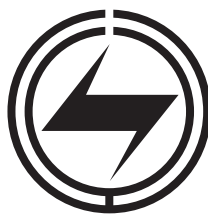


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# TAI-I INTERNATIONAL HOLDINGS LIMITED

## 台一國際控股有限公司

*(Incorporated in the Cayman Islands with limited liability)*

(Stock code: 1808)

### DISCLOSEABLE TRANSACTION PROPOSED ACQUISITION OF 30% INTEREST IN JCC-TAIYI SPECIAL ELECTRIC MATERIAL CO., LTD

**Financial adviser to the Company**



寶來證券(香港)有限公司

Polaris Securities (Hong Kong) Limited

A Member of Polaris Financial Group

#### **Sale and Purchase Agreement**

The Board is pleased to announce that on 8 June 2007, the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Vendor pursuant to which the Purchaser has agreed to pay US\$5.292 million (equivalent to approximately HK\$41.17 million) in cash to the Vendor for its 30% interest in JCC.

The Acquisition constitutes a discloseable transaction for the Company under the Listing Rules on the basis that the applicable percentage ratios of the Acquisition under the Listing Rules are more than 5% but less than 25%.

The Company will despatch a circular which will contain, among other things, details of the Acquisition to the Shareholders as soon as practicable.

#### **THE SALE & PURCHASE AGREEMENT**

**Date:** 8 June 2007

#### **Parties**

**Purchaser** Tai-I Copper, an indirect wholly-owned subsidiary of the Company

**Vendor** Nationwide Corporation, an Independent Third Party and its principal business activity is investment holding

#### **Assets to be acquired**

Pursuant to the Sale and Purchase Agreement, the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase from the Vendor its 30% interest in JCC.

#### **Consideration for the Acquisition**

The consideration for the Acquisition of US\$5.292 million (equivalent to approximately HK\$41.17 million) will be satisfied in cash upon Completion. The Consideration will be funded by internal resources of the Group.

## **Basis of determination of the Consideration**

The Consideration was arrived at after arm's length negotiation between the Purchaser and the Vendor with reference to the price to book of similar copper wire and magnetic wire manufacturers in the PRC, net asset value of JCC and the overall prospect of JCC. Moreover, taking into consideration of the robust economic growth in the PRC, the Directors are confident of the future prospects of JCC.

## **Conditions of the Acquisition**

Completion of the Sale and Purchase Agreement is subject to the fulfillment of the following conditions:

- (i) the Purchaser being satisfied with the results of the due diligence review on the business, operations, affairs and assets of JCC;
- (ii) the receipt by the Purchaser of a PRC legal opinion in form and substance reasonably satisfactory to the Company on the establishment and existence of JCC; and
- (iii) the obtaining of the consents and approvals from government or regulatory authorities or third parties which are necessary in connection with the execution and performance of the Sale and Purchase Agreement and any transactions contemplated in the Sale and Purchase Agreement.

In relation to condition (ii), the Purchaser will review the opinion given and establish that JCC has been duly established and in existence under PRC law and conducted in compliance with the law, rules and regulations of the PRC.

In relation to condition (iii), the relevant PRC regulatory authorities include mainly (a) Department of Foreign Trade and Economic Cooperation of Jiangxi Province (江西省對外貿易經濟合作廳); (b) Administration for Industry and Commerce, Jiangxi Province (江西省工商行政管理局) and (c) the State Administration of Foreign Exchange, Guangdong Province Branch (國家外匯管理局廣東省分局) for registration.

If any of the conditions to Completion has not been fulfilled or waived, as the case may be, by the Long-Stop Date, the Sale and Purchase Agreement will terminate and cease to be of any effect except for antecedent breaches. The Purchaser has no present intention to waive any of the conditions aforesaid.

## **Completion**

Completion shall take place within 30 Business Days following the fulfillment of all the conditions precedent (or such other date as the Purchaser and the Vendor shall agree in writing).

## **INFORMATION OF JCC**

JCC was a Sino-foreign equity joint venture incorporated in the PRC on 26 May 2005 with a registered and paid up capital of US\$16.80 million (equivalent to approximately HK\$130.7 million).

It is owned as to (i) 51% by a PRC state-owned enterprise known as 江西銅業集團公司 (Jiangxi Copper Corporation\*\*); (ii) as to 30% by the Vendor; and (iii) the balance of 19% by a PRC company known as 華意電器總公司 (Huayi Electrical Appliance General Company\*\*). To the best of the Directors' information, belief and knowledge, after having made all reasonable enquiry, Jiangxi Copper Corporation and Huayi Electrical Appliance General Company are Independent Third Parties.

