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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)

MAJOR TRANSACTION ACQUISITION OF 100% INTEREST IN LIANG HUI HOLDINGS LIMITED

THE ACQUISITION

The Board is pleased to announce that the Purchaser, a wholly-owned subsidiary of the Company, the Vendor and the Vendor's Guarantor entered into the Sale and Purchase Agreement on 7 June 2010 pursuant to which the Purchaser has conditionally agreed to purchase, and the Vendor has conditionally agreed to sell the Sale Share, together with the assignment of the Sale Loan, at the Consideration.

The Consideration of HK\$96,000,000 shall be satisfied by the Purchaser by the issue of the Promissory Note upon Completion which will be held in escrow. The Vendor and the Vendor's Guarantor have unconditionally and irrevocably warranted to and undertaken with the Purchaser that the audited consolidated net profits after tax and extraordinary items of Beijing OLM (in the ordinary course of business and excluding profits arising from merger and acquisition) for the year ending 31 December 2010 shall not be less than HK\$16,000,000. Should there be any shortfall, both the Consideration and the principal of the Promissory Note shall be reduced by the amount equivalent to six times the amount of such shortfall.

The Vendor and the Purchaser will enter into the Put Option Deed on or prior to the Completion Date, pursuant to which the Vendor will grant the Put Option to the Purchaser to transfer the Option Share and the Option Loan to the Vendor at the Option Price within the Option Period. The Vendor shall pay the Option Price to the Purchaser by way of returning the Promissory Note to the Purchaser for cancellation.

The Vendor and the Purchaser will also enter into the Management Agreement on or prior to the Completion Date, pursuant to which the Purchaser will appoint the Vendor as its management consultant to oversee and operate the business activities of Beijing OLM, Chengdu OLM and Shanghai OLM until the earlier of (i) the expiry of the period of 18 months from the date of signing or (ii) the date of completion of the exercise of the Put Option.

As one of the applicable percentage ratios in respect of the Acquisition is greater than 25% and less than 100%, as calculated under Rule 14.07 of the Listing Rules, the Acquisition constitutes a major transaction for the Company and is therefore subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

GENERAL

The EGM will be convened at which resolutions will be proposed to consider and, if thought fit, approve, among other things, the Sale and Purchase Agreement and the transactions contemplated thereunder. No Shareholder will be abstain from voting at the EGM.

A circular containing, among other things, (i) details of the Acquisition, (ii) financial and other information of the Group and the Target Group as required under the Listing Rules, (iii) unaudited pro forma financial information of the Enlarged Group, and (iv) a notice of EGM, will be dispatched to the Shareholders as soon as practicable.

INTRODUCTION

The Board announces that the Purchaser, the Vendor and the Vendor's Guarantor entered into the Sale and Purchase Agreement pursuant to which the Purchaser has conditionally agreed to purchase, and the Vendor has conditionally agreed to sell, the Sale Share, together with the assignment of the Sale Loan, at the Consideration.

THE ACQUISITION

(a) Date

7 June 2010

(b) Parties

Purchaser:	Winsino Investments Limited, a wholly-owned subsidiary of the Company
Vendor:	Advance Mode Limited
Vendor's Guarantor:	Mr. Lo Kai Bong

The Vendor's Guarantor is the sole ultimate beneficial owner of the Vendor and has agreed to guarantee the performance and observance of the obligations of the Vendor under the Sale and Purchase Agreement and to indemnify the Purchaser for all loss and damages suffered as a result of any failure of the Vendor to do so.

To the best knowledge, information and belief of the Directors after having made all reasonable enquiries, the Vendor and the Vendor's Guarantor are Independent Third Parties.

(c) Assets to be acquired

- (i) The Sale Share, representing the entire issued share capital of the Target Company. The Target Company, an investment holding company incorporated under the laws of the British Virgin Islands with limited liability, is wholly-owned by the Vendor; and
- (ii) the Sale Loan of RMB60,000,000 to be advanced by the Vendor to the Target Company as shareholder's loan to OLM prior to Completion in satisfaction of the consideration in relation to the Domestic Acquisition.

