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If you have sold or transferred all your shares in the Company, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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)

**REFRESHMENT OF GENERAL MANDATE
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

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



Capitalised terms used in this cover page have the same meanings as those defined in this circular.

A letter from the Board is set out on pages 3 to 9 in this circular. A letter from the Independent Board Committee is set out on page 10 in this circular. A letter from Gram Capital containing its advice in respect of the grant of Refreshed General Mandate to the Independent Board Committee and the Independent Shareholders is set out on pages 11 to 18 in this circular.

A notice convening the EGM to be held at 1804A, 18/F., Tower 1, Admiralty Centre, 18 Harcourt Road, Admiralty, Hong Kong on Thursday, 28 January 2016 at 11:00 a.m., Hong Kong is set out on pages EGM-1 to EGM-2 in this circular.

A form of proxy for use at the EGM is enclosed.

Whether or not you are able to attend the meeting, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the meeting or any adjournment thereof should you so wish.

11 January 2016

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the meanings set out below:

“2015 AGM”	the annual general meeting of the Company held on 29 May 2015
“associate”	has the same meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“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
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors (including the independent non-executive directors) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving the Refreshed General Mandate by the Independent Shareholders
“Existing General Mandate”	the general mandate granted to the Directors by the resolution of the Shareholders passed at the 2015 AGM to allot, issue and deal with Shares not exceeding 20% of the issued share capital of the Company as at the date of the 2015 AGM
“Gram Capital” or “Independent Financial Adviser”	Gram Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Cap. 571 of the Law of Hong Kong) and the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the grant of Refreshed General Mandate
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

DEFINITIONS

“Independent Board Committee”	an independent board committee of the Company comprising all the independent non-executive Directors to advise the Independent Shareholders on the proposed grant of the Refreshed General Mandate
“Independent Shareholders”	Shareholders other than the controlling Shareholders and their associates
“Latest Practicable Date”	8 January 2016, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China (for the purpose of this circular, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan)
“Refreshed General Mandate”	the new general mandate proposed to be sought at the EGM to authorise the Directors to allot, issue and deal with the Shares not exceeding 20% of the issued share capital of the Company as at date of passing of the relevant resolution
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency for the time being of Hong Kong
“%”	per cent.

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. Gong Shaoxiang

Mr. Lee Chi Hwa Joshua

Non-Executive Director:

Mr. Cao Yuyun

Independent Non-executive Directors:

Mr. Bao Jinqiao

Mr. Wong Chun Hung

Mr. Leung Pok Man

Registered Office:

Clifton House

75 Fort Street

PO Box 1350

Grand Cayman KY1-1108

Cayman Islands

*Head office and principal place
of business in Hong Kong:*

Units 609-610

6/F, Bio-Informatics Centre

No. 2 Science Park West Avenue

Hong Kong Science Park

Shatin, New Territories

Hong Kong

11 January 2016

To the Shareholders

Dear Sir or Madam,

**REFRESHMENT OF GENERAL MANDATE
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

The purpose of this circular is to provide you with (i) information in respect of the proposed grant of the Refreshed General Mandate; (ii) the recommendation of the Independent Board Committee to the Independent Shareholders in respect of the Refreshed General Mandate; (iii) a letter of advice from Gram Capital to the Independent Board Committee and the Independent Shareholders in respect of the Refreshed General Mandate; and (iv) the notice of the EGM.

LETTER FROM THE BOARD

EXISTING GENERAL MANDATE

At the 2015 AGM, the Shareholders approved, among other things, the Existing General Mandate which authorised the Directors to issue not more than 82,342,800 Shares, being 20% of the issued share capital of the Company of 411,714,000 Shares as at the date of the 2015 AGM.

Reference is made to the announcement of the Company dated 9 November 2015 in relation to the placing of new Shares under the Existing General Mandate. Upon completion of such placing of new Shares on 27 November 2015, the Existing General Mandate was nearly utilized by the Company. Only 2,642,800 new Shares can be issued under the Existing General Mandate. Save for the proposed grant of the Refreshed General Mandate, there has been no refreshment of the Existing General Mandate since the 2015 AGM.

