member of Hong Kong Securities and Investment Institute, a member of Institute of Shopping Centre Management, a member of Hong Kong Institute of Real Estate Administrators, a fellow of the Hong Kong Institute of Directors, a Registered Valuer of the Royal Institution of Chartered Surveyors and a Registered Real Estate Appraiser and Agent People’s Republic of China. He is suitably qualified to carry out the valuation and has over 26 years of experience in the valuation of fixed and intangible assets of this magnitude and nature in the subject region.

VALUATION CERTIFICATE

Property Interests to be Disposed of by the Group in Hong Kong

Property	Description and Tenure	Occupancy Particulars	Market Value as at 30 September 2023
House No. 17, Manderly Garden, No. 48 Deep Water Bay Road, Hong Kong	<p>The property comprises a three-storey house within a residential development known as Manderly Garden located in Shouson Hill.</p> <p>As per our scaled-off measurement on the approved building plans, the property has a saleable area of approximately 3,200.00 square feet (“sq.ft.”) plus a courtyard and roof of approximately 986.00 sq.ft. and 622.00 sq.ft. respectively. As per Occupation Permit No. H124/86, it was completed in about 1986.</p> <p>The property is held under Conditions of Sale No. UB11594 for a term of 75 years renewable for 75 years commencing from 20 January 1982.</p>	<p>As per our on-site inspection and information provided by the Group, the property is currently vacant.</p>	<p>HK\$160,000,000 (HONG KONG DOLLARS ONE HUNDRED AND SIXTY MILLION)</p> <p>100% Interest Attributable to the Group Before Disposal:</p> <p>HK\$160,000,000 (HONG KONG DOLLARS ONE HUNDRED AND SIXTY MILLION)</p>

Notes:

- The property was inspected by Iverson Chan *BSc(Hons) MRICS MHKIS RPS(GP) RICS Registered Valuer CAIA* on 26 October 2023.
- The valuation and this certificate were prepared by Vincent Cheung *BSc(Hons) MBA FRICS MHKIS RPS(GP) MCIREA MHKSI MISCM MHIREA FHKIoD RICS Registered Valuer Registered Real Estate Appraiser & Agent PRC*, Kit Cheung *BSc(Hons) MRICS MHKIS RPS(GP) MCIREA MHIREA RICS Registered Valuer Registered Real Estate Appraiser PRC* and Iverson Chan *BSc(Hons) MRICS MHKIS RPS(GP) RICS Registered Valuer CAIA*.

3. The details of the land search records of the property dated 9 October 2023 are summarised below:-

Item	Details
Registered Owner:	Termbray (Fujian) Land Development Company Limited By an assignment dated 28 April 2000, registered vide Memorial No. UB8082250
Share of the Lot:	125/7,266
Government Rent:	HK\$2,000 per annum (Rural Building Lot No. 1052 and the Extension thereto)
Major Encumbrances:	<ul style="list-style-type: none"> • Modification Letter with Plan dated 5 December 1985, registered vide Memorial No. UB2968002. • Extension Letter with Plan dated 20 January 1986, registered vide Memorial No. UB2982369. • Deed of Mutual Covenants and Management Agreement with Plan dated 11 September 1986, registered vide Memorial No. UB3177691. • Occupation Permit No. H124/86 dated 5 November 1986, registered vide Memorial No. UB3250028. • Certificate of Compliance dated 6 January 1987, registered vide Memorial No. UB3251206.