The Purchaser shall not be obliged to complete the purchase of the Sale Share and the assignment of the Sale Loan unless the purchase of the Sale Share and the assignment of the Sale Loan are completed simultaneously.

(d) Consideration and profit guarantee

The Consideration is HK\$96,000,000, which shall be satisfied by the Purchaser by the issue of the Promissory Note to the Vendor upon Completion which will be held in escrow, subject to the downward adjustment based on the profit guarantee as stated below.

The Vendor and the Vendor's Guarantor have unconditionally and irrevocably warranted to and undertaken with the Purchaser that the audited consolidated net profits after tax and extraordinary items of Beijing OLM (in the ordinary course of business and excluding profits arising from merger and acquisition) for the year ending 31 December 2010 shall not be less than HK\$16,000,000. Should there be any shortfall, both the Consideration and the principal of the Promissory Note shall be reduced by the amount equivalent to six times the amount of such shortfall.

The Consideration was arrived at after arm's length negotiations between the Purchaser and the Vendor, with reference to, among other things, the unaudited consolidated net profit after tax of Beijing OLM for the year ended 31 December 2009 and that of Chengdu OLM for the period from 1 January 2009 to 19 October 2009, multiplied by a price-to-earnings ratio of six times.

The Purchaser undertakes to the Vendor to procure the Company to act as primary obligor under the Promissory Note to guarantee to the Vendor the due observance and performance by the Purchaser of all the obligations contained in the Promissory Note on the part of the Purchaser to be observed and performed.

(e) Put Option

The Vendor and the Purchaser will enter into the Put Option Deed on or prior to the Completion Date, pursuant to which the Vendor will grant the Put Option to the Purchaser to transfer the Option Share and the Option Loan to the Vendor at the Option Price within the Option Period.

In the event that the Put Option is exercised, the Vendor shall pay the Option Price to the Purchaser by way of returning the Promissory Note to the Purchaser for cancellation. The Put Option, if not exercised on or before the expiry of the Option Period, shall automatically lapse.

(f) Management Agreement

The Vendor and the Purchaser will enter into the Management Agreement on or prior to the Completion Date pursuant to which the Purchaser will appoint the Vendor as its management consultant to oversee and operate the business activities, that is, development of computer software and related matters, of Beijing OLM, Chengdu OLM and Shanghai OLM. The Management Agreement shall take effect from the date of signing and remain in force until the earlier of (i) the expiry of the period of 18 months from the date of signing or (ii) the date of completion of the exercise of the Put Option.

Provided that audited consolidated net profits after tax and extraordinary items of Beijing OLM (in the ordinary course of business and excluding profits arising from merger and acquisition) for the year ending 31 December 2011 shall exceed HK\$20,000,000, the Purchaser shall pay the Vendor a consultancy fee calculated as follows:-

$$\text{Consultancy fee} = (A - \text{HK\$}20,000,000) / 3$$

whereas A = audited consolidated net profits after tax and extraordinary items of Beijing OLM (in the ordinary course of business and excluding profits arising from merger and acquisition) for the financial year ending on 31 December 2011

provided that the consultancy fee shall not in any event exceed HK\$1,000,000 and provided also that if the Put Option shall be exercised by the Purchaser, no consultancy fee shall be payable by the Purchaser to the Vendor.

(g) Conditions Precedent

Completion shall be conditional upon:-

- i. the passing of an ordinary resolution by the Shareholders at a general meeting of the Company approving, inter alia, the entering into of the Sale and Purchase Agreement and all transactions contemplated thereunder;
- ii. the Purchaser notifying the Vendor in writing that it is satisfied with the due diligence review and investigation on the Target Group;
- iii. the Vendor's warranties given under the Sale and Purchase Agreement remaining true, accurate and not misleading in any respect;
- iv. completion of the Domestic Acquisition in accordance with the relevant agreement and in compliance with the applicable laws and regulations including but not limited to the approval and registration requirements under the PRC law to the satisfaction of the Purchaser; and
- v. all necessary consents, approvals and permits required for consummation of the transactions contemplated under the Sale and Purchase Agreement having been obtained by the Vendor, the Purchaser and the Company and not revoked.