PROPOSED REFRESHMENT OF THE EXISTING GENERAL MANDATE

The Company will convene the EGM at which an ordinary resolution will be proposed to the Independent Shareholders that the Directors be granted the Refreshed General Mandate to allot and issue Shares not exceeding 20% of the issued share capital of the Company as at the date of passing the relevant ordinary resolution at the EGM.

Subject to the approval of the Independent Shareholders of the Refreshed General Mandate, and assuming that no other Shares will be issued and/or repurchased by the Company on or prior to the date of the EGM, the Shares in issue as at the date of the EGM would be 495,531,140 Shares, which means that under the Refreshed General Mandate, the Directors will be authorised to allot, issue and deal with a maximum of 99,106,228 Shares, being 20% of the Shares in issue as at the Latest Practicable Date.

The Refreshed General Mandate will, if granted, expire at the earliest of: (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles or any applicable laws and regulations of the Cayman Islands to be held; or (iii) the date on which the authority set out in the resolution for the approval of the Refreshed General Mandate is revoked or varied by the passing of an ordinary resolution of the Shareholders in general meeting.

REASONS FOR THE REFRESHED GENERAL MANDATE

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.

LETTER FROM THE BOARD

As stated in the announcement of the Company dated 15 December 2015, 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. Such projects, if materialize, may constitute a notifiable transaction of the Company under the Listing Rules. Although (i) no concrete terms nor legally binding agreement or contract relating to any of the above mentioned projects has been agreed or entered into by the Company as at the Latest Practicable Date; and (ii) it is uncertain whether any fund raising exercises could be successfully conducted after the Refreshed General Mandate or the actual amounts of proceeds that could be raised thereunder. The Board considers that the Refreshed General Mandate would provide the flexibility to the Company in selecting fund raising methods to raise funds on a timely basis to finance the settlement of the considerations of the potential projects as mentioned before.

It was further disclosed in the Company's announcements dated 28 December 2015, the Company is in the preliminary stage of reviewing and considering the feasibility of participating in a bid at the tender for sale of 60% of the entire equity interest in a PRC company being sold by the vendor under a tender process ("**Tender**") organized at Shanghai United Assets and Equity Exchange ("**SUAEE**"). If the Company decides to participate for bidding, the Company shall arrange for payment of the earnest money amounted to RMB80.8 million within 3 business days from the date the subsidiary is approved by SUAEE as a qualified bidder.

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. The Company will finance the payment for the earnest money and the consideration thereof by its internal resources and/or borrowings from financial institutions should the Group proceed to participating in the bid at the Tender. On a hypothetical basis that a possible placement materialized under the Refreshed General Mandate, it is the current intention of the Company to apply part of the proceeds from the said placement for the Tender.

The Company might implement debt and/or equity fund raising plan(s) to satisfy the financing needs arising out of any business development of the Group as well as to improve the financial position of the Group in the event that suitable fund raising opportunities arise.

Having considered that (a) the Existing General Mandate has nearly been utilized as at the Latest Practicable Date; (b) the Refreshed General Mandate will provide the Company with more flexibility in raising funds through the issue of new Shares for its general working capital as and when the Directors consider appropriate in the future; and (c) the Refreshed General Mandate will empower the Directors to issue new Shares under the refreshed limit speedily and provide the Company with the flexibility and ability to capture any appropriate capital raising or business opportunities, which may arise, the Directors consider that the granting of the Refreshed General Mandate is in the interests of the Company and the Shareholders as a whole.

As at the Latest Practicable Date, the Company has not yet formulated any concrete plan for raising capital by issuing new Shares under the Refreshed General Mandate. As such, the New General Mandate merely provides an alternative way of financing should any investment

LETTER FROM THE BOARD

opportunity arises and there would not be any immediate dilution impact on the existing Shareholders upon the Refreshed General Mandate. The Company will be prudent in issuing new Shares under the Refreshed General Mandate in the future by well balancing the benefits of the potential investment opportunities that could be brought to the Group, the need of funding and the dilution impact caused.

Apart from equity financing, the Group will also consider other financing alternatives such as debt financing and bank borrowings before making investment decision. However, the Group will consider the cost and other terms of the funding to decide the means of financing in order to maximise the benefit to the Shareholders. Furthermore, these alternatives may be subject to lengthy due diligence and negotiations. The Directors would exercise due and careful consideration when choosing the best method of financing for the Group. Having considered the above, the Company intends to seek approval of the Independent Shareholders at the EGM to grant the Refreshed General Mandate to the Directors.