4. The property is erected on Rural Building Lot No. 1052 and the Extension thereto, which is held under Conditions of Sale No. UB11594 as varied or modified by Modification Letter with Plan dated 5 December 1985, registered vide Memorial No. UB2968002, and extended by Extension Letter with Plan dated 20 January 1986, registered vide Memorial No. UB2982369. The salient conditions are summarised below:-

Item	Details
Lot Number:	Rural Building Lot No. 1052 and the Extension thereto
Lease Term:	75 years renewable for 75 years commencing from 20 January 1982
Major Special Conditions:	<ul style="list-style-type: none"> • The lot or any part thereof or any building or buildings erected or to be erected thereon shall not be used for any purpose other than private residential purposes. • The gross floor area of each private residential unit comprised in the building or buildings erected or to be erected on the lot (other than the Government Accommodation (as defined therein)) shall be not less than 240 square metres. • No part of the building or buildings erected or to be erected on Section B (as defined therein) shall exceed a height which obscures the south-facing view in a horizontal plane from any buildings erected on Section A (as defined therein) or exceeds a height of 110 metres above the Hong Kong Principal Datum whichever is the lower. • The Government Accommodation (as defined therein) and the other building or buildings erected or to be erected on the lot shall not contain more than three storeys.

5. The property falls within an area zoned "Residential (Group C) 3" under Hong Kong Planning Area No. 17 – Approved Shouson Hill & Repulse Bay Outline Zoning Plan No. S/H17/13 approved on 5 November 2013.

6. The general description of the property are summarised below:-

Location	:	The property is located at No. 48 Deep Water Bay Road, Hong Kong.
Transportation	:	Hong Kong International Airport and Ocean Park MTR Station are located approximately 42.0 kilometres and 2.0 kilometres away from the property respectively.
Nature of Surrounding Area	:	The area is predominately a residential area in Shouson Hill.

7. In the course of our valuation of the property, we have considered and analysed house sale comparables in the vicinity. These comparables are adopted as they are considered relevant to the property in terms of physical and locational attributes. The unit rates of the adopted comparables are ranging from HK\$42,686 to HK\$55,193 per sq.ft. on the basis of effective saleable area.

The following table sets forth the details of the adopted comparables:-

	Comparable 1	Comparable 2	Comparable 3
Development	Springfield Gardens	Manderly Garden	Jade Crest
Address	Nos. 5-9 Shouson Hill Road West	No. 48 Deep Water Bay Road	Nos. 35A-35H Shouson Hill Road
District	Shouson Hill	Shouson Hill	Shouson Hill
Year of Completion	1974	1986	1973
Unit	House A6	House 9	House 35C
Effective Saleable Area (sq.ft.)	2,764.38	3,330.13	2,636.88
Nature	Agreement for Sale and Purchase	Agreement for Sale and Purchase	Agreement for Sale and Purchase
Date of Instrument	29 August 2022	14 September 2021	11 August 2021
Consideration (HK\$)	118,000,000	183,800,000	143,000,000
Effective Saleable Unit Rate (HK\$/sq.ft.)	42,686	55,193	54,231

Adjustments in terms of different aspects, including time, location, building age, size, view, house type and facilities, have been made to the unit rates of the adopted comparables. After due adjustments in terms of the aforesaid aspects, the adjusted unit rates of the adopted comparables are ranging from HK\$42,936 to HK\$50,695 per sq.ft. on the basis of effective saleable area. The adopted unit rate of the property is HK\$47,000 per sq.ft. on the basis of effective saleable area.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

Directors and chief executive

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and/or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any such Director or chief executive was taken or deemed to have under such provisions of the SFO); (ii) entered in the register maintained by the Company pursuant to Section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules, were as follows:

(A) Long positions in the Shares

Name of Directors	Number of Shares				Total	Percentage of total issued Shares
	Personal interest	Family interest	Corporate interest	Other interest		
Mr. Lee Lap	-	-	-	1,252,752,780 <i>(Note 1)</i>	1,252,752,780	46.96%
Mr. Tommy Lee	-	-	710,000,000 <i>(Note 2)</i>	1,252,752,780 <i>(Note 1)</i>	1,962,752,780	73.58%
Mr. Chau Hau Shing	7,150,000	-	-	-	7,150,000	0.27%

Notes:

- The 1,252,752,780 Shares included under the other interest of Mr. Lee Lap and Mr. Tommy Lee are held by Lee & Leung (B.V.I.) Limited. Lee & Leung (B.V.I.) Limited is wholly-owned by Lee & Leung Family Investment Limited, which is wholly-owned by HSBC International Trustee Limited as trustee for Lee & Leung Family Trust. Mr. Lee Lap is the settlor of the Lee & Leung Family Trust. The discretionary beneficiaries of the Lee & Leung Family Trust are the spouse and certain children of Mr. Lee Lap (including Mr. Tommy Lee) and the offspring of such children.