The Purchaser may in its absolute discretion at any time before Completion waive the condition precedent set out in clause ii above by notice in writing to the Vendor, and such waiver may be subject to such terms and conditions as determined by the Purchaser.

(h) Completion

Subject to all the conditions precedent to the Sales and Purchase Agreement being fulfilled (or waived by the Purchaser), Completion shall take place at or before 5:00 p.m. on the Completion Date.

(i) Termination

If any of the conditions precedent above has not been fulfilled (or waived by the Purchaser in respect of condition “ii”) on or before the Long Stop Date, the Purchaser shall be entitled to rescind the Sale and Purchase Agreement by giving written notice to the Vendor.

If any of the conditions precedent set out in condition “i and v” above (in so far as obtaining consents and approvals by the Purchaser and/or the Company is concerned) has not been fulfilled on or before the Long Stop Date, the Vendor shall be entitled to rescind the Sale and Purchase Agreement by giving written notice to the Purchaser.

Should the Sale and Purchase Agreement be rescinded, the provisions of the Sale and Purchase Agreement (other than all rights and liabilities of the parties which have accrued before termination shall continue to exist) shall from such date have no further force and effect and no party shall have any liability under them (without prejudice to the rights of the parties in respect of any antecedent breaches).

SUMMARY OF TERMS OF PROMISSORY NOTE

The principal of the Promissory Note shall be payable by the Purchaser with guarantee to be given by the Company to the Vendor upon the expiry of a period of 18 months from the date of issue of the Promissory Note provided that if the Put Option is exercised by the Purchaser, the Promissory Note shall be returned on completion of the exercise of the Put Option to the Purchaser for cancellation. The principal terms of the Promissory Note are as follows:

(a) Aggregate principal amount

HK\$96,000,000, subject to downward adjustment based on the profit guarantee given by the Vendor and the Vendor’s Guarantor under the Sale and Purchase Agreement as mentioned in the paragraphs headed “(d) Consideration and profit guarantee” above.

(b) Interest

No interest shall be payable on all or any portion of the principal outstanding at any time during the continuance of the Promissory Note.

(c) Transferability

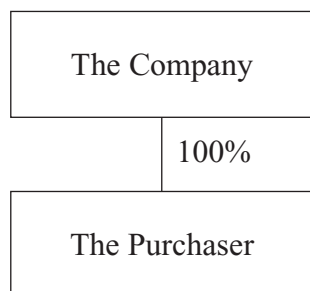
The Promissory Note is not negotiable, and shall not be assigned or transferred by the Vendor or the Purchaser in whole or in part.

SHAREHOLDING STRUCTURE

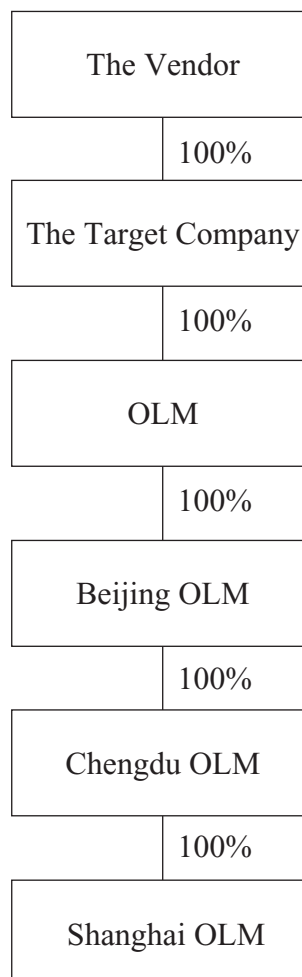
Set out below are the group chart of the Company and the Target Group immediately before and after Completion, assuming completion of the Domestic Acquisition and transfer of 10% equity interest in Shanghai OLM to Chengdu OLM have taken place:

Immediately before Completion

The Group (simplified)