Potential dilution to shareholding of the public Shareholders

The table below sets out the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) after full utilization of the Refreshed General Mandate (assuming no other Shares are issued or repurchased by the Company prior to the EGM):

Shareholder	As at the Latest Practicable Date		After full utilization of the Issue Mandate (assuming that no Shares are issued or repurchased by the Company prior to the EGM)	
	Number of Shares	%	Number of Shares	%
Power Port Holdings Limited (Note 1)	151,634,000	30.60	151,634,000	25.50
Empire Group Global Limited (Note 2)	71,860,000	14.50	71,860,000	12.08
Partners Special Investments Fund SP2 (Note 3)	73,840,000	14.90	73,840,000	12.42
New Shares available to be issued under the Refreshed General Mandate	–	–	99,106,228	16.67
Public Shareholders	198,197,140	40.00	198,197,140	33.33
Total	495,531,140	100.00	594,637,368	100.00

Notes:

- 1 Power Port Holdings Limited, a company incorporated in the British Virgin Islands with limited liability, which is wholly and beneficially owned by Mr. Yang Zhihui.
- 2 Empire Group Global Limited, a wholly owned subsidiary of China Huarong International Holdings Limited.

LETTER FROM THE BOARD

- 3 Partners Special Investments Fund SP2 (a segregated portfolio of Partners Special Investments Fund SPC and is being managed by PH Investment Management Limited) is wholly owned by Azaleas Investment Holding Limited, which is wholly owned by China Huarong International Holdings Limited.

The aggregate shareholding of the other public Shareholders will decrease from approximately 40.00% as at the Latest Practicable Date to approximately 33.33% upon full utilization of the Refreshed General Mandate. Given the financial flexibility as stated before and that the shareholdings of all Shareholders will be diluted proportionally to their respective shareholdings, the Board considers such potential dilution to the shareholdings of the Independent Shareholders to be acceptable.

EQUITY FUND RAISING ACTIVITIES INVOLVING THE UTILIZATION OF THE EXISTING GENERAL MANDATE

Save for the equity fund raising activity set out below, the Company had not carried out any other equity fund raising activities involving the utilization of the Existing General Mandate during the period from the date of the 2015 AGM and up to the Latest Practicable Date.

Date of announcement	Fund raising activities	Estimated net proceeds (approximately)	Proposed used of proceeds	Actual use of proceeds as at the Latest Practicable Date
9 November 2015	Placing of 79,700,000 new Shares at the placing price of HK\$2.44 per placing share	HK\$189.46 million	intended to be used for any potential investments in the future and general working capital of the Group	has been retained as general working capital of the Group

LISTING RULES IMPLICATIONS

Pursuant to Rule 13.36(4)(a) of the Listing Rules, any controlling Shareholders and their associates, or where there is no controlling Shareholder, the Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the relevant resolution regarding the Refreshed General Mandate to be proposed at the EGM. As at the Latest Practicable Date, Power Port Holdings Limited (a company incorporated in the British Virgin Islands with limited liability, which is wholly and beneficially owned by Mr. Yang Zhihui), a controlling Shareholder, which are interested in 151,634,000 Shares, representing approximately 30.60% of the entire issued share capital of the Company, shall abstain from voting in favour of the relevant resolution regarding the Refreshed General Mandate. As at the Latest Practicable Date, Power Port Holdings Limited has indicated that it will not vote against the resolution regarding the Refreshed General Mandate at the EGM. Pursuant to Rule 13.39(4) of the Listing Rules, the vote of the Independent Shareholders in respect of the Refreshed General Mandate at the EGM will be taken by way of poll.

LETTER FROM THE BOARD

EGM

A notice convening the EGM of the Company to be held at 1804A, 18/F., Tower 1, Admiralty Centre, 18 Harcourt Road, Admiralty, Hong Kong, Hong Kong on Thursday, 28 January 2016 at 11:00 a.m. is set out on pages EGM-1 to EGM-2 of this circular.

The Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Bao Jinqiao, Mr. Wong Chun Hung and Mr. Leung Pok Man has been established to advise the Independent Shareholders on the proposed grant of the Refreshed General Mandate. Gram Capital was appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the proposed grant of the Refreshed General Mandate.

