

STRUCTURE OF THE SHARE OFFER

THE SHARE OFFER

This prospectus is published in connection with the Public Offer which forms part of the Share Offer. China Merchants Securities is the Sole Bookrunner of the Share Offer.

The Share Offer initially consists of (subject to the Over-allotment Option):

- (i) the Public Offer of 10,000,000 Offer Shares (subject to re-allocation as mentioned below) in Hong Kong as described below in the sub-section headed “Public Offer” in this section; and
- (ii) the Placing of 90,000,000 Offer Shares (subject to re-allocation and the Over-allotment Option as mentioned below) in Hong Kong and other jurisdiction outside Hong Kong.

Investors may apply for Offer Shares under the Public Offer or indicate an interest, if qualified to do so, for the Offer Shares under the Placing, but may not do both. The Public Offer is open to members of the public in Hong Kong as well as to institutional and professional investors in Hong Kong. The Placing will involve selective marketing of Offer Shares to professional, institutional, corporate and other investors (excluding retail investors) anticipated to have a sizeable demand for such Offer Shares in Hong Kong and other jurisdiction outside Hong Kong. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. The Placing Underwriters are soliciting from prospective investors’ indications of interest in acquiring the Offer Shares in the Placing. Prospective professional, institutional, corporate and other investors will be required to specify the number of Offer Shares under the Placing they would be prepared to acquire either at different prices or at a particular price. This process, known as “book-building”, is expected to continue up to the Price Determination Date.

The number of Offer Shares to be offered under the Public Offer and the Placing respectively may be subject to re-allocation and, in the case of the Placing only, the Over-allotment Option as set out in the paragraph headed “Over-allotment Option” under the sub-section headed “Placing” in this section.

The Public Offer is fully underwritten by the Public Offer Underwriters under the terms of the Public Offer Underwriting Agreement and is subject to the Company and China Merchants Securities (for itself and on behalf of the Underwriters), agreeing on the Offer Price. The Company, China Merchants Securities and the Placing Underwriters, among others, expect to enter into the Placing Underwriting Agreement relating to the Placing on or before the Price Determination Date. Details of the underwriting arrangements are summarised in the section headed “Underwriting” in this prospectus.

STRUCTURE OF THE SHARE OFFER

PUBLIC OFFER

Number of Shares initially offered

The Company is initially offering 10,000,000 Offer Shares for subscription by the public in Hong Kong at the Offer Price, representing 10% of the total number of Offer Shares initially available under the Share Offer. Subject to the re-allocation of Shares between (i) the Placing; and (ii) the Public Offer as mentioned below and assuming no exercise of the Over-allotment Option, the number of the Public Offer Shares will represent approximately 2.5% of the Company's enlarged issued share capital immediately after completion of the Capitalisation Issue and the Share Offer.

Completion of the Public Offer is subject to the conditions as set out in the paragraph headed "Conditions of the Public Offer" under the sub-section headed "Public Offer" in this section.

Conditions of the Public Offer

Acceptance of all applications for Offer Shares pursuant to the Public Offer will be conditional on, among others:

- (i) the Listing Committee granting the listing of, and permission to deal in, the Shares in issue, the Offer Shares to be issued pursuant to the Share Offer and the Capitalisation Issue and any Shares which fall to be issued pursuant to the exercise of the Over-allotment Option and any options which may be granted under the Share Option Scheme;
- (ii) the Offer Price having been fixed on or around the Price Determination Date;
- (iii) the execution and delivery of the Placing Underwriting Agreement on or around the Price Determination Date; and
- (iv) the obligations of the Underwriters under each of the Public Offer Underwriting Agreement and the Placing Underwriting Agreement becoming and remaining unconditional and not having been terminated in accordance with the terms of the respective agreements, in each case on or before the dates and times specified in the respective agreements (unless and to the extent such conditions are validly waived on or before such dates and times by the Sole Bookrunner (for itself and on behalf of the Underwriters)) and in any event not later than 8:00 a.m. on the Listing Date, which is currently expected to be on Thursday, 27 January 2011.

If, for any reason, the Offer Price is not agreed between China Merchants Securities (for itself and on behalf of the Underwriters) and the Company by 9:00 p.m. on Friday, 21 January 2011, the Share Offer will not proceed and will lapse.

