Telefield

TELEFIELD INTERNATIONAL (HOLDINGS) LIMITED
中 慧 國 際 控 股 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1143)

VOLUNTARY ANNOUNCEMENT

POSSIBLE ACQUISITION OF EQUITY INTERESTS IN A PRC COMPANY

The Company is currently reviewing and considering the feasibility of participating in a bid at the Tender for the Sale Interest, which represents approximately 60% of the entire equity interest in the Target Company being sold by the Vendor under a tender process organised at SUAEE.

The Minimum Consideration may be up to approximately RMB336 million (equivalent to approximately HK$403 million), being the minimum price which the potential bidder has to pay for the Sale Interest under the Tender.

Further announcement(s) in relation to the Possible Acquisition will be made by the Company as and when appropriate, if required by the Listing Rules.

As at the date of this announcement, the Company has not submitted its application, nor paid the Earnest Money, in respect of the Tender to SUAEE for the Sale Interest of the Target Company. There is no assurance by the Company that the Possible Acquisition will materialize or be undertaken by the Company and thus the Possible Acquisition may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

BACKGROUND OF THE POSSIBLE ACQUISITION

The Company is currently reviewing and considering the feasibility of participating in a bid at the Tender for the Sale Interest, which represents approximately 60% of the entire equity interest in the Target Company being sold by the Vendor under a tender process organised at SUAEE.

The Minimum Consideration may be up to approximately RMB336 million (equivalent to approximately HK$403 million), being the minimum price which the potential bidder has to pay for the Sale Interest under the Tender.

Procedure of the Tender

The Tender is held for a period of 20 Business Days commencing from 17 December 2015.

The Sale Interest is being offered for sale by the Vendor by way of tender convened at SUAEE pursuant to related laws, regulations and policies in the PRC.

SUAEE is fully responsible for the preparatory works for the Tender, including but not limited to examining the qualification of the potential bidders.

If the Company decides to participate for bidding in respect of the Tender, the Company will designate one of its subsidiaries to be the purchaser of the Sale Interest and the Company shall arrange for payment of the Earnest Money within 3 Business Days from the date the subsidiary is approved by SUAEE as a qualified bidder.

To the best information, knowledge and belief of the Directors, after having made all reasonable enquiries, the Vendor, the Target Company and their respective ultimate beneficial owners are Independent Third Parties.

Minimum consideration for the Auction

The starting price of the Tender is RMB336 million (equivalent to approximately HK$403 million). The Earnest Money will be applied towards settling part of the consideration for the acquisition of the Sale Interest if the bidder is successful in its bidding at the Tender. If the bidder fails in the bidding, SUAEE will return the Earnest Money to the bidder.

There are circumstances where the Earnest Money will not be refunded to the bidder which include, amongst others, the followings: (1) the bidder cancels its application for bidding in respect of the Tender after it is approved as a qualified bidder; (2) the bidder refuses to enter into the equity transfer agreement after successful bidding.

The Company will finance the payment for the Earnest Money and the consideration of the Possible Acquisition by its internal resources and/or borrowings from financial institutions should the Group proceed to participating in the bid at the Tender for the Sale Interest.

If the Company wins at the Tender, the Company will enter into an equity transfer agreement with the Vendor. The remaining consideration for the Sale Interest shall be paid by cash within 5 Business Days after the signing of the equity transfer agreement.

Conditions precedent for potential bidder under the Tender

The potential bidder should satisfy certain conditions precedent for participating in the Tender which include but not limited to the following:

(a) it shall be a company duly established in the PRC and is validly existing;

(b) it shall provide a deposit certificate issued by a bank showing that its deposit with the bank is not less than the Minimum Consideration.

INFORMATION ON THE PRC COMPANY

According to the Tender Document, the Vendor is a state-owned enterprise based in Beijing. It principally engaged in the production and distribution of pharmaceutical raw materials, drugs and nutritional health products.

According to the Tender Document, the Target Company was established in the PRC on 8 April 1999 and is principally engaged in the proprietary Chinese medicines, chemical raw materials, biochemical products, chemical medicine preparation and healthy food.

