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**AFFLUENT START  
HOLDINGS INVESTMENT  
LIMITED**

*(Incorporated in the BVI with limited liability)*

**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)

**TAI-I INTERNATIONAL  
(BVI) Limited**

*(Incorporated in the BVI with limited liability)*

Financial adviser to Affluent Start  
Holdings Investment Limited



Financial adviser to Tai-I  
International Holdings Limited



SOMERLEY LIMITED

Financial adviser to Tai-I  
International (BVI) Limited



寶來證券(香港)有限公司  
Polaris Securities (Hong Kong) Limited  
寶來金融集團成員

- (1) TRANSFER OF SHARES IN TAI-I INTERNATIONAL HOLDINGS LIMITED FROM TAI-I BVI TO AFFLUENT START
- (2) SUBSCRIPTION OF NEW SHARES OF TAI-I INTERNATIONAL HOLDINGS LIMITED BY AFFLUENT START
- (3) GROUP RESTRUCTURING OF TAI-I INTERNATIONAL HOLDINGS LIMITED
- (4) SHARE PREMIUM AND RESERVE APPLICATION
- (5) DISTRIBUTION IN SPECIE OF THE PRIVATECO SHARES
- (6) POSSIBLE CONDITIONAL VOLUNTARY CASH OFFER FOR THE PRIVATECO SHARES BY POLARIS ON BEHALF OF TAI-I BVI
- (7) POSSIBLE UNCONDITIONAL MANDATORY CASH OFFER FOR THE SHARES OF TAI-I INTERNATIONAL HOLDINGS LIMITED BY HAITONG SECURITIES ON BEHALF OF AFFLUENT START
- (8) APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER AND
- (9) RESUMPTION OF TRADING IN THE SHARES OF TAI-I INTERNATIONAL HOLDINGS LIMITED

Reference is made to the announcements of the Company dated 14 September 2010, 22 September 2010 and 21 October 2010 in relation to possible change in control of the Company, group reorganisation and distribution in specie.

## **PURCHASE OF EXISTING SHARES AND SUBSCRIPTION OF NEW SHARES IN THE COMPANY PURSUANT TO THE AGREEMENT**

On 8 November 2010 (after trading hours), the Company (as issuer), Tai-I BVI (as vendor), Mr. Hsu (as vendor guarantor), Affluent Start (as subscriber and purchaser) and Mr. King (as purchaser guarantor) entered in to the Agreement pursuant to which:

- (i) Affluent Start has conditionally agreed to acquire and Tai-I BVI has conditionally agreed to sell an aggregate of 195,487,000 Sale Shares, representing approximately 32.79% of the issued Shares as at the date of this announcement, at the consideration of HK\$0.3925 per Sale Share; and
- (ii) Affluent Start has conditionally agreed to subscribe for 210,000,000 Subscription Shares at a consideration of HK\$0.06 per Subscription Share in cash, representing approximately 35.23% of the issued Shares as at the date of this announcement and approximately 26.05% of the issued Shares as enlarged by the Subscription.

## **GROUP RESTRUCTURING**

Pursuant to the Group Restructuring:

- (i) the Company will transfer its entire interests in Tai-I Copper (BVI) Limited and United Development International Limited (being the companies through which the Company holds its entire interest in copper and magnetic wire business) and in the Domain Name, free from all encumbrances and third party rights, to the Privateco, a wholly-owned subsidiary of the Company prior to Completion; and
- (ii) the Company will effect the Novation whereby certain outstanding payment obligations owed by the Company to Tai-I Copper (BVI) Limited will be transferred to the Privateco, resulting in that payment obligation be owed by the Privateco to Tai-I Copper (BVI) Limited.

## **SHARE PREMIUM AND RESERVE APPLICATION**

Subject to the Shareholders' approval on the Share Premium and Reserve Application having been obtained, the Directors will be authorised to apply the amount standing to the credit of the Share Premium Account and the reserve accounts of the Company (including those arising from the Novation will be applied to the Distribution In Specie), for the implementation of the Distribution In Specie.

## **DISTRIBUTION IN SPECIE**

The Company will distribute all of its Privateco Shares in specie to the Shareholders whose names appear on the register of members of the Company on the Record Date (a date falling before the date of Completion, which is to be fixed for determining entitlements to the Distribution In Specie) on the following basis:

**for every Share held . . . . . one Privateco Share**

The Distribution In Specie is conditional upon Completion.

## **POSSIBLE CONDITIONAL VOLUNTARY CASH OFFER FOR THE PRIVATECO SHARES**

Upon Completion, Polaris will, on behalf of Tai-I BVI and pursuant to the Takeovers Code, make the Privateco Offer to the Privateco Shareholders to acquire all the Privateco Shares (other than those to be owned or agreed to be acquired by Tai-I BVI and parties acting in concert with it) on the following basis:

for every Privateco Share held \*. . . . . HK\$0.45 in cash

\* *The number of the Privateco Shares to be in issue will be equal to the total number of the Shares in issue on the Record Date.*

## **POSSIBLE UNCONDITIONAL MANDATORY CASH OFFER FOR THE SHARES**

Subject to Completion, Haitong Securities will, on behalf of Affluent Start and pursuant to the Takeovers Code, make the Listco Offer to acquire all the Shares (other than those already held or agreed to be acquired by Affluent Start and parties acting in concert with it) on the following basis:

**for each Share held. . . . . .HK\$0.3925 in cash**

**WARNING: AS THE LISTCO OFFER AND THE PRIVATECO OFFER WILL ONLY BE MADE AFTER COMPLETION AND DISTRIBUTION IN SPECIE, WHICH ARE SUBJECT TO A NUMBER OF CONDITIONS SUMMARISED BELOW, EACH OF THE LISTCO OFFER AND THE PRIVATECO OFFER MAY OR MAY NOT PROCEED AND, AS SUCH, ARE POSSIBILITIES ONLY. INVESTING PUBLIC AND SHAREHOLDERS ARE THEREFORE URGED TO EXERCISE EXTREME CAUTION WHEN DEALING IN THE SHARES.**

The EGM will be held for the purpose of considering and, if thought fit, approving the resolutions in respect of the Subscription, the Share Premium and Reserve Application and the Distribution in Specie by the Independent Shareholders, by way of poll at the EGM. Tai-I BVI, Affluent Start, their respective associates and parties acting in concert with any of them will abstain from voting on the relevant resolution(s).

## **SUSPENSION AND RESUMPTION OF TRADING IN THE SHARES**

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 9 November 2010 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for resumption of trading in the Shares with effect from 9:30 a.m. on 18 November 2010.

Reference is made to the announcements of the Company dated 14 September 2010, 22 September 2010 and 21 October 2010 in relation to possible change in control of the Company, group reorganisation and distribution in specie.

### **A. THE AGREEMENT**

#### **Date**

8 November 2010 (after trading hours)

#### **Parties**

- (i) The Company (as issuer);
- (ii) Tai-I BVI, a company incorporated in the BVI (as vendor);
- (iii) Mr. Hsu (as vendor guarantor);
- (iv) Affluent Start, a company incorporated in the BVI and is wholly owned by Mr. King who is also the sole director of Affluent Start (as subscriber and purchaser); and
- (v) Mr. King (as purchaser guarantor)

Pursuant to the Agreement,

- (i) Affluent Start has conditionally agreed to acquire and Tai-I BVI has conditionally agreed to sell an aggregate of 195,487,000 Sale Shares, representing approximately 32.79% of the issued Shares as at the date of this announcement, at the consideration of HK\$0.3925 per Sale Share; and
- (ii) Affluent Start has conditionally agreed to subscribe for 210,000,000 Subscription Shares at a consideration of HK\$0.06 per Subscription Share in cash, representing approximately 35.23% of the issued Shares as at the date of this announcement and approximately 26.05% of the issued Shares as enlarged by the Subscription.

Immediately before entering into the Agreement, each of Affluent Start and Mr. King is third party independent of the Group and its connected persons (as defined in the Listing Rules).