The consummation of each of the Public Offer and the Placing is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with its terms.

STRUCTURE OF THE SHARE OFFER

If the above conditions are not fulfilled or waived prior to the times and dates specified, the Share Offer will lapse and the Stock Exchange will be notified immediately. The Company will cause a notice of the lapse of the Public Offer to be published in the South China Morning Post (in English) and the Hong Kong Economic Journal (in Chinese) and on the website of the Stock Exchange at www.hkexnews.hk and the Company's website at www.telefieldgroup.com.hk on the next day following such lapse. In such eventuality, all application monies will be returned, without interest, on the terms set out in the section headed "How to Apply for Public Offer Shares". In the meantime, all application monies will be held in separate bank account(s) with the receiving banker(s) or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) (as amended).

Share certificates for the Offer Shares are expected to be issued on Wednesday, 26 January 2011 but will only become valid certificates of title at 8:00 a.m. on Thursday, 27 January 2011 provided that (i) the Share Offer has become unconditional in all respects; and (ii) the right of termination as described in the paragraph headed "Grounds for termination" under the section headed "Underwriting – Underwriting arrangements and expenses" in this prospectus has not been exercised. Investors who trade shares prior to the receipt of share certificates or prior to the share certificates bearing valid certificates of title do so entirely at their own risk.

Allocation

Allocation of the Offer Shares to investors under the Public Offer will be based solely on the level of valid applications received under the Public Offer. The basis of allocation may vary, depending on the number of Public Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Public Offer Shares, and those applicants who are not successful in the ballot may not receive any Public Offer Shares.

The total number of Offer Shares available under the Public Offer (after taking into account of any re-allocation referred to below) is to be divided into two pools (subject to adjustment of odd lot size) for allocation purposes: pool A and pool B. The Offer Shares in pool A will be allocated on an equitable basis to applicants who have applied for Public Offer Shares with an aggregate price of HK\$5.0 million (excluding the brokerage, Stock Exchange trading fee and SFC transaction levy payable) or less. The Offer Shares in pool B will be allocated on an equitable basis to applicants who have applied for Public Offer Shares with an aggregate price of more than HK\$5.0 million (excluding the brokerage, Stock Exchange trading fee and SFC transaction levy payable and up to the value of pool B). Investors should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If Public Offer Shares in one (but not both) of the pools are under-subscribed, the surplus Public Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. For the purpose of this paragraph only, the "price" for Offer Shares means the price payable on application therefor (without regard to the Offer Price as finally determined). Applicants can only receive an allocation of Public Offer Shares from either pool A or pool B but not from both pools and may only apply for Public Offer Shares in either pool A or pool B.

Multiple or suspected multiple applications within either pool or between pools and any application for more than 5,000,000 Public Offer Shares (being 50% of the initial number of Public Offer Shares) are liable to be rejected.

STRUCTURE OF THE SHARE OFFER

Re-allocation

The allocation of the Offer Shares between the Public Offer and the Placing is subject to adjustment. If the number of Offer Shares validly applied for under the Public Offer represents (i) 15 times or more but less than 50 times; (ii) 50 times or more but less than 100 times; and (iii) 100 times or more, of the number of the Offer Shares initially available under the Public Offer, then the Offer Shares will be re-allocated to the Public Offer from the Placing so that the total number of Offer Shares available under the Public Offer will be increased to 30,000,000 Offer Shares (in the case of (i)), 40,000,000 Offer Shares (in the case of (ii)) and 50,000,000 Offer Shares (in the case of (iii)) representing approximately 30%, 40% and 50% of the Offer Shares initially available under the Share Offer, respectively (before any exercise of the Over-allotment Option), in each case, the additional Offer Shares re-allocated to the Public Offer will be allocated between pool A and pool B and the number of Offer Shares allocated to the Placing will be correspondingly reduced, in such manner as the Sole Bookrunner deems appropriate. In addition, in certain prescribed circumstances, the Sole Bookrunner may, at its sole and absolute discretion, re-allocate such number of Placing Shares as it deems appropriate from the Placing to the Public Offer to satisfy in whole or in part the excess demand in the Public Offer.