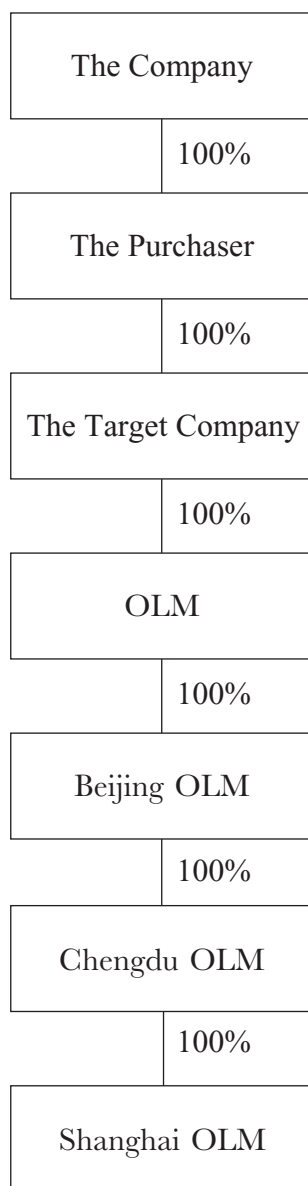


The Target Group (assuming completion of the Domestic Acquisition and transfer of 10% equity interest in Shanghai OLM to Chengdu OLM have taken place)



Immediately after Completion

The Enlarged Group



INFORMATION OF THE TARGET GROUP

The Target Company is an investment holding company incorporated under the laws of the British Virgin Islands on 6 January 2010 with limited liability which is wholly-owned by the Vendor. OLM is an investment holding company incorporated under the laws of Hong Kong on 31 March 2010 which is wholly-owned by the Target Company.

On 26 April 2010, OLM entered into an equity transfer agreement relating to the Domestic Acquisition pursuant to which OLM will acquire the entire equity interest in Beijing OLM from the existing shareholders of Beijing OLM whom are Independent Third Parties. As at the date of this announcement, completion of the Domestic Acquisition has not yet taken place. Upon completion of the Domestic Acquisition, Beijing OLM will become a direct wholly-owned subsidiary of OLM. Chengdu OLM, the direct wholly-owned subsidiary of Beijing OLM, currently owns 90% equity interest in Shanghai OLM

and the Vendor undertakes that, upon Completion, Shanghai OLM shall become a direct wholly-owned subsidiary of Chengdu OLM. Upon Completion, the Target Company will become a wholly-owned subsidiary of the Purchaser.

Beijing OLM and Chengdu OLM were established in the PRC on 20 August 1998 and 28 December 2001 respectively and are principally engaged in the business of development of computer software and related matters in the PRC.

The Target Company and OLM have no material business activities since incorporation. Upon completion of the Domestic Acquisition, the Target Company and OLM will have no material assets and liabilities other than Beijing OLM and the Sale Loan.

The entire equity interest of Chengdu OLM was acquired by Beijing OLM on 19 October 2009. Hence, financial results of Chengdu OLM have been consolidated into the financial statements of Beijing OLM since then. Set out below is the key financial information of Beijing OLM and Chengdu OLM for the two years ended 31 December 2009:

Beijing OLM

	Year ended 31 December	
	2008	2009
	<i>RMB'000</i>	<i>RMB'000</i>
Unaudited consolidated net (loss)/profit before taxation	(1,182)	3,673
Unaudited consolidated net (loss)/profit after taxation	(1,226)	3,156
	As at 31 December	
	2008	2009
	<i>RMB'000</i>	<i>RMB'000</i>
Unaudited consolidated net asset value	24,691	33,448

CHENGDU OLM

	Year ended	From 1 January
	31 December	to 19 October
	2008	2009
	<i>RMB'000</i>	<i>RMB'000</i>
Unaudited consolidated net profit before taxation	4,242	9,413
Unaudited consolidated net profit after taxation	3,562	7,970
	As at	As at
	31 December 2008	19 October 2009
	<i>RMB'000</i>	<i>RMB'000</i>
Unaudited consolidated net asset value	27,631	35,601

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in manufacturing and sales of bare copper wire and magnet wire in the PRC. The Target Group is a enterprises of provider of integrated business software solutions in cooperation with a number of international reputed. The Target Group has branches located in Beijing, Guangzhou, Shanghai, and Chengdu respectively. The Directors consider that the Target Group operates competitive products in the industry and has good business model and experienced management team running the business in China.