## **Consideration for the Share Transfer**

The consideration for the Sale Shares is HK\$76,728,647.50, or HK\$0.3925 per Sale Share, which was determined after arm's length negotiations between Affluent Start and Tai-I BVI taking into account the potential of the Remaining Group and the fact that Affluent Start can obtain a controlling interest in the Company pursuant to the Share Transfer, and has been partially paid and the balance shall be payable by Affluent Start in the following manner:

- (i) as to HK\$8,000,000 in cash immediately upon signing of the Agreement which together with the amount of HK\$15,000,000 received by way of earnest moneys paid by Affluent Start to Tai-I BVI upon signing of the MOU (both sums together, the "Deposits") shall be held by Tai-I BVI by way of deposit and shall be applied in and towards the satisfaction of the same amount of the consideration for the Sale Shares; and
- (ii) as to the consideration for the Sale Shares less the amounts received by Tai-I BVI as described in (i) above, in cash at Completion.

Tai-I BVI shall refund the Deposit, without interest, to Affluent Start on demand within five Business Days if Completion fails to take place in accordance with relevant clause in the Agreement, except where failure to proceed to Completion is by reason of the default of Affluent Start in which case Tai-I BVI shall be entitled to forfeit the Deposits absolutely.

## **Consideration for the Subscription Shares**

The consideration for the Subscription Shares is HK\$12.6 million, representing HK\$0.06 per Subscription Share. The consideration will be payable in cash in full on the Completion Date. The estimated net proceeds from the Subscription is approximately HK\$12.37 million, representing a net price of approximately HK\$0.059 per Subscription Share. The Company intends to apply the net proceeds for general working capital purpose of the Remaining Group.

The Subscription Price of HK\$0.06 per Subscription Share, which has been arrived at after arm's length negotiations between the Company and Affluent Start, with reference to, among other things, the value of the Remaining Group per Share taking into account of the Distribution In Specie, represents a discount of approximately 92.11% to the closing price of HK\$0.76 per Share as quoted on the Stock Exchange on the Last Trading Day.

Specific approval of the Shareholders will be sought for the allotment and issue of the Subscription Shares. The Company did not have any fund raising exercises in the past 12 months immediately preceding the date of this announcement.

## Conditions precedent

Completion of the Agreement shall be subject to, among other things, the following conditions precedent being fulfilled (or, where applicable, waived):

- (a) the passing by the requisite majority of Independent Shareholders in general meeting of all resolutions required under the Listing Rules (if any) to approve the transactions of the Company contemplated under the Agreement, including without limitation to the generality of the foregoing, the issue by the Company to the Affluent Start of the Subscription Shares;
- (b) the passing of an ordinary resolution of the Company in general meeting to approve the Share Premium and Reserve Application;
- (c) all requisite Consents being obtained from the Taiwanese Investment Commission (台灣投審會) for (a) the Group Restructuring; and (b) the Privateco Offer;
- (d) the receipt of the Cayman Islands legal opinion in the agreed form in relation to the Agreement and the transactions contemplated thereunder, including due incorporation and valid existence of the Company, enforceability of the Agreement by and against the Company and validity of the issue of the Subscription Shares by the Company;
- (e) the receipt of the BVI legal opinion in the agreed form in relation to the Agreement and the transactions contemplated thereunder, including due incorporation and valid existence of Winsino Investments Limited and Liang Hui Holdings Limited;
- (f) the Listing Committee of the Stock Exchange having granted (either unconditionally or subject only to conditions to which the Company acting reasonably does not object) and not having withdrawn or revoked the listing of and permission to deal in the Subscription Shares;
- (g) the shares of the Company remaining listed and traded on the Stock Exchange at all times up to the date of Completion, save for any temporary suspension pending publication of an announcement of the transaction contemplated under the Agreement or necessary wholly or partly as a result of the default of Affluent Start of its obligations thereunder or under the Takeovers Code; and
- (h) completion of the Group Restructuring.

Conditions precedent (a) to (c), (f) and (h) are not waivable. Affluent Start shall have the right to waive conditions precedent (d), (e) and (g).

## **Completion**

The Company, Tai-I BVI, Mr. Hsu, Affluent Start and Mr. King agreed under the Agreement that completion of the transfer of the Sales Shares from Tai-I BVI to Affluent Start and the allotment and issue of the Subscription Shares by the Company to Affluent Start will take place simultaneously.

Completion of the Agreement is to take place on the third Business Day after the date of fulfilment or, if applicable, waiver of the conditions precedent of the Agreement last in time to be fulfilled or such other date as the parties to the Agreement may agree in writing. If any of the conditions precedent of the Agreement have not been fulfilled or, if applicable, waived by the Purchaser on or before 28 February 2011, the Agreement shall terminate immediately thereafter and be of no further effect and none of the parties to the Agreement shall have any claim against or liability or obligation to other parties under the Agreement (save in respect of any prior breach of the Agreement and the obligation to refund the Deposits). Further announcement will be made as soon as practicable in relation to completion of the Agreement.

## **Reasons for the Subscription and use of proceeds**

The Subscription forms a crucial part for achieving completion of the Proposal, and only following the Completion and the Distribution In Specie becoming effective, the Listco Offer and the Privateco Offer will then be made. Reasons for and effects of other elements of the Proposal including the Group Restructuring, the Share Premium and Reserve Application and the Distribution In Specie, are set out in section D headed “Distribution In Specie” of this announcement below. Upon completion of the Agreement and the Distribution In Specie, Affluent Start will be interested in approximately 50.3% of the issued share capital of the Company as enlarged by the Subscription.

The Directors consider that the Subscription to be an appropriate means of raising additional capital for the Company without incurring interest costs whilst broadening the capital base of the Company. The net proceeds of the Subscription of approximately HK\$12.37 million is intended to be applied as general working capital of the Remaining Group.

## **Listing application in respect of the Subscription Shares**

An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares on the Main Board of the Stock Exchange.

## **Change of Company name**

Pursuant to the Agreement, among other things, Affluent Start and Mr. King shall use their best endeavours to procure that the Company (and any other company in which any of the Company or its beneficial owner has any shareholding interest) whose corporate, business or trading name or materials (whether in English and/or Chinese) contains the word “Tai-I” or “台一” or “⚡” or makes reference to the fact that it is a member of “Tai-I” or “台一” group (whether in English and/or Chinese) or “⚡” or otherwise affiliated with Taiwan Tai-I and shall within 2 months (or such other period as Affluent Start and Tai-I BVI shall agree in writing) after Completion:-

- (a) cease to, and shall at no time thereafter, display, use (including as internet keywords) or make reference to the “Tai-I” or “台一” or “⚡” or any confusingly similar name or mark (including the Trademarks and devices) in any of its stationary, business cards, sales literature, business and other corporate materials or signage and to the extent that they retain any such stationary, business cards, sales literature, business and/or other corporate materials or signage, to destroy the same or delete from them the name “Tai-I” or “台一” or “⚡” and all associated logos, marks (including the Trademarks) and devices; and
- (b) change its corporate, business or trading names to a name which does not include or incorporate the words “Tai-I” or “台一” or any confusingly similar name, and shall procure the prompt registration of the new name with the appropriate authority; and
- (c) cease to, and shall at no time thereafter, display, use (including as internet keywords) or make reference to the Domain Name.

## **B. GROUP RESTRUCTURING**

Pursuant to the Group Restructuring:

- (i) the Company will transfer its entire interests in Tai-I Copper (BVI) Limited and United Development International Limited (being the companies through which the Company holds its entire interest in copper and magnetic wire business) and in the Domain Name, free from all encumbrances and third party rights, to the Privateco, a wholly-owned subsidiary of the Company prior to Completion; and
- (ii) the Company will effect the Novation whereby certain outstanding payment obligations owed by the Company to Tai-I Copper (BVI) Limited will be transferred to the Privateco, resulting in that payment obligation be owed by the Privateco to Tai-I Copper (BVI) Limited.

