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Tenfu (Cayman) Holdings Company Limited

天福（開曼）控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6868)

CONNECTED TRANSACTION – ACQUISITION OF XIAMEN TENFU

On 13 October 2014, Fujian Tenfu, an indirectly wholly-owned subsidiary of the Company, and Samoa Company entered into the Equity Transfer Agreement, pursuant to which Fujian Tenfu has conditionally agreed to purchase, and Samoa Company has conditionally agreed to sell, the entire equity interest in Xiamen Tenfu at the Purchase Price of RMB23,449,863.7.

As at the date of this announcement, Xiamen Tenfu is wholly-owned by Samoa Company, which is wholly-owned by Mr. Lee Chia Ling, a substantial shareholder of the Company and a Director. Accordingly, Samoa Company is a connected person of the Company for the purpose of the Listing Rules and the transaction contemplated under the Equity Transfer Agreement constitutes a connected transaction for the Company.

As the applicable percentage ratios defined under the Listing Rules in respect of the Purchase Price under the Equity Transfer Agreement are more than 0.1% but less than 5%, the transaction contemplated under the Equity Transfer Agreement is subject to the reporting and announcement requirements and is exempted from the requirement of independent shareholders' approval under Chapter 14A of the Listing Rules.

THE EQUITY TRANSFER AGREEMENT

On 13 October 2014, Fujian Tenfu, an indirectly wholly-owned subsidiary of the Company, and Samoa Company entered into the Equity Transfer Agreement, pursuant to which Fujian Tenfu has conditionally agreed to purchase, and Samoa Company has conditionally agreed to sell, the entire equity interest in Xiamen Tenfu at the Purchase Price of RMB23,449,863.7.

The details of the Equity Transfer Agreement are set out below:

Purchaser	:	Fujian Tenfu, which is principally engaged in the sale of tea leaves, tea ware and tea snacks and wholly-owned by the Company as at the date of this announcement
Seller	:	Samoa Company, which is principally engaged in investment holding
Asset to be acquired	:	the entire equity interest in Xiamen Tenfu
Purchase Price	:	RMB23,449,863.7

Basis of the Purchase Price : the Purchase Price was arrived at after arm's length negotiations between Fujian Tenfu and Samoa Company and was determined with reference to the valuation by cost/asset method on the value of Xiamen Tenfu of RMB23,961,000 as at 31 December 2013 determined by an independent valuer, Fujian Guangming Asset Appraisal and Property Valuation Co., Ltd. (福建光明資產評估房地產估價有限責任公司), adjusted by the loss of RMB511,136.3 for the nine months ended 30 September 2014

Conditions : Completion of the sale and purchase of the entire equity interest in Xiamen Tenfu will be conditional upon:

- (i) the compliance by the Company of all applicable requirements of the Listing Rules in relation to the transaction contemplated under the Equity Transfer Agreement;
- (ii) the competent PRC regulatory and examination authorities having approved the equity transfer under the Equity Transfer Agreement;
- (iii) the competent PRC Administration for Industry and Commerce having issued a new business license to Xiamen Tenfu; and
- (iv) the parties to the Equity Transfer Agreement having obtained all the necessary approvals in connection with the signing of the agreement and the performance of their obligations thereunder, including but not limited to any relevant authorities which are empowered to regulate the parties in connection with the execution of the Equity Transfer Agreement and the transaction contemplated thereunder, including the Taiwan Investment Commission, Ministry of Economic Affairs of Taiwan and any third parties acknowledged by the parties whose consents are required in connection with the execution of the Equity Transfer Agreement.

If for any reasons that the conditions to the Equity Transfer Agreement are not fulfilled or waived by 31 March 2015 or such other later date as the parties may otherwise agreed, the Equity Transfer Agreement will be terminated and none of the parties may claim against the other, save for any antecedent breaches.

Completion : Subject to the satisfaction or waiver in writing of all the conditions to the Equity Transfer Agreement, completion will take place on the first Business Day after the competent PRC Administration for Industry and Commerce has issued a new business license of Xiamen Tenfu evidencing Fujian Tenfu as the sole shareholder of Xiamen Tenfu.

Payment Terms : Subject to the satisfaction or waiver in writing of all the conditions, Fujian Tenfu will pay the Purchase Price in one lump sum by telegraphic transfer to the account designated by Samoa Company in writing within 90 Business Days after the date of the Completion.

INFORMATION ON XIAMEN TENFU

Xiamen Tenfu is engaged in wholesale and import and export of tea ware and property service. The financial results of Xiamen Tenfu prepared in accordance with PRC accounting standards for the two years ended 31 December 2012 and 2013 and the six months ended 30 June 2014 are as follows:

	For the six months ended 30 June 2014 (unaudited) RMB'000	For the year ended 31 December 2013 (audited) RMB'000	2012 (audited) RMB'000
Net assets	22,923.4	23,347.9	24,255.9
Net profit/(loss) before tax	(424.6)	(908.0)	(9,612.1)
Net profit/(loss) after tax	(424.6)	(908.0)	(9,612.1)

The financial information of Xiamen Tenfu for the two years ended 31 December 2012 and 2013 stated above has been audited by Xiamen Zhongwei Jingxian Certified Public Accountants Co., Ltd. (廈門中威敬賢會計師事務所有限公司) and Xiamen Yehua Certified Public Accountants Co., Ltd. (廈門業華會計師事務所有限公司), respectively, in accordance with PRC auditing standards.

Xiamen Tenfu was established by Samoa Company and the original investment by Samoa Company was USD4,500,000 in cash.

After completion of the Acquisition, Xiamen Tenfu will become a wholly-owned subsidiary of the Group and its financial information will be consolidated into the financial statements of the Group.

