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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)**

### **ANNOUNCEMENT POSSIBLE CHANGE IN CONTROL OF THE COMPANY GROUP REORGANIZATION AND DISTRIBUTION IN SPECIE**

**AND**

### **RESUMPTION OF TRADING**

The Vendor entered into a non-binding MOU on 20 September 2010 with the Purchaser regarding the Share Transfer of approximately 32.79% shareholding in the Company, which may result in a change in control (as defined in the Takeovers Code) of the Company.

Subject to the entering into of the Agreement, the Vendor intends to put forward the Proposal to the Company involving, among other things, a group reorganisation of the business and assets of the Group such that the entire shareholdings of Tai-I Copper (BVI) Limited and United Development International Limited (being the companies through which the Company holds its entire copper and magnetic wire business) will be transferred to Privateco, and all the issued shares of Privateco will be distributed in specie to the Shareholders.

Pursuant to the MOU, the Purchaser has also expressed an interest to subscribe for new Shares, subject to an agreement of commercially acceptable terms being reached between the parties.

According to the terms of the MOU, the Purchaser shall make a general offer for all the outstanding Shares (other than the Sale Shares) at the Offer Price or at such other price as may be determined in accordance with the Takeovers Code. Such general offer is conditional on the Purchaser obtaining more than 50% voting rights of the Company. The Purchaser confirms that if the general offer is made, the general offer will be in cash and the offer price will not be lower than HK\$0.3925 per Share.

According to the terms of the MOU, the Vendor would also make a voluntary general offer to the shareholders of Privateco after the Distribution to acquire all the shares of Privateco not already owned by the Vendor and parties acting in concert with it at a price being not less than HK\$0.45 per share of Privateco. The Vendor confirms that if the voluntary general offer is made, the voluntary general offer will be in cash and the offer price will not be lower than HK\$0.45 per share.

**The Share Transfer and the Proposal are subject to, among other things, the entering into of the Agreement which may or may not contain all the terms of the MOU as indicated in this announcement. Accordingly, the Share Transfer and the Proposal may or may not materialise. Shareholders and potential investors should note that there is currently no certainty that any general offer for the Shares will be made. Shareholders and the investing public are urged to exercise extreme caution when dealing in the Shares.**

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 2:30 p.m. on 14 September 2010 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange from 9:30 a.m. on 24 September 2010.

Reference is made to the announcement of Tai-I International Holdings Limited (the “**Company**”) dated 14 September 2010 in relation to the suspension of trading in the shares of the Company (the “**Shares**”) with effect from 2:30 p.m. on 14 September 2010 pending the release of an announcement relating to a possible change in control of the Company which is price-sensitive in nature.

## **MEMORANDUM OF UNDERSTANDING ENTERED INTO BY THE VENDOR**

### **The Share Transfer**

The board of directors of the Company (the “**Board**”) wishes to announce that it was informed by Tai-I Electric Wire & Cable Co., Ltd. (“**Taiwan Tai-I**”) that Tai-I International (BVI) Limited (the “**Vendor**”) entered into a non-binding memorandum of understanding on 20 September 2010 (the “**MOU**”) with an independent third party (the “**Purchaser**”) regarding the possible sale of its entire interest of 195,487,000 Shares (the “**Sale Shares**”) (representing approximately 32.79% of the existing issued share capital of the Company) to the Purchaser (the “**Share Transfer**”) at the consideration of HK\$0.3925 per Sale Share (the “**Offer Price**”), subject to, among other things, the execution of a legally binding sale and purchase agreement regarding the Share Transfer (the “**Agreement**”). Taiwan Tai-I is the existing controlling shareholder of the Company holding, directly and indirectly through the Vendor (which is a wholly-owned subsidiary of Taiwan Tai-I), a total of 195,487,000 Shares as at the date of this announcement.

The Vendor and the Purchaser shall enter into the Agreement and other necessary documentation in relation thereto which shall incorporate, amongst other things, the terms, warranties and representations customary to transactions similar to the one contemplated in the MOU based on the principal terms set out in the MOU within three weeks from the date of the MOU.

According to the MOU, the aggregate consideration of HK\$76,728,647.50 (the “**Purchase Price**”) shall be payable by the Purchaser to the Vendor in the following manner:–

- (a) HK\$15,000,000 (the “**Earnest Moneys**”) upon signing of and delivery by the Purchaser of the MOU to the Vendor;
- (b) HK\$8,000,000 upon signing of the Agreement which together with the Earnest Moneys shall be held by the Vendor by way of deposit (such sums together with the Earnest Moneys, the “**Deposits**”) and shall be applied at completion in and towards the payment of the Purchase Price; and
- (c) the balance upon completion of the Agreement (“**Completion**”).

The Vendor shall refund the Earnest Moneys to the Purchaser if the Vendor and the Purchaser fail to enter into the Agreement due to Hong Kong or Taiwan regulatory reasons or before the expiry of 60 days after the date of the MOU (or such longer period as may be agreed between the Vendor and the Purchaser) (the “**Agreed Period**”). Such refund shall be made within 5 business days (being a day on which banks are generally open for business in Hong Kong other than Saturdays) after the expiry of the Agreed Period.