Through the Novation, all material intragroup balances in relation to the copper and magnetic wire business will be transferred to the Privateco, and such Novation will not have material effect on the financial position of the Group and will not create any material adverse profit and loss impact. The distributable reserves of the Company including those arising from the Novation will be applied to the Distribution In Specie.



## C. SHARE PREMIUM AND RESERVE APPLICATION

Subject to the Shareholders' approval on the Share Premium and Reserve Application having been obtained, the Directors will be authorised to apply the amount standing to the credit of the Share Premium Account and the reserve accounts of the Company (including those arising from the Novation will be applied to the Distribution In Specie) for the implementation of the Distribution In Specie.

## D. DISTRIBUTION IN SPECIE

The Company will distribute all of its Privateco Shares in specie to the Shareholders whose names appear on the register of members of the Company on the Record Date (a date falling before the date of Completion, which is to be fixed for determining entitlements to the Distribution In Specie) on the following basis:

**for every Share held . . . . . one Privateco Share**

The Distribution In Specie will be effected by distribution from the Share Premium Account and the reserve accounts of the Company and the amount to be distributed will be equivalent to the carrying value of the Privateco Group which will be ascertained immediately prior to Completion.

The Privateco Shares when issued will rank pari passu in all respects with each other. No application will be made for the listing of, and permission to deal in, the Privateco Shares on the Stock Exchange or any other stock exchange.

As a result of the Distribution In Specie, the Privateco Group will cease to be a subsidiary of the Company, and the Remaining Group will be carrying on the Remaining Business, representing the Group's business of development of computer software and related matters in the PRC.

The Distribution In Specie is conditional upon Completion. Completion and the Distribution in Specie form an integral part of the Proposal. Completion will not take place unless all other conditions precedent of the Distribution in Specie (as set out below) have all been fulfilled, and subject to completion of the Agreement and completion of the Distribution in Specie, Tai-I BVI is obliged to make the Privateco Offer. The Distribution In Specie and the Completion are regarded as an "all or nothing" situation where both events will either complete or not complete pursuant to the existing structure of the Proposal. Further details regarding the Distribution In Specie will be set out in the Circular.

## **Conditions to the Distribution In Specie**

Distribution In Specie will be conditional upon:

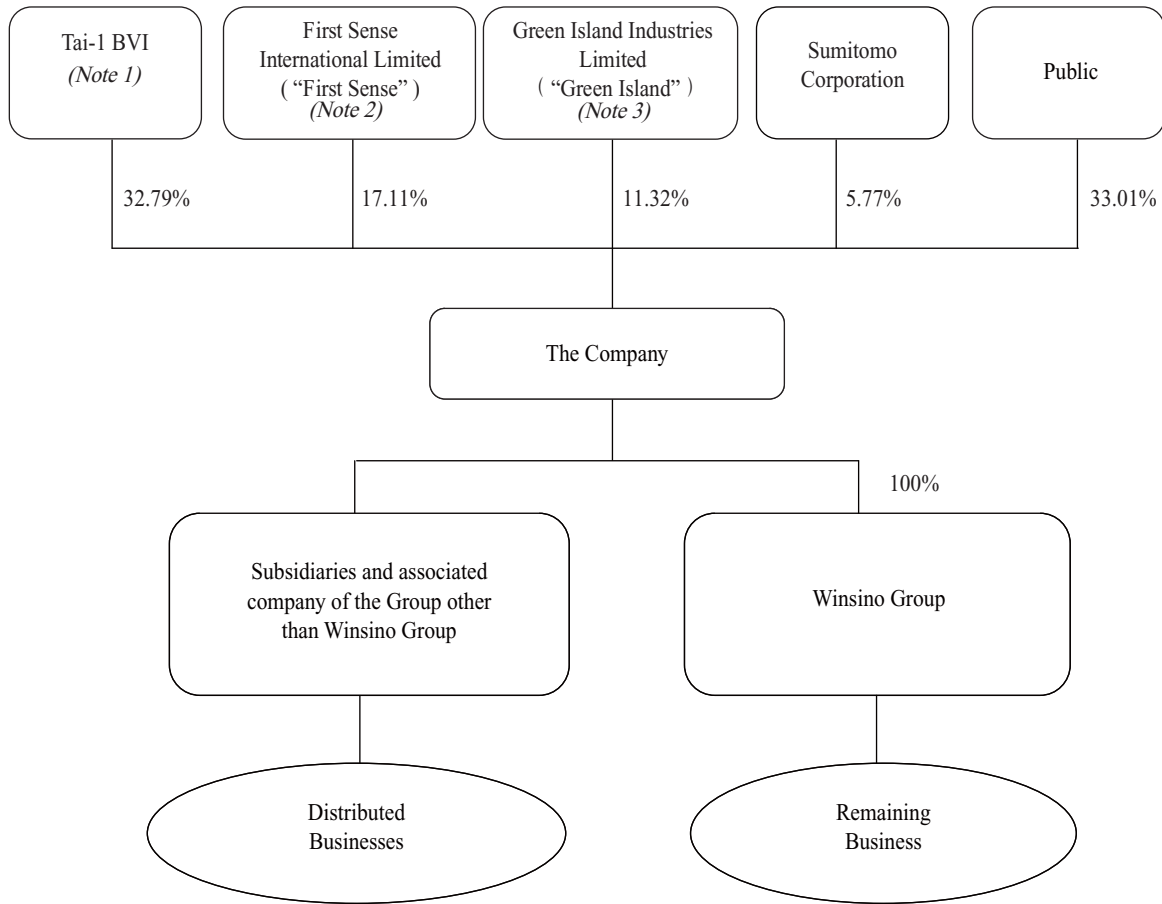
- (i) completion of the formation of the Privateco and the Group Restructuring to form the Privateco Group;
- (ii) the passing of an ordinary resolution in general meeting to approve the Share Premium and Reserve Application;
- (iii) the passing of an ordinary resolution in general meeting to approve the Distribution In Specie; and
- (iv) completion of the Agreement.

None of the above conditions can be waived.

Approval from the Independent Shareholders for Distribution In Specie will be sought at the EGM as part and parcel of the Proposal. Tai-I BVI, Affluent Start, their respective associates and parties acting in concert with any of them will abstain from voting on the relevant resolution regarding Distribution In Specie, which will be taken on a poll at the EGM.

## Group structures

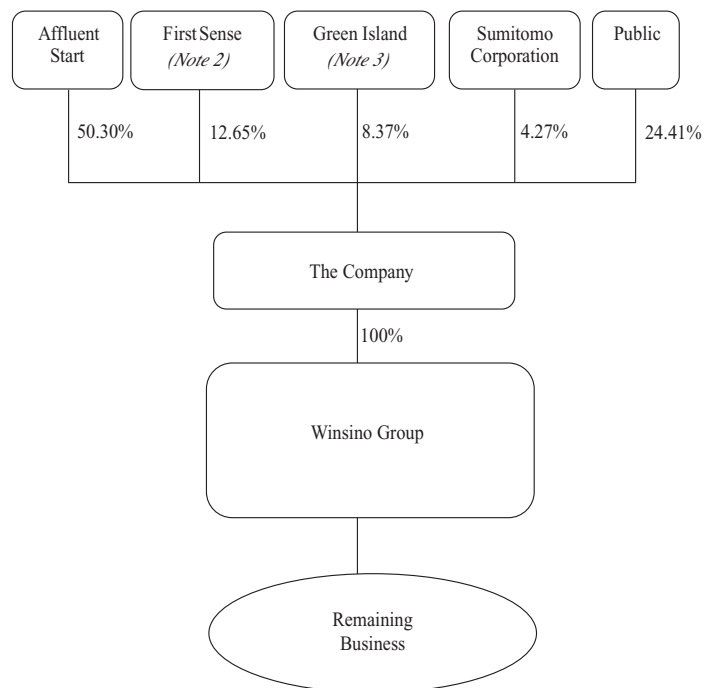
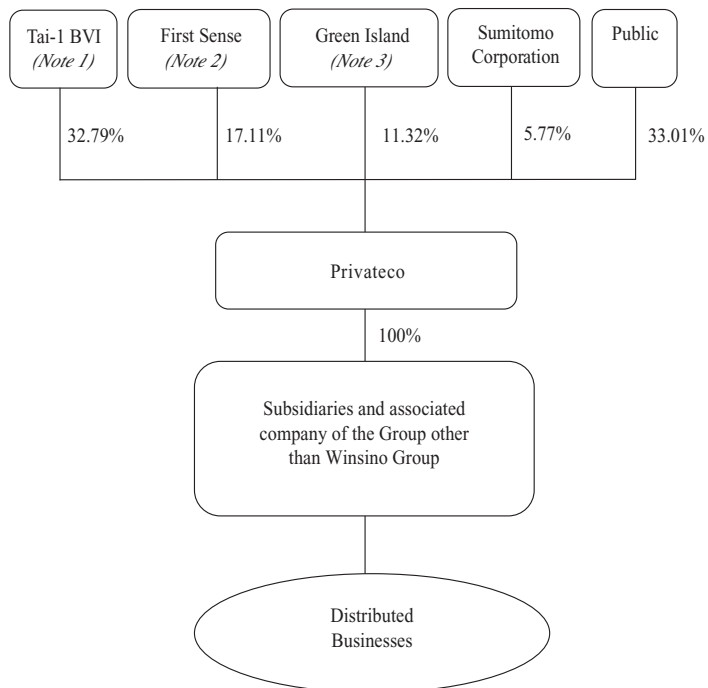
Set out below, in a simplified form, is the Group structure as at the date of this announcement:



*Notes:*

1. Taiwan Tai-I directly owns approximately 87.04% and indirectly owns approximately 12.96% of the issued share capital of Tai-I BVI.
2. The entire issued share capital of First Sense is owned by AIF Capital Asia III, L.P..
3. The entire issued share capital of Green Island is owned by Mr. Liu Tianni.

Set out below, in a simplified form, are the respective structures of the Privateco Group and the Remaining Group immediately after Completion and Distribution In Specie becoming effective, but before commencement of the Privateco Offer and the Listco Offer (assuming no other changes in the issued share capital and shareholding in the Company during this period):



*Notes:*

1. Tai-I Electric Wire & Cable Co., Ltd. directly owns approximately 87.04% and indirectly owns approximately 12.96% of the issued share capital of Tai-I BVI.
2. The entire issued share capital of First Sense is owned by AIF Capital Asia III, L.P..
3. The entire issued share capital of Green Island is owned by Mr. Liu Tianni.

## **Reasons for and effects of the Group Restructuring, the Share Premium and Reserve Application and the Distribution In Specie**

During the negotiations between the parties to the Agreement, Affluent Start has expressed that it is not interested in the Distributed Businesses. As opposed to an outright disposal of the Distributed Businesses to the controlling Shareholder, the Distribution In Specie and the Privateco Offer together provides an option for the Independent Shareholders to keep or dispose of their investments in the Distributed Businesses through the Privateco Offer. The Privateco Offer also provides a cash exit option to the Independent Shareholders (at HK\$0.45 per Privateco Share) to realise all or part of their shareholdings in the Privateco, which are unlisted and may be illiquid, upon Completion. In addition, following the Completion and Distribution In Specie, Affluent Start will become a controlling Shareholder and is obliged to make the Listco Offer, which is an unconditional mandatory cash offer, at HK\$0.3925 per Share for all of the Shares other than those owned by Affluent Start and the parties acting in concert with it.

The Group Restructuring and the Share Premium and Reserve Application are the crucial steps for achieving the Distribution In Specie, which in turn will ultimately lead to the Privateco Offer and the Listco Offer. In order to reorganise the relevant assets and liabilities related to the copper and magnetic wire business under the Privateco Group and to allow the Company to have sufficient distributable reserves to facilitate the Distribution In Specie in addition to the deployment of the Company's existing distributable profits, the Board thus proposes that the Group Restructuring and the Share Premium and Reserve Application be effected. The Board therefore considers that the Group Restructuring and the Share Premium and Reserve Application are in the interests of the Shareholders as a whole.

**The Listco Offer and the Privateco Offer will provide a cash exit to any Shareholder who wishes to realise all or part of his/her/it interests in the Company and in the Privateco following Completion at a premium compared to the trading price of the Shares prior to the issue of the First Announcement.** As such, the Board considers that it is in the interests of the Independent Shareholders for them to be provided with an opportunity to consider and, if thought fit, approve the relevant resolution for the Share Premium and Reserve Application and the Distribution In Specie as part and parcel of the Proposal at the EGM.

For those Shareholders who wish to retain their investments in the Distributed Businesses after Completion, they can choose not to accept the Privateco Offer and continue to hold the Privateco Shares. They should, however, be aware that there will be no liquid market for the Privateco Shares as there is no intention to list the Privateco Shares on any stock exchange. Moreover, the Privateco Shares may be subject to the compulsory acquisition provision pursuant to the Companies Act 1981 of Bermuda (as may be amended from time to time) if sufficient Privateco Shares are acquired by Tai-I BVI under the Privateco Offer. Details of the possible compulsory acquisition is set out below in the paragraph headed "Background of Tai-I BVI and its intentions regarding the Privateco" under section E headed "Possible conditional voluntary cash offer for the Privateco Shares" below.

Save for the entering into of the Agreement and the Proposal, as at the date of this announcement, the Company has not entered into any other agreements, arrangements, understandings, intention or negotiations about any acquisition and/or disposal of assets or businesses, or termination and/or scaling-down of any business of the Group, other than in its ordinary course of business.

### **Information on the Distributed Businesses and the Remaining Business**

The Group is principally engaged in the Distributed Businesses and the Remaining Business as at the date of this announcement.

The Distributed Businesses consist principally of manufacturing and marketing of bare copper wires and magnet wires and provision of processing services and investment holding.

The Remaining Group will mainly comprise the Company's 100% interest in the Winsino Group, which is principally engaged in development of computer software and related matters in the PRC. The Remaining Business comprises the provision of upgrade and maintenance services for Oracle's database products distributed in the PRC as well as customised development of applications as a value-added service to customers, and the sales of self-developed firewall and other software products. As at the date of this announcement, the Remaining Business operates branches in Beijing, Guangzhou, Shanghai, and Chengdu.

### **E. POSSIBLE CONDITIONAL VOLUNTARY CASH OFFER FOR THE PRIVATECO SHARES**

Based on the current shareholding structure of the Company, Tai-I BVI and its parties acting in concert will be interested in a total of 195,487,000 Privateco Shares, representing approximately 32.79% of the issued shares capital of the Privateco immediately upon Completion and following the Distribution In Specie. Given that the Privateco Shares will not be listed on other stock exchange and any holders of the Privateco Shares will therefore be difficult, if not impossible, to liquidate his holdings in the Privateco Shares. Tai-I BVI considers, in these circumstances, that it is appropriate to provide the Privateco Shareholders with an opportunity to realize their holdings in the Privateco Shares by making the Privateco Offer on a conditional voluntary basis pursuant to the Takeovers Code.

After Completion and the Distribution in Specie, Polaris will, on behalf of Tai-I BVI and pursuant to the Takeovers Code, make a conditional voluntary cash offer to the Privateco Shareholders to acquire all the Privateco Shares other than those already held by Tai-I BVI and parties acting in concert with it on the following basis:

**for every Privateco Share held \* . . . . . HK\$0.45 in cash**

\* *The number of the Privateco Shares to be in issue will be equal to the total number of the Shares in issue on the Record Date.*

The Company will announce the Record Date in accordance to Rule 13.66 of the Listing Rules as and when appropriate.

**As the Privateco Offer will only be made following Completion and the Distribution In Specie becoming effective, which is subject to a number of conditions precedents to the Agreement, the making of the Privateco Offer may or may not proceed and, as such is possibility only. In the event that the Privateco Offer is made, it will be a conditional cash offer.**

The Privateco Offer, if they are made, will be conditional only upon Tai-I BVI having received acceptances in respect of voting rights acquired or agreed to be acquired before or during the Privateco Offer which will result in Tai-I BVI together with any person acting in concert with it holding more than 50% of the voting rights of Privateco.