Whether or not you are able to attend the meeting, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the meeting or any adjournment thereof should you so wish.

RECOMMENDATION

Your attention is drawn to the (i) letter from the Independent Board Committee set out on page 10 of this circular which contains its recommendation to the Independent Shareholders on the proposed grant of the Refreshed General Mandate; and (ii) the letter of advice from Gram Capital set out on pages 11 to 18 of this circular, which contains, among other matters, its advice to the Independent Board Committee and the Independent Shareholders in relation to the proposed grant of the Refreshed General Mandate and the principal factors considered by it in arriving at its advice.

The Independent Board Committee, having taken into account the Existing General Mandate, the reasons for the Refreshed General Mandate and the principal factors, reasons and advice of Gram Capital in relation thereto, is of the opinion that the proposed grant of the Refreshed General Mandate is fair and reasonable so far as the Independent Shareholders are concerned and is in the interests of the Company and the Shareholders as a whole and accordingly recommends the Independent Shareholders to vote in favour of the resolution relating to the proposed grant of the Refreshed General Mandate to be proposed at the EGM.

Accordingly, the Directors (including the independent non-executive Directors) consider that the proposed grant of the Refreshed General Mandate is fair and reasonable and is in the interests of the Company and the Shareholders as a whole. Therefore, the Directors (including the independent non-executive Directors) recommend the Independent Shareholders to vote in favour of the resolution relating to the proposed grant of the Refreshed General Mandate to be proposed at the EGM.

LETTER FROM THE BOARD

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.

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



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)

11 January 2016

To the Independent Shareholders

Dear Sir or Madam,

REFRESHMENT OF GENERAL MANDATE

We have been appointed as the Independent Board Committee to advise the Independent Shareholders in connection with the proposed grant of the Refreshed General Mandate, details of which are set out in the circular of the Company to the Shareholders dated 11 January 2016 (“Circular”), of which this letter forms part. Terms defined in the Circular shall have the same meanings when used herein unless the context otherwise requires.

We wish to draw your attention to the letter from the Board set out on pages 3 to 9 of the Circular and the letter from Gram Capital containing its advice to us and the Independent Shareholders regarding the proposed grant of the Refreshed General Mandate set out on pages 11 to 18 of the Circular.

Having considered the Existing General Mandate, the reasons for the Refreshed General Mandate and the principal factors, reasons and advice of Gram Capital in relation thereto as set out in the Circular, we are of the view that the proposed grant of the Refreshed General Mandate is fair and reasonable so far as the Independent Shareholders are concerned and that the proposed grant of the Refreshed General Mandate is 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 EGM to approve the proposed grant of the Refreshed General Mandate.

Yours faithfully,
Independent Board Committee

Mr. Bao Jinqiao
Independent
non-executive Director

Mr. Wong Chun Hung
Independent
non-executive Director

Mr. Leung Pok Man
Independent
non-executive Director

LETTER FROM GRAM CAPITAL

Set out below is the text of a letter received from Gram Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the grant of Refreshed General Mandate for the purpose of inclusion in this circular.



Room 1209, 12/F.
Nan Fung Tower
88 Connaught Road Central/
173 Des Voeux Road Central
Hong Kong

11 January 2016

*To: The independent board committee and the independent shareholders
of Telefield International (Holdings) Limited*

Dear Sirs,

REFRESHMENT OF GENERAL MANDATE

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the grant of Refreshed General Mandate, details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular dated 11 January 2016 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 requires otherwise.

At the 2015 AGM, the Shareholders approved, among other things, the Existing General Mandate which authorised the Directors to issue not more than 82,342,800 Shares, being 20% of the issued share capital of the Company of 411,714,000 Shares as at the date of the 2015 AGM. With reference to the announcement of the Company dated 9 November 2015 in relation to the placing of new Shares under the Existing General Mandate, upon completion of such placing of new Shares on 27 November 2015, the Existing General Mandate was nearly utilized by the Company. Only 2,642,800 new Shares can be issued under the Existing General Mandate. Therefore, the Board proposes to seek approval of the Independent Shareholders for the grant of the Refreshed General Mandate such that the Directors will be granted the authority to allot, issue and deal with new Shares not exceeding 20% of the total issued share capital of the Company as at the date of passing the relevant resolution at the EGM. Save for the proposed grant of the Refreshed General Mandate, there has been no refreshment of the Existing General Mandate since the 2015 AGM.