If the Public Offer Shares are not fully subscribed for, the Sole Bookrunner may, at its sole and absolute discretion, re-allocate all or any unsubscribed Public Offer Shares to the Placing, in such proportion as the Sole Bookrunner deems appropriate.

Applications

The Sole Bookrunner (on behalf of the Underwriters) may require any investor who has been offered Shares under the Placing, and who has made an application under the Public Offer, to provide sufficient information to the Sole Bookrunner so as to allow them to identify the relevant applications under the Public Offer and to ensure that it is excluded from any application for Shares under Public Offer.

Each applicant under the Public Offer will also be required to give an undertaking and confirmation in the Application Form submitted by him/her/it that he/she/it and any person(s) for whose benefit he/she/it is making the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the Placing, and such applicant's application is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be) or it has been or will be placed or allocated Offer Shares under the Placing.

The listing of the Offer Shares on the Stock Exchange is sponsored by the Sponsor. Applicants under the Public Offer are required to pay, on application, the maximum price of HK\$1.35 per Share in addition to any brokerage, Stock Exchange trading fee and SFC transaction levy payable on each Offer Share. If the Offer Price, as finally determined in the manner described in the sub-section headed "Price determination of the Share Offer" in this section, is less than the maximum price of HK\$1.35 per Share, appropriate refund payments (including the brokerage, Stock Exchange trading fee and SFC transaction levy attributable to the surplus application monies) will be made to successful applicants, without interest. Further details are set out below in the section headed "How to Apply for Public Offer Shares" in this prospectus.

References in this prospectus to applications, Application Forms, application monies or the procedure for application relate solely to the Public Offer.

STRUCTURE OF THE SHARE OFFER

PLACING

Number of Offer Shares offered

The number of Offer Shares to be initially offered for subscription or sale under the Placing will be 90,000,000 Offer Shares (subject to re-allocation and the Over-allotment Option), representing approximately 90% of the total number of the Offer Shares initially available under the Share Offer. The Placing is subject to, among other things, the Public Offer being unconditional. Subject to any re-allocation of Offer Shares between the Placing and the Public Offer, before taking into account any exercise of the Over-allotment Option, the Placing Shares will represent 22.5% of the Company's enlarged issue share capital immediately after the completion of the Capitalisation Issue and the Share Offer.

Allocation

The Placing will include selective marketing of Offer Shares to professional, institutional, corporate and other investors (excluding retail investors) anticipated to have a sizeable demand for such Offer Shares in Hong Kong and other jurisdictions outside Hong Kong. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. Allocation of Offer Shares pursuant to the Placing will be effected in accordance with the book-building process described in the sub-section headed "Price determination of the Share Offer" in this section and based on a number of factors, including the level and timing of demand, the total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further Offer Shares, and/or hold or sell its Offer Shares, after the listing of the Offer Shares on the Stock Exchange. Such allocation is intended to result in a distribution of the Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of the Company and the Shareholders as a whole.

Over-allotment Option

In connection with the Share Offer, the Company is expected to grant an Over-allotment Option to China Merchants Securities and exercisable by China Merchants Securities.

Pursuant to the Over-allotment Option, China Merchants Securities has the right, exercisable at any time, to require the Company to allot and issue up to 15,000,000 Shares, representing approximately 15% of the number of the Offer Shares initially available under the Share Offer, at the same price per Share under the Placing to cover, among other things, over-allocation in the Placing, if any. If the Over-allotment Option is exercised in full, the Offer Shares to be issued under the Public Offer and Placing (being 115,000,000 Shares) will represent approximately 27.71% of the share capital of the Company immediately following the completion of the Capitalisation Issue and the Share Offer and the exercise of the Over-allotment Option. In the event that the Over-allotment Option is exercised, an announcement will be made in accordance with the Listing Rules.