The Privateco Offer price has been determined after taking into account the underlying assets and liabilities of the Privateco Group. On the basis that 596,158,000 Privateco Shares are expected to be in issue upon completion of the Group Restructuring and based on the Privateco Offer price of HK\$0.45 per Privateco Share, the entire issued share capital of Privateco is valued at approximately HK\$268.3 million. Assuming completion of the Agreement and the Distribution In Specie and based on 195,487,000 Privateco Shares (representing approximately 32.79% of the share capital of Privateco expected to be issued) to be beneficially owned by Tai-I BVI, 400,671,000 Privateco Shares (representing approximately 67.21% of the share capital of Privateco expected to be in issue) will be subject to the Privateco Offer and such Privateco Shares are valued at approximately HK\$180.3 million.

Polaris, the financial adviser to Tai-I BVI, is satisfied that sufficient financial resources are available to Tai-I BVI to satisfy full acceptance of the Privateco Offer.

Subject to sufficient Privateco Shares being acquired, pursuant to sections 102 and 103 of the Companies Act 1981 of Bermuda, Tai-I BVI intends to avail itself of the right to compulsorily acquire the remaining Privateco Shares not already acquired under the Privateco Offer. Under section 102 of the Companies Act 1981 of Bermuda, the relevant threshold will be Tai-I BVI receiving acceptances from the Privateco Shareholders representing 90% of the Privateco Shares subject to the Privateco Offer provided that if Tai-I BVI already holds over 10% of the Privateco Shares, the acceptances must also represent 75% in number of the Privateco Shareholders accepting the Privateco Offer. Under section 103 of the Companies Act 1981 of Bermuda, Tai-I BVI can compulsorily acquire the Privateco Shares of the remaining Privateco Shareholders once it holds 95% of all issued Privateco Shares. In addition to the aforesaid requirement, Rule 2.11 of the Takeovers Code requires acceptances of the Privateco Offer during the period of 4 months after posting of the Privateco Offer document total 90% of the disinterested Privateco Shares. Further announcements will be made about the exercise of such compulsory acquisition. Save for any entitlements to receive Privateco Shares pursuant to the Distribution In Specie, none of Tai-I BVI and parties acting in concert with it hold any securities in Privateco. None of Tai-I BVI and parties acting in concert with it dealt in any securities in Privateco during the six-month period immediately preceding 22 September 2010 (being the date of commencement of the offer period for the Privateco Offer) and up to the date of this announcement.

As at the date of this announcement, Tai-I BVI has not received any indication or irrevocable commitment from any Shareholder that it will accept or reject the Privateco Offer. The Privateco Shares subject to the Privateco Offer will be acquired by Tai-I BVI with the right to receive all dividends and distributions declared, paid or made on or after the date of the issue of the Privateco Shares and free from all third party rights.

As at the date of this announcement:

- (i) Privateco has no outstanding securities, options, warrants or derivatives which are convertible into or which confer rights to require the issue of Privateco Shares;
- (ii) Tai-I BVI and parties acting in concert with it have not entered into any agreements in relation to the issue of any convertible securities, options, warrants or derivatives of Privateco; and
- (iii) Tai-I BVI has not borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Privateco.

Tai-I BVI confirms that there are no other arrangements (whether by way of option, indemnity or otherwise) in relation to the Privateco Shares and which might be material to the Privateco Offer. Tai-I BVI further confirms that there are no other agreements or arrangements to which Tai-I BVI is a party which relate to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Privateco Offer. Given that the Privateco is a company incorporated in Bermuda where its register of members is located and maintained, no Hong Kong stamp duty is payable on any transfer of the Privateco Shares.

For those Shareholders who wish to retain their investments in the Distributed Businesses after Completion, they can choose not to accept the Privateco Offer and continue to hold the Privateco Shares. **They should, however, be aware that there will be no liquid market for the Privateco Shares as there is no intention to list the Privateco Shares on any stock exchange. Moreover, the Privateco Shares may be subject to the compulsory acquisition provision of the Companies Act 1981 of Bermuda (as may be amended from time to time) if sufficient Privateco Shares are acquired by Tai-I BVI under the Privateco Offer.**

### **Background of Tai-I BVI and its intentions regarding the Privateco**

Taiwan Tai-I is the existing controlling Shareholder holding, directly and indirectly through Tai-I BVI (which is a wholly-owned subsidiary of Taiwan Tai-I), a total of 195,487,000 Shares as at the date of this announcement. Tai-I BVI is an investment holding company incorporated in BVI with limited liability and save for its interests in the Company, it has not carried out any operations or has no other major assets as at the date of this announcement.



Taiwan Tai-I is a company listed on Taiwan Stock Exchange Corporation. Taiwan Tai-I together with its subsidiaries are principally engaged in the production and distribution of magnet wires, as well as electric wires and cables. Taiwan Tai-I also provides aluminium wires, copper wires and others. The magnet wires are primarily applied in household appliances and electric machinery products, while electric wires and cables are used in power transmission.

It is the intention of Tai-I BVI that the Privateco Group will not make changes to its principal businesses nor conduct any business other than the Distributed Businesses. It is also the intention of Tai-I BVI that the Privateco Group will not hold any assets other than those relating to the Distributed Businesses, nor be injected any major assets, nor dispose of any major assets, after the close of the Privateco Offer, unless prior approval by the Privateco Shareholders has been obtained. Interests of the Privateco Shareholders will be safeguarded by the new bye-laws of the Privateco, which will contain comparable provisions required under the Listing Rules in respect of a listed issuer. A summary of key terms of the new bye-laws of the Privateco will be included in the Circular. Though there is no intention for the Privateco Group to conduct any fund raising activities including rights issues, the Privateco Group may require further funding from the Privateco Shareholders for the development of its businesses in the future.

As at the date of this announcement, the Privateco has 1 share issued to the Company. Save as aforesaid, the Privateco has no other relevant securities (as defined in Note 4 to the Rule 22 of the Takeovers Code) as at the date of this announcement.

As at the date of this announcement, the directors of the Privateco are Mr. Huang Cheng-Roang and Mr. Lin Chi-Ta, who are also the Directors. None of the independent non-executive directors of the Company have been appointed as a director of the Privateco. Following the dispatch of the Privateco Offer Document, the composition of the board of directors of the Privateco may change. Further announcements will be made in this regard as and when appropriate.

**F. POSSIBLE UNCONDITIONAL MANDATORY CASH OFFER FOR THE SHARES**

Upon Completion, Affluent Start will hold 405,487,000 Shares, representing approximately 50.30% of the issued share capital of the Company as enlarged by the Subscription. Subject to Completion, Haitong Securities will, on behalf of Affluent Start and pursuant to the Takeovers Code, make the Listco Offer, which is an unconditional mandatory cash offer to the Shareholders to acquire all the Shares other than those already held or agreed to be acquired by Affluent Start and parties acting in concert with it on the following basis:

**for each Share held . . . . . HK\$0.3925 in cash**

**The making of the Listco Offer is a possibility only and it may or may not proceed.**

In the event that the Listco Offer is made, it will be an unconditional cash offer.

As at the date of this announcement, Affluent Start has not received any indication or irrevocable commitment from any Shareholder that it will accept or reject the Listco Offer.

Based on the Company's share capital of 806,158,000 Shares as enlarged by the Subscription, the Listco Offer values the entire issued share capital of the Company at approximately HK\$316.4 million. Assuming the Listco Offer is accepted in full, the Listco Offer applies to 400,671,000 Shares, representing approximately 49.70% of the issued share capital of the Company after Completion as enlarged by the Subscription, and the value of the Listco Offer will amount to approximately HK\$157.3 million. The Listco Offer will be financed by a loan facility of HK\$223,600,000 provided by Haitong Securities. Pursuant to the arrangement of such facility, amongst others, Affluent Start has agreed to pledge all the Shares to be acquired pursuant to the Agreement and the Listco Offer (if any), respectively and cash deposit of HK\$123,600,000 to Haitong Securities as collateral. Haitong Capital is satisfied that Affluent Start has sufficient financial resources available to it to satisfy full acceptance of the Listco Offer.