Pursuant to Rule 13.36(4)(a) of the Listing Rules, any controlling Shareholders and their associates, or where there is no controlling Shareholder, the Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective

LETTER FROM GRAM CAPITAL

associates shall abstain from voting in favour of the relevant resolution regarding the grant of Refreshed General Mandate to be proposed at the EGM. As at the Latest Practicable Date, Power Port Holdings Limited (a company incorporated in the British Virgin Islands with limited liability, which is wholly and beneficially owned by Mr. Yang Zhihui), a controlling Shareholder, which are interested in 151,634,000 Shares, representing approximately 30.60% of the entire issued share capital of the Company, shall abstain from voting in favour of the relevant resolution regarding the grant of Refreshed General Mandate. Pursuant to Rule 13.39(4) of the Listing Rules, the vote of the Independent Shareholders in respect of the grant of Refreshed General Mandate at the EGM will be taken by way of poll.

The Independent Board Committee comprising Mr. Bao Jinqiao, Mr. Wong Chun Hung and Mr. Leung Pok Man (all being independent non-executive Directors) has been established to advise the Independent Shareholders on the grant of Refreshed General Mandate. We, Gram Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

OUR INDEPENDENCE

As at the Latest Practicable Date, we were not aware of any relationships or interests between Gram Capital and the Company or any other parties that could be reasonably regarded as hindrance to Gram Capital's independence to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders.

Besides that, (i) we have not acted as independent financial adviser in respect of any transaction of the Company in the last two years; and (ii) apart from the advisory fee and expenses payable to us in connection with our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, no arrangement exists whereby we shall receive any other fees or benefits from the Company.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors. We have assumed that all information and representations that have been provided by the Directors, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, which have been provided to us. Our opinion is based on the Directors' representation and confirmation that there are no undisclosed private agreements/arrangements or implied understanding with anyone concerning the grant of Refreshed General Mandate. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules.

LETTER FROM GRAM CAPITAL

The Directors have collectively and individually accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed, having made all reasonable enquiries, which to the best of their knowledge and belief, that the information contained in the 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 in the Circular or the Circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, its subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the grant of Refreshed General Mandate. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, it is the responsibility of Gram Capital to ensure that such information has been correctly extracted from the relevant sources while we are not obligated to conduct any independent in-depth investigation into the accuracy and completeness of those information.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the grant of Refreshed General Mandate, we have taken into consideration the following principal factors and reasons:

(1) Background of and reasons for the grant of Refreshed General Mandate

Information of the Group

With reference to the Board Letter, 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.

LETTER FROM GRAM CAPITAL

Set out below are the consolidated financial results of the Group for the six months ended 30 June 2015 and for the two years ended 31 December 2014 as extracted from the Company's interim report for the six months ended 30 June 2015 (the “**2015 Interim Report**”) and annual report for the year ended 31 December 2014 (the “**2014 Annual Report**”):

	For the six months ended 30 June 2015	For the year ended 31 December 2014	For the year ended 31 December 2013	% change from 2013 to 2014
	HK\$'000 (<i>unaudited</i>)	HK\$'000 (<i>audited</i>)	HK\$'000 (<i>audited</i>)	
Revenue	767,281	1,832,867	1,825,542	0.40
Profit/(loss) for the period/year	(35,229)	(42,273)	31,414	NA

	As at 30 June 2015	As at 31 December 2014	As at 31 December 2013	% change from 2013 to 2014
	HK\$'000 (<i>unaudited</i>)	HK\$'000 (<i>audited</i>)	HK\$'000 (<i>audited</i>)	
Bank and cash balances	157,999	185,752	183,138	1.43
Bank borrowings	100,320	117,075	111,813	4.71

As depicted by the table above, the Group recorded a slight increase of approximately 0.40% in revenue for the year ended 31 December 2014 as compared to the year ended 31 December 2013. With reference to the 2014 Annual Report, the Group managed to maintain a steady level of revenue as a result of the increase in EMS business despite the declined contribution of the distribution businesses.