STRUCTURE OF THE SHARE OFFER

Stock Borrowing Arrangement

For the purpose of covering over-allocations in the Placing, China Merchants Securities may borrow up to 15,000,000 Shares from Dragon Fortune, equivalent to the maximum number of Shares to be issued on a full exercise of the Over-allotment Option, under the Stock Borrowing Agreement on the following conditions in compliance with Rule 10.07(3) of the Listing Rules:

- (i) such stock borrowing arrangement will only be effected by China Merchants Securities for settlement of over-allocations of Shares in connection with the Placing;
- (ii) the maximum number of Shares which may be borrowed from Dragon Fortune by China Merchants Securities under the Stock Borrowing Agreement must not exceed the maximum number of Shares which may be issued upon the full exercise of the Over-allotment Option;
- (iii) the same number of Shares so borrowed must be returned to Dragon Fortune or its nominees, as the case may be, on or before the third business day following the earlier of:
 - (a) the last day on which the Over-allotment Option may be exercised; and
 - (b) the day on which the Over-allotment Option is exercised in full;
- (iv) the borrowing of Shares under the Stock Borrowing Agreement will be effected in compliance with all applicable Listing Rules, laws and other regulatory requirements; and
- (v) no payments or other benefits will be made to Dragon Fortune by China Merchants Securities in relation to such stock borrowing arrangement.

PRICE DETERMINATION OF THE SHARE OFFER

The Offer Price is expected to be fixed on the Price Determination Date, which is expected to be on or around Thursday, 20 January 2011, and in any event on or before Friday, 21 January 2011, by agreement between China Merchants Securities (for itself and on behalf of the Underwriters) and the Company.

The Offer Price will be not more than HK\$1.35 per Share and is expected to be not less than HK\$1.01 per Share unless otherwise announced, as further explained below, not later than the morning of the last day for lodging applications under the Public Offer.

Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative Offer Price range stated in this prospectus.

STRUCTURE OF THE SHARE OFFER

The Sole Bookrunner, on behalf of the Underwriters, may, where considered appropriate, based on the level of interest expressed by prospective professional, institutional, corporate and other investors during the book-building process, and with the consent of the Company, reduce the number of the Offer Shares offered in the Share Offer and/or the indicative Offer Price range below that stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Public Offer. In such a case, the Company will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the day which is the last day for lodging applications under the Public Offer, cause to be published in the South China Morning Post (in English) and the Hong Kong Economic Journal (in Chinese), and on the website of the Stock Exchange at www.hkexnews.hk and the Company's website at www.telefieldgroup.com.hk notices of the reduction in the number of Offer Shares being offered under the Share Offer and/or the indicative offer price range. Upon issue of such a notice, the number of Offer Shares offered in the Share Offer and/or the revised Offer Price range will be final and conclusive and the Offer Price, if agreed upon by the Sole Bookrunner (on behalf of the Underwriters) and the Company, will be fixed within such revised Offer Price range. Applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares being offered under the Share Offer and/or the indicative Offer Price range may not be made until the day which is the last day for lodging applications under the Public Offer.

Such notice will also include confirmation or revision, as appropriate, of the working capital statement and the Share Offer statistics as currently set out in this prospectus, and any other financial information which may change as a result of such reduction. In the absence of any such notice so published, the Offer Price, if agreed upon by the Company with China Merchants Securities (for itself and on behalf of the Underwriters), will under no circumstances be set outside the Offer Price range as stated in this prospectus.

The final Offer Price, the indications of interest in the Share Offer, the results of applications and the basis of allotment of Offer Shares available under the Public Offer, are expected to be announced on Wednesday, 26 January 2011 in the manner set out in the paragraph headed "7. Results of allocations" under the section headed "How to Apply for Public Offer Shares – III. Applying by using a **WHITE** or **YELLOW** Application Form" in this prospectus.

STABILISATION

Stabilisation is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilise, the underwriters may bid for, or purchase, the new securities in the secondary market during a specified period of time to retard and, if possible, prevent any decline in the market price of the securities below the offer price. In Hong Kong and a number of other jurisdictions, activity aimed at reducing the market price is prohibited and the price at which stabilisation is effected is not permitted to exceed the offer price.