JCC is principally engaged in the sale and manufacture of magnet wire in the PRC and commenced its operation in 2006. Based on the latest audited financial statement of JCC as prepared by Zhong Lei Certified Public Accountants of the PRC, the audited net assets value of JCC as at 31 December 2006 was approximately RMB110.27 million (equivalent to approximately HK\$110.27 million). For the year ended 31 December 2006, the audited loss before and after taxation of JCC amounted to approximately RMB25.68 million (equivalent to approximately HK\$25.68 million). As the operation of JCC commenced in 2006, there was no profit and loss item recorded in the audited financial statement of JCC for the year ended 31 December 2005.

## **REASONS FOR AND BENEFIT OF THE ACQUISITION**

The Group is principally engaged in the sale and manufacture of bare copper wire and magnet wire in the PRC.

The Directors consider that the entering into of the Sale and Purchase Agreement constitutes a good opportunity to team up with JCC to jointly invest in businesses that can complement with the current business of the Group. It is expected that the Acquisition will enhance the Group's network of potential customers in the copper wire and magnetic wire industry, which will produce a synergistic effect on the manufacturing operations of the Group and bring long-term benefits to the Group. The Directors (including all independent non-executive Directors) are of the view that the terms of the Sale and Purchase Agreement are fair and reasonable and the Acquisition is in the interests of the Company and the Shareholders as a whole.

## FINANCIAL IMPACT OF THE ACQUISITION

Upon Completion, the Group's investment in JCC will be accounted for as investment in an associated company and the results of JCC will be equity accounted for in the consolidated financial statements of the Group. The excess of the Consideration over the Group's share of JCC's net assets, measured at fair value, will be recorded as goodwill. Such goodwill is not amortized but is tested annually for impairment. Any impairment loss will be charged to the profit and loss account of the Group. It is expected that the Sale and Purchase Agreement will have no material effects on the assets and liabilities of the Group.

## GENERAL

The Acquisition constitutes a discloseable transaction for the Company under the Listing Rules on the basis that the applicable percentage ratios of the Acquisition under the Listing Rules are more than 5% but less than 25%.

The Company will despatch a circular which will contain, among other things, details of the Acquisition to the Shareholders as soon as practicable.

## DEFINITIONS

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

“Acquisition”	the proposed acquisition by the Purchaser from the Vendor of its 30% interest in JCC pursuant to the Sale and Purchase Agreement
“Board”	the board of Directors
“Business Day”	a day, other than Saturday, on which banks in the Hong Kong are open for business
“Company”	Tai-I International Holdings Limited, a company incorporated in the Cayman Islands and whose Shares are listed on the main board of the Stock Exchange
“Completion”	completion of the Sale and Purchase Agreement in accordance with the terms therein
“Connected Person”	has the same meaning ascribed to it under the Listing Rules
“Consideration”	the total consideration of US\$5.292 million (equivalent to approximately HK\$41.17 million) payable by the Purchaser to the Vendor for the Acquisition in cash upon Completion
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“JCC”	江西省江銅－台意特種電工材料有限公司 (JCC-Taiyi Special Electric Material Co., Ltd**), a Sino-foreign equity joint venture incorporated in the PRC on 26 May 2005 with a registered and paid up capital of US\$16.80 million (equivalent to approximately HK\$130.7 million)
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	a party and, if applicable, the ultimate beneficial owner of the party who is independent of the Company and connected persons of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long-stop Date”	31 December 2007, or such later date as the Vendor and the Purchaser may agree in writing
“PRC”	the People's Republic of China (for the purposes of this announcement, excluding Hong Kong, the Macau Special Administrative Region and Taiwan)
“Purchaser” or “Tai-I Copper”	台一銅業(廣州)有限公司 (Tai-I Copper (Guangzhou) Co., Ltd**), a wholly foreign owned enterprise established in the PRC on 19 May 1997 and is an indirect wholly owned subsidiary of the Company

“Sale and Purchase Agreement”	the conditional sale and purchase agreement dated 8 June 2007 entered into between the Vendor and the Purchaser in relation to the Acquisition
“Share(s)”	ordinary Share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Nationwide Corporation, a company incorporated as an international company on 23 November 2004 in West Samoa. and is beneficially owned by Ms. Su Hui Ling, an Independent Third Party
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent

By Order of the Board  
**Tai-I International Holdings Limited**  
**Huang Cheng-Roang**  
*Chairman*

Hong Kong, 8 June 2007

\*\* *English translation of company name for identification purpose only*

*As at the date of this announcement, (a) the executive directors of the Company are Mr. Huang Cheng-Roang (alias Vincent Huang), Mr. Lin Chi-Ta, Mr. Huang Kuo-Feng and Mr. Du Chi-Ting; and (b) the independent non-executive directors of the Company are Mr. Kang Jung-Pao, Mr. Cheng Yang-Yi, Mr. Tsay Yang-Tzong, Mr. Yan Minghe and Mr. Atsushi Kanayama.*

*For illustration purpose, exchange rates of RMB\$1.00 = HK\$1.00 and US\$1.00 = HK\$7.78 have been adopted.*

Please also refer to the published version of this announcement in The Standard.