Based on the information provided on the website of SUAEE, the turnover, the net profit and the total assets of the Target Company for the two financial years ended on 31 December 2013 and ten months ended on 31 October 2015 are as follows:

	31 December 2013	**31 December 2014**	**10 months ended on 31 October 2015**
	RMB' million	*RMB' million*	*RMB' million*
Turnover	10,180	11,378	11,450
Net profit	24.15	17.87	44.24
Total assets	3,800	5,233	5,270

REASONS FOR AND BENEFITS OF THE POSSIBLE ACQUISITION

The Group is principally engaged in (i) distribution of business phone systems under the RCA brand; and (ii) EMS business originally engaged by the Group with manufacturing facilities located in Guangzhou. Major products manufactured under the EMS business are electronic consumer products including but not limited to residential and business phones, beauty consumer products, home appliances and appliance control products.

As stated in the composite offer document dated 14 October 2015 and the announcement of the Company dated 15 December 2015, the Company will explore and consider any other investment and business opportunities that may arise in the market from time to time that the Company considers value-enhancing to shareholders of the Company and/or otherwise in the best interest of the Company and its subsidiaries.

It is also stated in the announcement of the Company dated 15 December 2015 that the Company is in the preliminary stage of reviewing and considering the feasibility of certain projects which are principally engaged in the medical and healthcare industry. The Possible Acquisition, if materialize, provides an opportunity for the Group to tap into the medical and healthcare market in the PRC.

Further announcement(s) in relation to the Possible Acquisition will be made by the Company as and when appropriate, if required by the Listing Rules.

As at the date of this announcement, the Company has not submitted its application, nor paid the Earnest Money, in respect of the Tender to SUAEE for the Sale Interest of the Target Company. There is no assurance by the Company that the Possible Acquisition will materialize or be undertaken by the Company and thus the Possible Acquisition may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

"Board"	the board of Directors of the Company
"Business Day(s)"	a working day as announced by the relevant PRC government department(s)
"Company"	Telefield International (Holdings) Limited, a company incorporated in the Cayman Islands with limited liability and the securities of which are listed on the Stock Exchange
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"Director(s)"	director(s) of the Company
"Earnest Money"	an earnest money in the amount of RMB80,800,000 payable by the subsidiary of the Company to SUAEE at the Tender
"EMS"	electronic manufacturing services
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	means the Hong Kong Special Administrative Region of the People's Republic of China
"Independent Third Party(ies)"	independent third parties of and not connected with the Company and its connected persons
"Listing Rules"	means the Rules Governing the Listing of Securities on the Stock Exchange
"Minimum Consideration"	being the minimum amount of consideration payable for the Possible Acquisition
"Possible Acquisition"	the possible acquisition of the Sale Interest by the subsidiary of the Company through the Tender if the bidding by the subsidiary of the Company is successful at the Tender
"PRC"	the People's Republic of China (for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan)
"RMB"	Renminbi, the lawful currency of the PRC
"Sale Interest"	60% equity interest held in the Target Company by the Vendor

"Share(s)"	ordinary share(s) of HK$0.01 each in the issued share capital of the Company
"Shareholder(s)"	shareholder(s) of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"SUAEE"	上海聯合產權交易所 (Shanghai United Assets and Equity Exchange*)
"Target Company"	a company established in the PRC with limited liability
"Tender"	the public tender for sale of the Sale Interest held by SUAEE
"Tender Document"	tender document in respect of the Tender released by the SUAEE
"Vendor"	a limited company established in the PRC which holds 60% equity interest of the Target Company as at the date of this announcement
"%"	per cent.

For the purpose of this announcement, unless otherwise indicated, the conversion of RMB into HK$ is based on the exchange rate of RMB1.00 = HK$1.20. Such rate is for the purpose of illustration only and does not constitute a representation that any amount in question in RMB or HK$ has been or could have been or may converted at such or another rate or at all.

By order of the Board
Telefield International (Holdings) Limited
Gong Shaoxiang
Chairman and Executive Director

Hong Kong, 28 December 2015

As at the date of this announcement, the Board comprises Mr. Gong Shaoxiang (Chairman) and Mr. Lee Chi Hwa Joshua as executive Directors, Mr. Cao Yuyun as non-executive Director and Mr. Bao Jinqiao, Mr. Wong Chun Hung and Mr. Leung Pok Man as independent non-executive Directors.

* *For identification purpose only*