The Sole Bookrunner has been appointed by the Company as the stabilising manager (the "**Stabilising Manager**") for the purposes of the Share Offer in accordance with the Securities and Futures (Price Stabilising) Rules made under the SFO. In connection with the Share Offer, the Sole Bookrunner, its affiliates or any person acting for it, as stabilising manager, may, to the extent permitted by applicable laws of Hong Kong or elsewhere over-allocate or effect any other transactions with a view to stabilising or maintaining the market price of the Shares at a level

STRUCTURE OF THE SHARE OFFER

higher than that which might otherwise prevail in the open market for a limited period beginning on the Listing Date and expected to end on Friday, 18 February 2011, being the 30th day after the last day for lodging of applications under the Public Offer. Such transactions may be effected in all jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulatory requirements. However, there is no obligation on the Sole Bookrunner, its affiliates or any person acting for it to conduct any such stabilising activity, which if commenced, will be done at the sole and absolute discretion of the Sole Bookrunner and may be discontinued at any time. Any such stabilising activity is required to be brought to an end within 30 days of the last day for the lodging of applications under the Public Offer. The number of the Shares that may be over-allocated will not exceed the number of the Shares that may be issued by the Company under the Over-allotment Option, namely 15,000,000 Shares, which is 15% of the Shares initially available under the Share Offer.

Stabilising Manager, its affiliates or any person acting for it may take all or any of the following stabilising action in Hong Kong during the stabilisation period:

- (i) purchase, or agree to purchase, any of the Shares or offer or attempt to do so for the sole purpose of preventing or minimising any reduction in the market price of the Shares;
- (ii) in connection with any action described in paragraph (i) above;
 - (a) (1) over-allocation; or
 - (2) selling or agreeing to sell the Shares so as to establish a short position in them,

for the purpose of preventing or minimising any reduction in the market price of the Shares;
 - (b) exercise the Over-allotment Option and subscribe for, or agreeing to subscribe for, the Shares pursuant to the Over-allotment Option in order to close out any position established under paragraph (a) above;
 - (c) sell or agree to sell any Shares by it in the course of the stabilising action referred to in the paragraph (i) above in order to liquidate any position held as a result of those purchases; and
 - (d) offer or attempt to do anything described in (a), (b) and (c) above.

Specifically, prospective applicants for and investors in the Shares should note that:

- the Sole Bookrunner, its affiliates or any person acting for it, may, in connection with the stabilising action, maintain a long position in the Shares, and there is no certainty regarding the extent to which and the time period for which the Sole Bookrunner, its affiliates or any person acting for it, will maintain such a position; Investors should be warned of the possible impact of any liquidation of such long position by the Sole Bookrunner, its affiliates or any other person acting for them, may have an adverse impact on the market price of the Shares;

STRUCTURE OF THE SHARE OFFER

- Stabilising action cannot be used to support the price of the Shares for longer than the stabilising period which will begin on the Listing Date following announcement of the Offer Price, and is expected to expire on Friday, 18 February 2011, being the 30th day after the last date for lodging applications under the Public Offer. After this date, when no further stabilising action may be taken, demand for the Shares, and therefore the price of the Shares, could fall;
- the price of the Shares cannot be assured to stay at or above the Offer Price either during or after the stabilising period by taking of any stabilising action; and
- stabilising bids may be made or transactions effected in the course of the stabilising action at any price at or below the Offer Price, which means that stabilising bids may be made or transactions effected at a price below the price paid by applicants for, or investors in, the Shares.

The Company will ensure or procure that a public announcement in compliance with the Securities and Futures (Price Stabilising) Rules will be made within seven days of the expiration of the stabilising period.

In connection with the Share Offer, the Sole Bookrunner may over-allocate up to and not more than an aggregate of 15,000,000 additional Shares and cover such over-allocations by exercising the Over-allotment Option, which will be exercisable by the Sole Bookrunner at its discretion, or by making purchases in the secondary market at prices that do not exceed the Offer Price or through stock borrowing arrangements or a combination of these means. In particular, for the purpose of settlement of over-allocations in connection with the Placing, China Merchants Securities may borrow up to 15,000,000 Shares from Dragon Fortune, equivalent to the maximum number of Shares to be issued by the Company on full exercise of the Over-allotment Option, under the Stock Borrowing Agreement. Such stock borrowing arrangement will be in compliance with Rule 10.07(3) of the Listing Rules.

DEALING

Assuming that the Public Offer becomes unconditional at or before 8:00 a.m. in Hong Kong on Thursday, 27 January 2011, it is expected that dealings in the Offer Shares on the Stock Exchange will commence at 9:30 a.m. on Thursday, 27 January 2011.