For the year ended 31 December 2014, the Group record a loss of approximately HK\$42.27 million following a profit of approximately HK\$31.41 million recorded in the year ended 31 December 2013. According to the 2014 Annual Report, the loss was primarily caused by the unsatisfactory performance of the distribution businesses.

Reasons for the grant of Refreshed General Mandate

At the 2015 AGM, the Shareholders approved, among other things, the Existing General Mandate which authorised the Directors to issue not more than 82,342,800 Shares, being 20% of the issued share capital of the Company of 411,714,000 Shares as at the date of the 2015 AGM.

With reference to the announcement of the Company dated 9 November 2015 in relation to the placing of new Shares under the Existing General Mandate (the “**Placing**”), upon completion of such placing of new Shares on 27 November 2015, the Existing General Mandate was nearly utilized by the Company. Only 2,642,800 new Shares can be issued under the Existing General Mandate.

LETTER FROM GRAM CAPITAL

With reference to the Board Letter, as stated in the announcement of the Company dated 15 December 2015, 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. Such projects, if materialize, may constitute a notifiable transaction of the Company under the Listing Rules. Although (i) no concrete terms nor legally binding agreement or contract relating to any of the above mentioned projects has been agreed or entered into by the Company as at the Latest Practicable Date; and (ii) it is uncertain whether any fund raising exercises could be successfully conducted after the Refreshed General Mandate or the actual amounts of proceeds that could be raised thereunder. The Board considers that the Refreshed General Mandate will provide the flexibility to the Company in selecting fund raising methods to raise funds on a timely basis to finance the settlement of the considerations of the potential projects as mentioned before.

It was further disclosed in the Company's announcements dated 28 December 2015, the Company is reviewing and considering the feasibility of participating in a bid at the tender for the sale of 60% of the entire equity interest in a PRC company (the "**Sale Interest**") being sold by the vendor under a tender process ("**Tender**") organized at Shanghai United Assets and Equity Exchange ("**SUAEE**"). If the Company decides to participate for bidding, the Company shall arrange for payment of the earnest money amounted to RMB80.8 million within 3 business days from the date the subsidiary is approved by SUAEE as a qualified bidder.

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. The Company will finance the payment for the earnest money and the consideration thereof by its internal resources and/or borrowings from financial institutions should the Group proceed to participating in the bid at the Tender. On a hypothetical basis that a possible placement materialized under the Refreshed General Mandate, it is the current intention of the Company to apply part of the proceeds from the said placement for the Tender.

The Company might implement debt and/or equity fund raising plan(s) to satisfy the financing needs arising out of any business development of the Group as well as to improve the financial position of the Group in the event that suitable fund raising opportunities arise.

Having considered that (a) the Existing General Mandate has nearly been utilised as at the Latest Practicable Date; (b) the Refreshed General Mandate will provide the Company with more flexibility in raising funds through the issue of new Shares for its general working capital as and when the Directors consider appropriate in the future; and (c) the Refreshed General Mandate will empower the Directors to issue new Shares under the refreshed limit speedily and provide the Company with the flexibility and ability to capture any appropriate capital raising or business opportunities, which may arise, the Directors consider that the grant of the Refreshed General Mandate is in the interests of the Company and the Shareholders as a whole.

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Given the foregoing, we are of the opinion that the grant of Refreshed General Mandate would provide the Company with the necessary flexibility to fulfil the funding needs for future business development and/or investment decisions. Accordingly, we are of the view that the grant of Refreshed General Mandate is in the interests of the Company and the Shareholders as a whole.

(2) Equity fund raising activities involving the utilisation of the Existing General Mandate

Save for the equity fund raising activity set out below, the Company has not carried out any other equity fund raising activities involving the utilisation of the Existing General Mandate during the period from the date of the 2015 AGM and up to the Latest Practicable Date.