The Directors have been looking for diversified investment opportunities in order to increase the profitability of the Group and maximize the returns for the Shareholders in long term. The Directors believe that the Acquisition allows the Group to leverage the expertise and experience of the management team of the Target Group and get a foothold in the business software solutions industry.

The Directors consider that the terms of the Acquisition are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

FINANCIAL IMPACT OF THE ACQUISITION

Upon Completion, the Target Company will become a wholly-owned subsidiary of the Company and the financial results of which will be consolidated into the Group's consolidated financial statements.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios in respect of the Acquisition is greater than 25% and less than 100%, as calculated under Rule 14.07 of the Listing Rules, the Acquisition constitutes a major transaction for the Company and is therefore subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

The EGM will be convened as soon as practicable at which resolutions will be proposed to consider and, if thought fit, approve, among other things, the Sale and Purchase Agreement and the transactions contemplated thereunder. No Shareholder will be abstain from voting at the EGM.

GENERAL

A circular containing, among other things, (i) details of the Acquisition, (ii) financial and other information of the Group and the Target Group as required under the Listing Rules, (iii) unaudited pro forma financial information of the Enlarged Group, and (iv) a notice of EGM, will be dispatched to the Shareholders as soon as practicable.

Completion of the Acquisition is subject to various conditions and may or may not proceed to completion. Shareholders and potential investors in the Company should exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise.

“Acquisition”	the proposed acquisition of the Sale Share by the Purchaser, and the assignment of Sale Loan, pursuant to the Sale and Purchase Agreement
“associates”	has the meaning ascribed to this term under the Listing Rules
“Beijing OLM”	北京東方龍馬軟件發展有限公司 (Beijing Oriental Legend Maker Software Development Company Limited*), a domestic company established in the PRC on 20 August 1998 with limited liability which is owned as to 80% by Lin Yan Hua and 20% by Wu Wen Jie, both Independent Third Parties as of the date of this announcement
“Board”	the board of Directors
“Business Day”	a day (excluding Saturday and other general holidays in Hong Kong and any day on which a tropical cyclone warning no.8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “ black ” rainstorm warning is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are generally open for business
“Chengdu OLM”	成都東方龍馬信息產業有限公司 (Chengdu Oriental Legend Maker Information Industry Company Limited*), a domestic company established in the PRC on 28 December 2001 with limited liability which is wholly-owned by Beijing OLM
“Company”	Tai-I International Holdings Limited, a company incorporated in Cayman Islands whose shares are listed on the main board of the Stock Exchange
“Completion”	the completion of the Acquisition
“Completion Date”	the fifth Business Day after the fulfillment of all the conditions precedent of the Sale and Pursuant Agreement or such other date as the Vendor and the Purchaser may agree in writing on which Completion shall take place
“Consideration”	HK\$96,000,000, being the purchase price for the Sale Share and the Sale Loan, subject to the downward adjustment in accordance with the profit guarantee given by the Vendor and the Vendor’s Guarantor to the Purchaser pursuant to the Sale and Purchase Agreement
“Deed of Assignment”	the deed to be entered into between the Vendor and the Purchaser on or prior to the Completion Date in relation to the assignment of the Sale Loan
“Directors”	the directors of the Company