The ad valorem stamp duty payable by the accepting Shareholders in connection with the Listco Offer amounting to HK\$1.00 for every HK\$1,000 or part thereof of the consideration will be payable by the accepting Shareholders and will be deducted by Affluent Start from the consideration payable to them on acceptance of the Listco Offer. Affluent Start will then pay the stamp duty on behalf of the accepting Shareholders.

As at the date of this announcement, the Company has no outstanding securities, options, warrants or derivatives which are convertible into or which confer rights to require the issue of Shares. Save for the entering into of the Agreement, none of Affluent Start and parties acting in concert with it dealt in any securities in the Company during the six-month period immediately preceding 22 September 2010 (being the date of commencement of the offer period for the Listco Offer) and up to the date of this announcement. Affluent Start and parties acting in concert with it have not entered into any agreements in relation to the issue of any convertible securities, options, warrants or derivatives of the Company.

Affluent Start confirms that there are no other arrangements, whether by way of option, indemnity or otherwise, in relation to the Shares and which may be material to the Listco Offer.

Affluent Start further confirms that, other than the Share Transfer and the Subscription as disclosed in this announcement, there are no other agreements or arrangements to which Affluent Start is a party and relate to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Listco Offer.

As at the date of this announcement, Affluent Start and parties acting concert with it have not borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company.

Set out below is the shareholding structure of the Company as at the date of this announcement and immediately upon Completion (assuming no other changes in the issued share capital and shareholding in the Company from the date of this announcement up to Completion but before the commencement of the Listco Offer):

	As at the date of this announcement		Immediately upon Completion but before the commencement of the Listco Offer	
	Number of Shares	%	Number of Shares	%
Tai-I BVI ( <i>Note 1</i> )	195,487,000	32.79%	–	0.00%
Affluent Start and parties acting concert with it	–	0.00%	405,487,000	50.30%
First Sense ( <i>Note 2</i> )	102,015,000	17.11%	102,015,000	12.65%
Green Island ( <i>Note 3</i> )	67,500,000	11.32%	67,500,000	8.37%
Sumitomo Corporation	34,418,000	5.77%	34,418,000	4.27%
Public	196,738,000	33.01%	196,738,000	24.41%
	<hr/>	<hr/>	<hr/>	<hr/>
Total	596,158,000	100.00%	806,158,000	100.00%
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

*Notes:*

1. Taiwan Tai-I directly owns approximately 87.04% and indirectly owns approximately 12.96% of the issued share capital of Tai-I BVI.
2. The entire issued share capital of First Sense is owned by AIF Capital Asia III, L.P.. Both First Sense and AIF Capital Asia III, L.P. are not acting in concert with Affluent Start and its concert parties.
3. The entire issued share capital of Green Island is owned by Mr. Liu Tianni. Both Green Island and Mr. Liu Tianni are not acting in concert with Affluent Start and its concert parties.

### **Information on Affluent Start**

Affluent Start is an investment holding company incorporated in the BVI with limited liability. As at the date of this announcement, save for entering into of the MOU and the Agreement and obtaining a facility from Haitong Securities for financing the transactions contemplated under the Agreement and the Listco Offer, Affluent Start did not engage in any substantial business activities. As at the date of this announcement, Mr. King is the sole beneficial owner and the sole director of Affluent Start.

## **Intention of Affluent Start regarding the Remaining Group**

Affluent Start intends to continue the principal business of the Remaining Group (i.e. the development of computer software and related matters in the PRC). Following Completion, Affluent Start will conduct a review on the business operations and financial position of the Remaining Group for the purpose of formulating business plans and strategies for the future business development of the Remaining Group. Subject to the result of the review and should suitable investment or business opportunities arise, Affluent Start may consider diversifying the business of the Remaining Group with an objective to broaden its income source. However, as the date of this announcement, no such investment or business opportunities have been identified nor Affluent Start has entered into any agreement, arrangements, understandings, intention or negotiation in relation to inject any assets or business into the Remaining Group. Notwithstanding the foregoing, Affluent Start has not entered into any agreement, arrangements, understandings, intention or negotiations in relation to re-deployment of the employees, disposal and/or re-deployment of the assets of the Remaining Group, or termination or scaling-down of any Remaining Group's business, other than in its ordinary course of business.

Affluent Start intends to maintain the listing status of the Company and it will irrevocably undertake that it will be responsible for maintaining the 25% public float requirement upon the closing of the Listco Offer.

## **Proposed change of the Board composition of the Company**

Affluent Start intends to nominate Mr. King and Mr. Tsang To as executive Directors and such appointment will only be effective not earlier than the despatch date of the Listco Offer Document in accordance with the Takeovers Code.

The biographical details of Mr. King and Mr. Tsang To are set out below:

Mr. King, aged 40, is experienced in property development and corporate management. He is currently the managing director of 昂展投資諮詢有限公司 (For identification purpose only "Advanced Investment Holdings Limited") ("**Advanced Investment**"), a private company established under the laws of the PRC with limited liability. Mr. King currently owns 90% equity interest in Advanced Investment. Mr. King has no direct experience in managing computer related business in the PRC, but has the experience in investing in such company, details of which are stated below.

Advanced Investment, through its wholly owned subsidiary, is beneficially interested in approximately 20.36% of the entire issued share capital of Fujian Start Group Co., Ltd. ("Fujian Start"), a company listed on the Shanghai Stock Exchange. Based on the latest annual report of Fujian Start, it is engaged in property development, and computer equipment manufacturing and marketing business.

Mr. King did not hold any directorship in any public listed companies in the last three years. As at the date of this announcement, Mr. King does not hold any positions in the Company or any members of the Group and does not have any interest in the Shares (save for his deemed interest in the Shares through Affluent Start pursuant to the Agreement). Save as disclosed in this announcement, Mr. King is not aware of any other matters that need to be brought to the attention of the Shareholders in respect to his proposed appointment as an executive Director and there is no other information which is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

Mr. Tsang To, aged 35, is a partner of a PRC law firm. Mr. Tsang holds a bachelor's degree in laws from Xiamen University (廈門大學) and a master's degree in laws from the University of London. He is admitted as a solicitor to the High Court of Hong Kong as well as a PRC qualified lawyer.

Mr. Tsang is currently an independent director of THT Heat Transfer Technology, Inc. (Stock Code: THTI), a company listed on the NASDAQ Stock Market. Save as disclosed above, Mr. Tsang did not hold any directorship in any public listed companies in the last three years. As at the date of this announcement, Mr. Tsang does not hold any positions in the Company or any members of the Group and does not have any interest in the Shares. Save as disclosed in this announcement, Mr. Tsang is not aware of any other matters that need to be brought to the attention of the Shareholders in respect to his proposed appointment as an executive Director and there is no other information which is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

#### **G. COMPARISON OF THE COMBINED OFFER PRICE UNDER THE PROPOSAL WITH MARKET PRICES OF THE SHARES AND NET ASSET VALUE PER SHARE**

The combined consideration under the Listco Offer and the Privateco Offer is equivalent to HK\$0.8425 per Share, which represents:

- a discount of approximately 31.50% to the audited consolidated net asset value of the Company of approximately HK\$1.23 per Share as at 31 December 2009 based on the annual report of the Company for the year ended 31 December 2009;
- a premium of approximately 10.86% over the closing price of HK\$0.76 per Share as quoted on the Stock Exchange on the last trading day before the First Announcement;
- premiums of approximately 31.23%, 33.10%, 30.02% and 29.62% over the average of the closing prices of approximately HK\$0.642, HK\$0.633, HK\$0.648 and HK\$0.650 per Share respectively for the 10, 20, 30 and 90 consecutive trading days up to and including the date of the First Announcement;
- a premium of approximately 10.86% over the closing price of HK\$0.76 per Share as quoted on the Stock Exchange on the Last Trading Day; and

- premiums of approximately 10.27%, 10.56%, 10.42% and 22.81% over the average of the closing prices of approximately HK\$0.764, HK\$0.762, HK\$0.763 and HK\$0.686 per Share respectively for the 10, 20, 30 and 90 consecutive trading days up to and including the Last Trading Day.