Date of announcement	Fund raising activities	Estimated net proceeds (approximately)	Proposed use of proceeds	Actual use of proceeds as at the Latest Practicable Date
9 November 2015	Placing of 79,700,000 new Shares at the placing price of HK\$2.44 per placing share	HK\$189.46 million	Intended to be used for any potential investments in the future and general working capital of the Group	Has been retained as general working capital of the Group

(3) Flexibility in financing

As advised by the Directors, the Group does not obviate the possibilities of further issuing capital should there be investor(s) indicating interest in the business of the Company in the future although there were no such investors as at the Latest Practicable Date. The Directors believe that the grant of Refreshed General Mandate will maintain the Group's financial flexibility necessary for the Group to (i) capture investment opportunities for potential acquisitions and other future investment and fund raising opportunities that may arise in a timely manner; (ii) allow for ability and flexibility for the Company to respond to the market in time; and (iii) avoid uncertainties which may be associated with a specific mandate. In addition to the purposes of providing the Group with financial flexibility and liquidity, the grant of Refreshed General Mandate will also (i) avoid any undue delay caused by the approval of specific mandate if the Group wishes to carry out timely acquisitions; and (ii) strengthen the capital base and the shareholder base of the Group by way of issuing new Shares under the Refreshed General Mandate. The Directors are therefore of the view that the grant of Refreshed General Mandate is in the interests of the Company and the Shareholders as a whole.

With reference to the Board Letter, as at the Latest Practicable Date, the Company has not yet formulated any concrete plan for raising capital by issuing new Shares under the Refreshed General Mandate. As such, the Refreshed General Mandate merely

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provides an alternative way of financing should any investment opportunity arises and there would not be any immediate dilution impact on the existing Shareholders upon the Refreshed General Mandate. The Company will be prudent in issuing new Shares under the Refreshed General Mandate in the future by well balancing the benefits of the potential investment opportunities that could be brought to the Group, the need of funding and the dilution impact caused.

Apart from equity financing, the Group will also consider other financing alternatives such as debt financing and bank borrowings before making investment decision. However, the Group will consider the cost and other terms of the funding to decide the means of financing in order to maximise the benefit to the Shareholders. Furthermore, these alternatives may be subject to lengthy due diligence and negotiations. The Directors would exercise due and careful consideration when choosing the best method of financing for the Group.

Given the financial flexibility available to the Company as discussed above, we are of the opinion that the grant of Refreshed General Mandate is in the interests of the Company and the Shareholders as a whole.

(4) Potential dilution to shareholding of the existing public Shareholders

	Shareholding in the Company as at the Latest Practicable Date		Shareholding in the Company upon full utilisation of the Refreshed General Mandate (assuming that no Share is issued or repurchased by the Company prior to the EGM)	
	Shares	%	Shares	%
Power Port Holdings Limited (Note 1)	151,634,000	30.60	151,634,000	25.50
Empire Group Global Limited (Note 2)	71,860,000	14.50	71,860,000	12.08
Partners Special Investments Fund SP2 (Note 3)	73,840,000	14.90	73,840,000	12.42
Other public Shareholders	198,197,140	40.00	198,197,140	33.33
New Shares available to be issued under the Refreshed General Mandate	–	–	99,106,228	16.67
	<u>495,531,140</u>	<u>100</u>	<u>594,637,368</u>	<u>100</u>

Notes:

- 1 Power Port Holdings Limited, a company incorporated in the British Virgin Islands with limited liability, which is wholly and beneficially owned by Mr. Yang Zhihui.
- 2 Empire Group Global Limited, a wholly owned subsidiary of China Huarong International Holdings Limited.

LETTER FROM GRAM CAPITAL

- 3 Partners Special Investments Fund SP2 (a segregated portfolio of Partners Special Investments Fund SPC and is being managed by PH Investment Management Limited) is wholly owned by Azaleas Investment Holding Limited, which is wholly owned by China Huarong International Holdings Limited.

As illustrated by the shareholding table set out above, the shareholdings of the existing public Shareholders would decrease from approximately 40% as at the Latest Practicable Date to approximately 33.33% upon full utilisation of the Refreshed General Mandate while the potential dilution to the shareholdings of the existing public Shareholders due to full utilisation of the Refreshed General Mandate represents a dilution of approximately 6.67 percentage point.

Taking into account that the grant of Refreshed General Mandate (i) would provide an alternative to increase the amount of capital which may be raised under the Refreshed General Mandate; (ii) would provide more options of financing to the Group for possible funding needs; and (iii) the shareholding interests of all the Shareholders in the Company will be diluted in proportion to their respective shareholdings upon any utilisation of the Refreshed General Mandate, we are of the opinion that the potential dilution to the shareholdings of the existing public Shareholders as is acceptable.