REASONS FOR THE ACQUISITION

The Group is principally engaged in the sale and marketing of a comprehensive range of tea products and the development of product concepts, tastes and packaging designs. The key products of the Group are tea leaves, tea snacks and tea ware, which are sold through a nationwide network of self-owned and third-party owned retail outlets and retail points.

As disclosed in the prospectus of the Company dated 14 September 2011 and the annual reports of the Company for the three years ended 31 December 2011, 2012 and 2013 respectively, the Group has been leasing two store premises from Xiamen Tenfu located in Henan with a term of five years commencing from 1 October 2009 and ending on 30 September 2014, at a consideration of RMB66,666.67 per month, and located in Fujian with a term of five years commencing from 1 July 2013 and ending on 30 June 2018, at a consideration of RMB35,000 per month, respectively. As Xiamen Tenfu owns only the store premises leased to the Group and has no other business, the Acquisition of Xiamen Tenfu will end the connected transaction under the lease agreements to lease the store premises owned by Xiamen Tenfu.

Given that the Equity Transfer Agreement was entered into after arm's length negotiations with the Purchase Price being determined based on a valuation on Xiamen Tenfu prepared by an independent valuer, the Directors (including the independent non-executive Directors) consider that the Equity Transfer Agreement was entered into in the ordinary and usual course of business of the Company, on normal commercial terms, and the Acquisition is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Xiamen Tenfu is wholly-owned by Samoa Company, which is wholly-owned by Mr. Lee Chia Ling, a substantial shareholder of the Company and a Director. Accordingly, Samoa Company is a connected person of the Company for the purpose of the Listing Rules and the transaction contemplated under the Equity Transfer Agreement constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

Mr. Lee Chia Ling, who owns Samoa Company, Mr. Lee Rie-Ho, who is the father of Mr. Lee Chia Ling, Mr. Lee Kuo-Lin, who is the elder brother of Mr. Lee Chia Ling, and Mr. Lee Shih-Wei, who is the cousin of Mr. Lee Chia Ling, are considered to be interested in the transaction contemplated under the Equity Transfer Agreement and have abstained from voting on the Board resolution for approving the Equity Transfer Agreement and the transactions contemplated thereunder.

As the applicable percentage ratios as defined under the Listing Rules in respect of the Purchase Price under the Equity Transfer Agreement are more than 0.1% but less than 5%, the transaction contemplated under the Equity Transfer Agreement is subject to the reporting and announcement requirements and is exempted from the requirement of independent shareholders' approval under Chapter 14A of the Listing Rules.

DEFINITIONS

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

“Acquisition”	the proposed acquisition of the entire equity interest in Xiamen Tenfu by Fujian Tenfu pursuant to the Equity Transfer Agreement;
“Board”	the board of Directors;
“Business Day”	a day on which banks are open for business in the PRC and Hong Kong, other than a Saturday, Sunday or public holiday in the PRC and Hong Kong;
“Company”	Tenfu (Cayman) Holdings Company Limited (天福(開曼)控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange;
“Completion”	completion of the transfer of the entire equity interest in Xiamen Tenfu pursuant to the Equity Transfer Agreement;
“connected person”	has the same meaning as given to it under the Listing Rules;

“Director(s)”	the director(s) of the Company;
“Equity Transfer Agreement”	the sale and purchase agreement dated 13 October 2014 entered into between Fujian Tenfu and Samoa Company;
“Fujian Tenfu”	福建天福茗茶銷售有限公司 (Fujian Tian Fu Sales Co., Ltd.), a limited liability company established in the PRC on 4 July 2008, which is engaged in the sale of tea leaves, tea ware and tea snacks and wholly-owned by the Company as at the date of this announcement;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	the People’s Republic of China, excluding Taiwan, Hong Kong and Macao Special Administrative Region for the purpose of this announcement;
“Purchase Price”	RMB23,449,863.74, being the consideration payable by Fujian Tenfu to Samoa Company for the purchase of the entire equity interest in Xiamen Tenfu pursuant to the Equity Transfer Agreement;
“RMB”	Renminbi, the lawful currency of the PRC;
“Samoa Company”	Tenfu Group (Samoa) Holdings Co., Ltd., a limited liability company incorporated in Samoa, which is engaged in the manufacturing and processing of tea leaves in the PRC through its PRC subsidiaries and wholly-owned by Mr. Lee Chia Ling as at the date of this announcement;
“Shareholder(s)”	shareholder(s) of the Company;
“Shares”	ordinary shares of nominal value HK\$0.10 each in the capital of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“substantial shareholder”	has the same meaning ascribed to it under the Listing Rules;

“USD”	United States dollar, the lawful currency of the United States;
“Xiamen Tenfu”	廈門天福商貿有限公司 (Xiamen Tenfu Trading Co., Ltd., formerly known as 廈門天福實業有限公司 (Xiamen Tenfu Industry Co., Ltd.)), a limited liability company established in the PRC on 31 May 2007, which is engaged in wholesale and import and export of tea ware and property service and is a wholly-owned subsidiary of Samoa Company before the Acquisition; and
“%”	per cent.

By order of the Board
Tenfu (Cayman) Holdings Company Limited
Lee Rie-Ho
Chairman

Hong Kong, 13 October 2014

As at the date of this announcement, the executive Directors are Mr. Lee Rie-Ho, Mr. Lee Shih-Wei, Mr. Lee Chia Ling and Mr. Lee Kuo-Lin; the non-executive Directors are Mr. Tseng Ming-Sung and Mr. Wei Ke; and the independent non-executive Directors are Mr. Lo Wah Wai, Mr. Lee Kwan Hung and Mr. Fan Ren Da, Anthony.