2. The 710,000,000 Shares were issued to Earth Axis as partial settlement of the consideration upon completion of the 2020 Agreement.

(B) Long Positions in shares of associated corporations of the Company

Name of Director	Name of subsidiary	Number of non-voting deferred shares held (Note)			% of total issued non-voting deferred shares
		Personal Interest	Spouse interest	Total	
Mr. Lee Lap	Applied Industrial Company Limited	1,000	1,500	2,500	100%
	Lee Plastics Manufacturing Company Limited	250,000	250,000	500,000	100%
	Magnetic Electronics Limited	5,000	–	5,000	100%
	Termbray Electronics Company Limited	7,000	3,000	10,000	100%

Note: All the above non-voting deferred shares are held by the Director or his spouse personally as beneficial owner.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interest or short position in the shares, underlying shares and/or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which was required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interest and short position which any such Director or chief executive of the Company was taken or deemed to have under such provisions of the SFO); (ii) entered in the register of interests required to be kept by the Company pursuant to section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules.

Substantial Shareholders

As at the Latest Practicable Date, the person (other than the Directors as disclosed above) interested in 5% or more of the issued share capital of the Company as recorded in the register kept by the Company pursuant to Section 336 of the SFO were as follows:

Name of Shareholders	Capacity	Number of Shares held	Percentage of the issued share capital of the Company
Lee & Leung (B.V.I.) Limited (Note 1)	Beneficial owner	1,252,752,780	46.96%
Lee & Leung Family Investment Limited (Note 1)	Held by controlled corporation	1,252,752,780	46.96%
HSBC International Trustee Limited (Note 1)	Held by controlled corporation as trustee for Lee & Leung Family Trust	1,252,752,780	46.96%
Earth Axis (Note 2)	Beneficial owner	710,000,000	26.62%
aEasy Finance Holdings Limited (Note 2)	Held by controlled corporation	710,000,000	26.62%
Cosmo Telecommunication Inc. (Note 3)	Beneficial owner	151,202,960	5.67%
Ms. Jing Xiao Ju (Note 3)	Held by controlled corporation	151,202,960	5.67%
East Glory Trading Limited (Note 4)	Beneficial owner	103,397,540	3.88%
Master Winner Limited (Note 4)	Held by controlled corporation	103,397,540	3.88%
Mr. Yuan Qinghua (Note 4)	Held by controlled corporation	103,397,540	3.88%

Notes:

- The 1,252,752,780 Shares are held by Lee & Leung (B.V.I.) Limited. Lee & Leung (B.V.I.) Limited is wholly-owned by Lee & Leung Family Investment Limited, which is wholly-owned by HSBC International Trustee Limited as trustee for Lee & Leung Family Trust. Mr. Lee Lap is the settlor of the Lee & Leung Family Trust. The discretionary beneficiaries of the Lee & Leung Family Trust are the spouse and certain children of Mr. Lee Lap (including Mr. Tommy Lee) and the offspring of such children.

2. *The 710,000,000 Shares were issued to Earth Axis as partial settlement of the consideration upon completion of the 2020 Agreement. Earth Axis is wholly-owned by aEasy Finance Holdings Limited which is indirectly controlled by Mr. Tommy Lee.*
3. *According to record, as at the Latest Practicable Date, Cosmo Telecommunication Inc. was wholly-owned by Ms. Jing Xiao Ju.*
4. *According to record, as at the Latest Practicable Date, East Glory Trading Limited was wholly-owned by Master Winner Limited, which in turn was wholly-owned by Mr. Yuan Qinghua. After the allotment and issue of shares of the Company as partial settlement of the consideration on completion of the 2020 Agreement, the Company has not received notifications of disclosure of interests from these Shareholders reporting change in number of Shares. Based on the issued Shares as at 31 December 2022, the percentage level of these Shareholders was reduced to 3.88%.*

Save as disclosed above, so far as is known to the Directors, as at the Latest Practicable Date, the Company had not been notified by any persons (other than Directors or chief executive of the Company) who had interest or short positions in the Shares or underlying Shares or debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required, pursuant to section 336 of the SFO, to be recorded in the register referred to therein.