RECOMMENDATION

Having taken into consideration the factors and reasons as stated above, we are of the opinion that the grant of Refreshed General Mandate is fair and reasonable so far as the Independent Shareholders are concerned and is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the grant of Refreshed General Mandate and we recommend the Independent Shareholders to vote in favour of the ordinary resolution in this regard.

Yours faithfully,
For and on behalf of
Gram Capital Limited
Graham Lam
Managing Director

Note: Mr. Graham Lam is a licensed person registered with the Securities and Futures Commission and a responsible officer of Gram Capital Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has over 20 years of experience in investment banking industry.

NOTICE OF EGM



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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**Meeting**”) of Telefield International (Holdings) Limited (the “**Company**”) will be held at 1804A, 18/F., Tower 1, Admiralty Centre, 18 Harcourt Road, Admiralty, Hong Kong on Thursday, 28 January 2016 at 11:00 a.m., Hong Kong for the purposes of considering and, if thought fit, passing the following resolution:

ORDINARY RESOLUTION

“THAT

- (a) subject to sub-paragraph (c) of this resolution, pursuant to the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) as amended from time to time, the exercise by the directors of the Company (the “**Directors**”) during the Relevant Period (as defined below) of all the powers of the Company to allot, issue and deal with additional shares of the Company (the “**Shares**”) and to make or grant offers, agreements and options, including warrants to subscribe for shares, which might require the exercise of such powers be and the same is hereby generally and unconditionally approved;
- (b) the approval in sub-paragraph (a) of this resolution shall authorise the Directors during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate number of Shares allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the Directors pursuant to the approval in sub-paragraph (a) of this resolution, otherwise than pursuant to (i) a Rights Issue (as defined below); or (ii) any issue of Shares upon the exercise of rights of subscription or conversion under the terms of any warrants issued by the Company or any securities which are convertible into Shares; or (iii) the exercise of any options granted under the share option scheme of the Company; or (iv) any scrip dividend or similar arrangement providing for the allotment and issue of Shares in lieu of the whole or part of the dividend on Shares in accordance with the memorandum and articles of association of the Company (the “**Articles**”) shall not exceed 20% of the issued share capital of the Company as at the date of the passing of this resolution and the said approval shall be limited accordingly; and

NOTICE OF EGM

(d) for the purposes of this resolution:

“Relevant Period” means the period from the date of the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles or any applicable laws and regulations of the Cayman Islands to be held; or
- (iii) the date on which the authority set out in this resolution is revoked or varied by the passing of an ordinary resolution of the shareholders of the Company (the **“Shareholders”**) in general meeting.

“Rights Issue” means an offer of Shares, or offer or issue of warrants, options or other securities of the Company giving rights to subscribe for Shares, open for a period fixed by the Directors to holders of Shares or any class thereof on the register on a fixed record date in proportion to their then holdings of such Shares or class thereof (subject to such exclusion or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory applicable to the Company).”

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

Hong Kong, 11 January 2016

Notes:

- (1) Any Shareholder entitled to attend and vote at the Meeting is entitled to appoint another person as his proxy to attend and vote instead of him. A Shareholder who is the holder of two or more Shares may appoint more than one proxy to attend on the same occasion. A proxy need not be a Shareholder.
- (2) In order to be valid, a form of proxy and the power of attorney (if any) or other authority (if any) under which it is signed, or a certified copy of such power or authority, must be deposited at the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong not less than 48 hours before the time fixed for holding the meeting or any adjournment thereof.
- (3) Delivery of the form of proxy will not preclude a Shareholder from attending and voting in person at the meeting convened and in such event, the form of proxy shall be deemed to be revoked.
- (4) In the case of joint registered holders of any Share, any one of such joint registered holders may vote at the meeting, either in person or by proxy, in respect of such Share as if he/she were solely entitled thereto, but if more than one of such joint registered holders be present at the meeting, the vote of the senior who tenders a vote either personally or by proxy shall be accepted to the exclusion of the votes of the other joint registered holders and, for this purpose, seniority shall be determined by the order in which the names stand in the register in respect of the joint holding.
- (5) As at the date of this notice, 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.