For illustration only, the Listco Offer price of HK\$0.3925 per Share represents:

- a discount of approximately 48.36% to the closing price of HK\$0.76 per Share as quoted on the Stock Exchange on the last trading day before the First Announcement;
- discounts of approximately 38.86%, 37.99%, 39.43% and 39.62% to the average of the closing prices of approximately HK\$0.642, HK\$0.633, HK\$0.648 and HK\$0.650 per Share respectively for the 10, 20, 30 and 90 consecutive trading days up to and including the date of the First Announcement;
- a discount of approximately 48.36% to the closing price of HK\$0.76 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- discount of approximately 48.63%, 48.49%, 48.56% and 42.78% to the average of the closing prices of approximately HK\$0.764, HK\$0.762, HK\$0.763 and HK\$0.686 per Share respectively for the 10, 20, 30 and 90 consecutive trading days up to and including the Last Trading Day.

## H. FINANCIAL INFORMATION ON THE GROUP

Set out below is a summary of the Group's audited consolidated income statements for each of the two years ended 31 December 2008 and 2009 as extracted from the annual report of the Company for the financial year ended 31 December 2009, and the unaudited consolidated income statements for each of the six months period ended 30 June 2009 and 2010 as extracted from the interim report of the Company for the six months period ended 30 June 2010:

	<b>For the year ended 31 December (audited)</b>		<b>For the six months period ended 30 June (unaudited)</b>	
	<b>2009</b>	<b>2008</b>	<b>2010</b>	<b>2009</b>
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
Turnover	4,369.6	6,491.1	3,495.6	1,735.7
Profit/(loss) before taxation	33.7	(226.8)	48.0	(26.4)
Profit/(loss) attributable to Shareholders	39.3	(208.4)	47.5	(28.1)

The unaudited consolidated net asset value of the Group as at 30 June 2010 was approximately RMB688.4 million (equivalent to approximately HK\$798.5 million), representing approximately RMB1.15 per Share (equivalent to approximately HK\$1.33 per Share) based on 596,158,000 Shares in issue.

Further financial information on the Remaining Group and the Distributed Group will be set out in the Circular to be despatched to the Shareholders.

## **I. GENERAL**

### **Maintenance of the listing status of the Company**

Affluent Start intends that the Company remains listed on the Stock Exchange. As set out in section F headed “Possible unconditional mandatory cash offer for the Shares” above, Affluent Start will irrevocably undertake that, among other things, it will be responsible for maintaining the 25% public float requirement upon the closing of the Listco Offer.

**If, at the close of the Listco Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the Shares, are held by the public, or if the Stock Exchange believes that:**

- a false market exists or may exist in the trading of the Shares; or
- there are insufficient Shares in public hands to maintain an orderly market,

**the Stock Exchange will consider exercising its discretion to suspend dealings in the Shares.**

### **EGM**

The EGM will be held for the purpose of considering and, if thought fit, approving the resolutions in respect of the Subscription, the Share Premium and Reserve Application and the Distribution in Specie by Independent Shareholders by way of poll at the EGM. Tai-I BVI, Affluent Start, their respective associates and parties acting in concert with any of them will abstain from voting on the relevant resolution(s).

As at the date of this announcement, Tai-I BVI held 195,487,000 Shares, representing 32.79% of the existing issued Shares.

Save for the interests in the Share Transfer, none of Affluent Start, its associates and parties acting in concert with Affluent Start held any Shares as at the date of this announcement.

### **Independent Board Committee**

An independent board committee of the Company comprising all the independent non-executive Directors has been formed in order to make a recommendation to the Independent Shareholders regarding the Proposal, the Listco Offer and the Privateco Offer.

## **The Circular and appointment of the independent financial adviser pursuant to Rule 2.1 of the Takeovers Code**

The Circular, which will contain, among other things, details of the Proposal, financial information on each of the Group and the Privateco Group, pro forma financial information of the Remaining Group, the letter of recommendation from the Independent Board Committee and the letter of advice from an independent financial adviser to the Independent Board Committee and the Independent Shareholders regarding the Proposal and a notice convening the EGM will be despatched to the Shareholders as soon as practicable.

Beijing Securities Limited has been appointed as the independent financial advisor to advise the Independent Board Committee and the Independent Shareholders in relation to the Proposal and the Listco Offer (where appropriate). The appointment of Beijing Securities Limited has been approved by the Independent Board Committee.

The advice of Beijing Securities Limited and the recommendation of the Independent Board Committee in respect of the Listco Offer, in particular, as to whether the Listco Offer is, or is not, fair and reasonable and as to its acceptance if it is made, will be included in the Listco Offer Document.

As the board of directors of the Privateco does not have any non-executive director or independent non-executive director, an independent committee of the board cannot be formed to give recommendation to the Privateco Shareholders in connection with the Privateco Offer. In such circumstances, Beijing Securities Limited has been appointed as the independent financial adviser to advise the independent Privateco Shareholders, in particular, as to whether the Privateco Offer is, or is not, fair and reasonable and as to its acceptance if it is made. The advices and recommendations of the independent financial adviser in respect of the Privateco Offer will be included in the Privateco Offer Document.

## **Waiver of Rule 8.2 of the Takeovers Code**

In accordance with Rule 8.2 of the Takeovers Code, both the Listco Offer Document and the Privateco Offer Document are required to be posted by or on behalf of Affluent Start and Tai-I BVI respectively within 21 days of the date of this announcement. However, as there are pre-conditions, i.e. Completion and the Distribution In Specie becoming effective, to the making of the Listco Offer and the Privateco Offer respectively, application will be made by Affluent Start and Tai-I BVI for the Executive's consent under Note 2 to Rule 8.2 of the Takeovers Code to extend the deadline for the despatch of the Listco Offer Document and the Privateco Offer Document to within seven days of the fulfilment of such pre-conditions (i.e. Completion and the Distribution In Specie becoming effective).



## **Securities in the Company**

As at the date of this announcement, the Company has a total of 596,158,000 Shares in issue. Save as 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.

## **Dealings disclosure**

The associates (as defined in the Takeovers Code) of the Company, the Privateco, Tai-I BVI and Affluent Start (including their respective shareholders having interests of more than 5% of the relevant securities) are reminded to disclose their dealings in the relevant securities in the Company (as defined in Note 4 to Rule 22 of the Takeovers Code) under 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 (as defined in the Takeovers Code) and other persons under Rule 22 of the Takeovers Code 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 of the Takeovers Code. 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 seven day period is less than HK\$1 million.

This dispensation does not alter the obligation of principals, associates (as defined in the Takeovers Code) and other person 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 the stockbrokers and other intermediaries will supply the Executive with the relevant information as to those dealings, including identities of clients, as part of that co-operation.

## **Suspension and resumption of trading in the Shares**

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 9 November 2010 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for resumption of trading in the Shares with effect from 9:30 a.m. on 18 November 2010.