“Domestic Acquisition”	the acquisition of the entire equity interest in Beijing OLM by OLM pursuant to an equity transfer agreement dated 26 April 2010 entered into between OLM and the existing equity holders of Beijing OLM
“EGM”	an extraordinary general meeting of the Company to be convened to consider and, if thought fit, to approve, among other things, the Sale and Purchase Agreement and the transactions contemplated thereunder
“Enlarged Group”	the enlarged Group immediately following Completion
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	person(s) who (i) is/are not connected person(s) (defined under the Listing Rules) of the Company and (ii) is/are independent of and not connected with the Company, any of the directors, chief executive and substantial shareholders of the Company or any of its subsidiaries, or any of their respective associates
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	15 August 2010 or such other date as the Vendor and the Purchaser may agree in writing
“Management Agreement”	the agreement to be entered into between the Vendor and the Purchaser on or prior to the Completion Date in relation to the appointment of the Vendor as management consultant of the Purchaser to oversee and operate the business activities, that is, development of computer software and related matters, of Beijing OLM, Chengdu OLM and Shanghai OLM
“OLM”	Oriental Legend Maker Technology Limited, a company incorporated under the laws of Hong Kong with limited liability and is a wholly-owned subsidiary of the Target Company
“Option Loan”	the Sale Loan assigned or agreed to be assigned to the Purchaser under the Sale and Purchase Agreement
“Option Period”	exercise period of the Put Option, being any time on or before the expiry of a period of 18 months from the date of the Put Option Deed
“Option Price”	equivalent to the Consideration which is subject to the downward adjustment in accordance with the profit guarantee given by the Vendor and the Vendor’s Guarantor to the Purchaser pursuant to the Sale and Purchase Agreement
“Option Share”	the Sale Share sold and transferred to the Purchaser (or its nominee) under the Sale and Purchase Agreement
“PRC”	the People’s Republic of China excluding for this purpose, Hong Kong, the Macau Special Administrative Region and Taiwan

“Promissory Note”	the promissory note in the principal amount equivalent to the Consideration (subject to downward adjustment under the Sale and Purchase Agreement) to be issued by the Purchaser, with guarantee to be given by the Company, upon Completion in full settlement of the Consideration
“Purchaser”	Winsino Investments Limited, a company incorporated under the laws of the British Virgin Islands and a wholly-owned subsidiary of the Company
“Put Option”	an option as granted by the Vendor to the Purchaser under the Put Option Deed pursuant to which the Purchaser has the right to transfer to the Vendor all (but not part of the) Option Share and the Option Loan at the Option Price within the Option Period upon and subject to the terms and conditions contained in the Put Option Deed
“Put Option Deed”	the deed to be entered into between the Vendor and the Purchaser in relation to the Put Option
“Sale and Purchaser Agreement”	the agreement dated 7 June 2010 entered into between the Purchaser, the Vendor and the Vendor’s Guarantor in relation to the Acquisition
“Sale Loan”	the entire amount of the shareholder loan of RMB60,000,000 to be advanced by the Vendor to the Target Company as shareholder’s loan to OLM prior to Completion in satisfaction of the consideration in relation to the Domestic Acquisition
“Sale Share”	one ordinary share of par value of US\$1.00 each in the share capital of the Target Company beneficially owned by the Vendor, representing the entire issued share capital of the Target Company
“Shanghai OLM”	上海東方龍馬軟件技術有限公司 (Shanghai Oriental Legend Maker Software Technique Company Limited*), a domestic company established in the PRC on 10 August 1998 with limited liability which is owned as to 90% by Chengdu OLM and 10% by an Independent Third Party
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholders”	holder(s) of Share(s) from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Liang Hui Holdings Limited (亮暉控股有限公司), a company incorporated under the laws of the British Virgin Islands with limited liability and is wholly-owned by the Vendor
“Target Group”	the Target Company and its subsidiaries upon completion of the Domestic Acquisition
“Vendor”	Advance Mode Limited, a company incorporated under the laws of the British Virgin Islands with limited liability and is wholly-owned by the Vendor’s Guarantor

“Vendor’s Guarantor”	Mr. Lo Kai Bong
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC

On behalf of the Board
Tai-I International Holdings Limited
Huang Cheng-Roang
Chairman

Hong Kong, 7 June 2010

As at the date of this announcement, the Board comprises four executive Directors, namely Mr. Huang Cheng-Roang (Chairman), Mr. Lin Chi-Ta (Chief Executive Officer), Mr. Huang Kuo-Feng and Mr. Du Chi-Ting, and five independent non-executive Directors, namely Mr. Kang Jung-Pao, Mr. Cheng Yang-Yi, Mr. Tsay Yang-Tzong, Mr. Yan Minghe and Mr. Atsushi Kanayama.

* *For identification purpose only*