3. COMPETING INTERESTS OF DIRECTORS AND CLOSE ASSOCIATES

As at the Latest Practicable Date, Mr. Lee Lap and his spouse Madam Leung Lai Ping were interested in certain companies engaged in property investment and development in Mainland China and Hong Kong (the “**Competing Business**”).

The Board has continuously monitored to identify any conflicts of interest due to the aforesaid interests of Mr. Lee Lap and Madam Leung Lai Ping. If conflict of interest arises, Mr. Lee Lap and Madam Leung Lai Ping will abstain from participating in making any decisions. The Company is therefore capable of carrying on its business independently of, and at arm’s length from the Competing Business.

Save as disclosed above, so far as the Directors are aware, as at the Latest Practicable Date, none of the Directors and their respective close associates had an interest in any business apart from the business of the Group, which competes, or are likely to compete, either directly or indirectly, with the business of the Group.

4. DIRECTORS’ INTERESTS IN THE GROUP’S ASSETS AND CONTRACTS

As at the Latest Practicable Date, none of the Directors or their respective associates had any interest, direct or indirect, in any assets which have been, since 31 December 2022, being the date to which the latest published audited financial statements of the Group were made up, acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, none of the Directors was materially interested in any subsisting contract or arrangement which is significant in relation to the business of the Group.

5. DIRECTORS' SERVICE CONTRACTS

Mr. Lee Lap has entered into a service contract with the Company for service as an executive Director which is terminable by either party giving to the other party not less than six months' prior notice in writing.

Mr. Tommy Lee and Mr. Chau Hau Shing have respectively entered into a service contract with the Company for service as an executive Director which is terminable by either party giving to the other party not less than three months' prior notice in writing.

Mr. Shu Wa Tung, Laurence, Mr. Wu Wai Pan and Ms. Chak Wai Ting, the independent non-executive Directors, have each entered into an appointment letter with the Company for service as an independent non-executive Director for a term of 2 years from their dates of appointment on (i) 15 April 2022, (ii) 10 June 2022 and (iii) 9 November 2022 respectively.

Other than the aforesaid, as at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

6. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirmed that there was no material adverse change in the financial or trading position of the Group since 31 December 2022, being the date to which the latest published audited consolidated financial statements of the Group were made up.

7. EXPERT AND CONSENT

The following is the qualification of the experts who have given opinion and advice, which is contained in this circular:

Name	Qualification
Lego Corporate Finance Limited	a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO)
Vincorn Consulting and Appraisal Limited	an independent property valuer

As at the Latest Practicable Date, each of the experts referred to above (i) had no shareholding in any member of the Group and did not have any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group; (ii) had no direct or indirect interest in any assets which had been, since 31 December 2022 (the date to which the latest published audited consolidated financial statements of the Group were made up), acquired, disposed of by, or leased to any member of the Group, or were proposed to be acquired, disposed of by, or leased to any member of the Group; and (iii) has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter or opinion or report and the reference to its name included herein in the form and context in which it appears.

8. GENERAL

- (a) The Company was incorporated in Bermuda with limited liability on 9 October 1990. Save for the Main Board of the Stock Exchange, the Shares of the Company are not listed on any other stock exchange.
- (b) The registered office of the Company is at Clarendon House, Church Street, Hamilton HM11, Bermuda. The head office and principal place of business of the Company in Hong Kong is at Room 2107-08, 21/F, Cosco Tower, 183 Queen's Road Central, Sheung Wan, Hong Kong.
- (c) The secretary of the Company is Mr. Lo Tai On, who is an associate member of the Hong Kong Institute of Certified Public Accountants.
- (d) The Hong Kong share registrar and transfer office of the Company is Tricor Standard Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.
- (e) Unless otherwise stated in the event of any inconsistency, the English language text of this circular shall prevail over the Chinese language text.