In the event that Completion fails to take place in accordance with the terms of the Agreement by reason of the default of the Purchaser, the Vendor shall be entitled to forfeit the Deposits absolutely. Otherwise, the Vendor shall refund all the Deposits to the Purchaser within 5 days of the date of demand by the Purchaser to the Vendor.

According to the terms of the MOU, the Purchaser shall make a general offer for all the outstanding Shares (other than the Sale Shares) at the Offer Price or at such other price as may be determined in accordance with the Hong Kong Code on Takeovers and Mergers (the “**Takeovers Code**”). Such general offer is conditional on the Purchaser obtaining more than 50% voting rights of the Company. The Purchaser confirms that if the general offer is made, the general offer will be in cash and the offer price will not be lower than HK\$0.3925 per Share.

## **The Proposal**

The Board has been informed by the Vendor, subject to the signing of the Agreement, the Vendor intends to put forward a proposal (the “**Proposal**”) to the Company involving, among other things, a group reorganisation (the “**Reorganisation**”) of the business and assets of the Company and its subsidiaries (the “**Group**”) such that the entire shareholdings of Tai-I Copper (BVI) Limited and United Development International Limited (being the companies through which the Company holds its entire copper and magnetic wire business) will be transferred to a newly formed wholly owned subsidiary of the Company (“**Privateco**”), and all the issued shares of Privateco will be distributed in specie (the “**Distribution**”) to the shareholders of the Company (the “**Shareholders**”).

## **Other terms of the MOU**

Pursuant to the MOU, the Purchaser has also expressed an interest to subscribe for new Shares, subject to an agreement of commercially acceptable terms being reached between the parties.

According to the terms of the MOU, the Vendor would also make a voluntary general offer to the shareholders of Privateco after the Distribution to acquire all the shares of Privateco not already owned by the Vendor and parties acting in concert with it at a price being not less than HK\$0.45 per share of Privateco. The Vendor confirms that if the voluntary general offer is made, the voluntary general offer will be in cash and the offer price will not be lower than HK\$0.45 per share.

## **Conditions precedent of the Share Transfer**

It is intended that completion of the Share Transfer is conditional upon, among others:

- (a) completion of the Distribution;
- (b) the Shares remaining listed and traded on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) at all times up to the date of Completion, save for any temporary suspension occurring by reason of the transactions contemplated thereunder;
- (c) all consents, approvals and waivers having been obtained from the Shareholders at a general meeting of the Company (with Shareholders required by the Executive Director (the “**Executive**”) of the Corporate Finance Division of Securities and Futures Commission and/or the Stock Exchange abstaining from voting, if required), the Stock Exchange, the Executive and any other third parties for the transactions contemplated thereunder (such as, Taiwan regulatory requirements to which the parent company may be subject and any other requirements that the finally agreed upon transaction structure may trigger); and
- (d) the aggregate number of Sale Shares and other shares in the capital of the Company that may be acquired or agreed to be acquired by the Purchaser shall represent over 50% of the enlarged issued share capital of the Company as at Completion.

Shareholders should note that the terms and conditions of the Share Transfer and the Proposal are subject to further negotiations and the Agreement has not been entered into as at the date of this announcement. Shareholders will be informed of any further development as and when necessary and on a monthly basis until announcement of a firm intention to make an offer under Rule 3.5 of the Takeovers Code or of a decision not to proceed with the Share Transfer and/or the Proposal.

**The Share Transfer and the Proposal are subject to, among other things, the entering into of the Agreement which may or may not contain all the terms of the MOU as indicated in this announcement. Accordingly, the Share Transfer and the Proposal may or may not materialise. Shareholders and potential investors should note that there is currently no certainty that any general offer for the Shares will be made. Shareholders and the investing public are urged to exercise extreme caution when dealing in the Shares.**

## **SECURITIES IN THE COMPANY**

As at the date of this announcement, the Company has a total of 596,158,000 ordinary shares of HK\$0.01 each in issue. Save for the aforesaid, the Company has no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) as at the date of this announcement.

As at the date of this announcement, the Vendor holds 195,487,000 ordinary share of the Company, representing approximately 32.79% of the existing issued share capital of the Company.

## **DEALINGS DISCLOSURE**

The associates (as defined in the Takeovers Code) of the Company (including Shareholders having interests of more than 5% in the Company) and the Vendor are reminded to disclose their dealings in the securities of the Company under Rule 22 of the Takeovers Code.

In accordance with Rule 3.8 of the Takeovers Code, reproduced below is the full text of Note 11 to Rule 22 of the Takeovers Code:

“Responsibilities of stockbrokers, banks and other intermediaries

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7-day period is less than HK\$1 million. This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved. Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that cooperation.”

## SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 2:30 p.m. on 14 September 2010 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange from 9:30 a.m. on 24 September 2010.

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

Hong Kong, 22 September 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.*

*The directors of the Company jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any statements in this announcement misleading.*