9. DOCUMENTS ON DISPLAY

Copies of the Sale and Purchase Agreement and the Third Supplemental Agreement are available on the Stock Exchange's website at www.hkexnews.hk and on the Company's website at <http://www.termbray.com.hk> for a period of 14 days from the date of this circular.

NOTICE OF SPECIAL GENERAL MEETING



TERMBRAY INDUSTRIES INTERNATIONAL (HOLDINGS) LIMITED

添利工業國際(集團)有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 00093)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting of Termbray Industries International (Holdings) Limited (the “**Company**”) will be held at Room 2107-08, 21/F, Cosco Tower, 183 Queen’s Road Central, Sheung Wan, Hong Kong on Wednesday, 20 December 2023 at 11:00 a.m. for the purpose of considering and, if thought fit, passing the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

“THAT:

- (a) the Sale and Purchase Agreement (as defined in the circular of the Company dated 1 December 2023 (the “**Circular**”, a copy of which has been produced at the meeting and marked “A” and initialed by the chairman of the meeting for the purpose of identification) and the New Settlement Manner (as defined in the Circular) under the Third Supplemental Agreement (as defined in the Circular), and all transactions contemplated thereunder and in connection therewith and any other ancillary documents and all transactions contemplated thereunder, be and are hereby approved, confirmed and/or ratified; and
- (b) any one of the directors of the Company be and is hereby authorised for and on behalf of the Company to sign, seal, execute, perfect, perform and deliver all such documents, deeds, agreements and instruments and do all such acts, matters and things and take all such steps as he/she may in his/her discretion consider necessary, expedient or desirable to implement and/or to give effect to the Sale and Purchase Agreement and the New Settlement Manner under the Third Supplemental Agreement (and the transactions contemplated thereunder) as he/she may in his/her discretion consider to be desirable and in the interests of the Company.”

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

Hong Kong, 1 December 2023

* *For identification purpose only*

NOTICE OF SPECIAL GENERAL MEETING

Registered office:

Clarendon House
Church Street
Hamilton HM11
Bermuda

Head office and principal place of business in Hong Kong:

Room 2107-08, 21/F, Cosco Tower
183 Queen's Road Central
Sheung Wan
Hong Kong

Notes:

1. The ordinary resolution to be considered at the meeting will be decided by poll.
2. Any member of the Company entitled to attend and vote at the meeting is entitled to appoint one or, if he is the holder of two or more shares, more than one proxy to attend and vote instead of him. A proxy need not be a member of the Company.
3. To be valid, a proxy form, together with any power of attorney or other authority (if any) under which it is signed, or a notarially certified copy thereof, must be lodged with the Hong Kong branch share registrar and transfer office of the Company, Tricor Standard Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not less than 48 hours (i.e. Monday, 18 December 2023 at 11:00 a.m.) before the time appointed for holding the meeting or any adjournment thereof.
4. The register of members of the Company will be closed from Friday, 15 December 2023 to Wednesday, 20 December 2023 (both days inclusive), during which no transfer of shares will be effected. In order to qualify for attendance of the meeting, all completed transfer forms accompanied with the relevant share certificates must be lodged with the Company's Hong Kong share registrar, Tricor Standard Limited, not later than 4:30 p.m. on Thursday, 14 December 2023. The address of Tricor Standard Limited is 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

As at the date hereof, the Board comprises:

Executive Directors:

Mr. Lee Lap (*Chairman*)

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

Mr. Chau Hau Shing

Independent Non-Executive Directors:

Mr. Shu Wa Tung, Laurence

Mr. Wu Wai Pan

Ms. Chak Wai Ting