## **Warning**

**AS THE PRIVATECO OFFER AND THE LISTCO OFFER WILL ONLY BE MADE AFTER COMPLETION AND DISTRIBUTION IN SPECIE, WHICH ARE SUBJECT TO A NUMBER OF CONDITIONS, EACH OF THE PRIVATECO OFFER AND THE LISTCO OFFER MAY OR MAY NOT PROCEED AND IS THEREFORE A POSSIBILITY ONLY. INVESTORS AND SHAREHOLDERS ARE URGED TO EXERCISE CAUTION WHEN DEALING IN THE SHARES.**

## I. DEFINITIONS

Unless the context requires otherwise, the following expressions shall have the following meanings in this announcement:

“acting in concert”	having the meaning defined in the Takeovers Code
“Affluent Start”	Affluent Start Holdings Investment Limited, a company incorporated in the BVI with limited liability and is 100% beneficially owned by Mr. King
“Agreement”	the agreement dated 8 November 2010 entered into amongst the Company, Tai-I BVI, Mr. Hsu, Affluent Start and Mr. King in respect of the Share Transfer and the Subscription
“associate(s)”	having the meaning defined in the Listing Rules
“Board”	the board of Directors
“Business Day”	means any day (excluding a Saturday and any day on which a tropical cyclone warning signal no. 8 or above or a “black” rainstorm warning signal is hoisted or remains hoisted in Hong Kong at an time between 9 a.m. to 5 p.m.) on which banks are generally open for business in Hong Kong
“BVI”	the British Virgin Islands
“Circular”	a circular of the Company in relation to, inter alia, the Proposal to be despatched to the Shareholders
“Company”	Tai-I International Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Agreement
“Completion Date”	the date of Completion
“Consents”	means licenses, consents, approvals, authorisations, permissions, registrations, notification, waivers, orders or exemptions
“Director(s)”	the director(s) of the Company from time to time

“Distributed Businesses”	all businesses of the Group, other than the Remaining Business, carried on by the Privateco Group, including manufacturing and marketing of bare copper wires and magnet wires and provision of processing services and investment holding
“Distribution In Specie”	the distribution in specie of the Privateco Shares by the Company to the Shareholders as described in section D headed “Distribution In Specie” of this announcement
“Domain Name”	the domain name of <a href="http://www.tai-i-int.com">www.tai-i-int.com</a>
“EGM”	the extraordinary general meeting of the Company to be held to consider and, if thought fit, approve the resolution(s) in respect of the Proposal
“Executive”	the Executive Director of the Corporate Finance Division of the SFC and any delegate of the Executive Director
“First Announcement”	the announcement of the Company dated 22 September 2010 in relation to a non-binding MOU entered into between Tai-I BVI and Affluent Start, which may result in a possible change in control of the Company
“Group”	the Company and its subsidiaries as at the date of this announcement
“Group Restructuring”	the proposed reorganisation of the Group, details of which are set out in section B headed “Group Restructuring” in this announcement
“Haitong Capital”	Haitong International Capital Limited, a licensed corporation under the SFO to carry out Type 6 (advising on corporate finance) regulated activity and the financial adviser to Affluent Start
“Haitong Securities”	Haitong International Securities Company Limited, a licensed corporation under the SFO to carry out Type 1 (dealing in securities), Type 3 (leveraged foreign exchange trading) and Type 4 (advising on securities) regulated activities
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“Independent Board Committee”	an independent committee of the Board comprising all independent non-executive Directors, namely Mr. Kang Jung-Pao, Mr. Cheng Yang-Yi, Mr. Tsay Yang-Tzong, Mr. Yan Minghe and Mr. Atsushi Kanayama, established for the purpose of advising the Independent Shareholders in respect of the Proposal and the Listco Offer
“Independent Shareholder(s)”	Shareholder(s) other than Tai-I BVI, Affluent Start, their respective associates and parties acting in concert with any of them
“Last Trading Day”	8 November 2010, being the last day on which the Shares were traded on the Stock Exchange prior to the suspension of trading in the Shares pending the release of this announcement
“Listco Offer”	the unconditional mandatory cash offer to be made by Haitong Securities on behalf of Affluent Start to acquire all the issued Shares (other than those already held or agreed to be acquired by Affluent Start and parties acting in concert with it)
“Listco Offer Document”	the offer and response document (in either composite or separate form) and the form of acceptance and transfer to be despatched to the Shareholders pursuant to the Listco Offer
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. King”	Mr. King Pak Fu, a third party independent of and not connected with the Company and its connected persons (as defined under the Listing Rules)
“Mr. Hsu”	Mr. Hsu Shou-Hsin, the sole director of Tai-I BVI and one of the shareholders of Taiwan Tai-I
“MOU”	a non-binding memorandum of understanding dated 20 September 2010 entered into between Tai-I BVI and Affluent Start in relation to, among other things, possible change of control of the Company, the group reorganisation and the distribution in specie

“Novation”	a novation of the payment obligations from the Company to Privateco for a consideration of HK\$1.00 with the consent of Tai-I Copper (BVI) Limited by way of a deed of novation pursuant to which payment obligations owed by the Company to Tai-I Copper (BVI) Limited will be transferred to Privateco, resulting in that payment obligation be owed by Privateco to Tai-I Copper (BVI) Limited
“Polaris”	Polaris Securities (Hong Kong) Limited, a corporation licensed to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 3 (leveraged foreign exchange trading), Type 4 (advising on securities), Type 5 (advising on futures contracts), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO and the financial adviser to Tai-I BVI
“PRC”	People’s Republic of China
“Privateco”	Tai-I International (Bermuda) Limited, a company incorporated in Bermuda with limited liability on 9 November 2010 pursuant to the Group Restructuring for the purpose of holding the Distributed Businesses and a wholly-owned subsidiary of the Company prior to the Distribution In Specie
“Privateco Group”	Privateco and its subsidiaries
“Privateco Offer”	the conditional voluntary cash offer to be made by Polaris on behalf of Tai-I BVI to acquire all the Privateco Shares (other than those owned or agreed to be owned by Tai-I BVI or parties acting in concert with it)
“Privateco Offer Document”	the offer and response document (in either composite or separate form) and the form of acceptance and transfer to be despatched to the Privateco Shareholders pursuant to the Privateco Offer
“Privateco Share(s)”	ordinary share(s) in the capital of the Privateco
“Privateco Shareholder(s)”	holder(s) of the Privateco Shares
“Proposal”	the proposal to be put forward by the Board to the Shareholders including the Subscription, the Share Premium and Reserve Application, the Group Restructuring and the Distribution in Specie, and the respective transactions contemplated thereunder

“Record Date”	a date to be fixed for determining entitlements of the Shareholders to the Distribution In Specie, which shall be a date falling before the date of Completion
“Remaining Business”	the Group’s business of development of computer software and related matters in the PRC by the Remaining Group after the Group Restructuring and Distribution In Specie
“Remaining Group”	the Company and the Winsino Group, being the Group excluding the Privateco Group upon completion of the Group Restructuring and Distribution In Specie
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Share(s)”	the aggregate interest of 195,487,000 Shares held by Tai-I BVI as at the date of the Agreement
“SFC”	Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Share Premium Account”	the share premium account of the Company from time to time
“Share Premium and Reserve Application”	the application of the entire amount standing to the credit of the Share Premium Account and the reserve accounts of the Company for the implementation of part of the Distribution In Specie
“Share(s)”	ordinary share(s) of HK\$0.01 each in the capital of the Company
“Share Transfer”	the acquisition by Affluent Start of the Sale Shares pursuant to the Agreement
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription by Affluent Start of the Subscription Shares pursuant to the Agreement
“Subscription Shares”	an aggregate of 210,000,000 new Shares, representing 35.23% of the existing issued capital of the Company, to be subscribed by Affluent Start under the Agreement
“Takeovers Code”	Hong Kong Code on Takeovers and Mergers

“Taiwan Tai-I”	Tai-I Electric Wire & Cable Co., Ltd, a company established under Taiwan laws on 11 September 1979 and has become a listed company on the Taiwan Stock Exchange Corporation since 20 October 1995
“Tai-I BVI”	Tai-I International (BVI) Limited, a company incorporated under the laws BVI with limited liability and beneficially wholly owned by Taiwan Tai-I
“US\$”	United States dollars, the lawful currency of United States of America
“Winsino Group”	Winsino Investments Limited, a direct wholly owned subsidiary of the Company, and its subsidiaries including Liang Hui Holdings Limited, Oriental Legend Maker Technology Limited, 北京東方龍馬軟件發展有限公司 (Beijing Oriental LegendMaker Software Development Company Limited*), 成都東方龍馬信息產業有限公司 (Chengdu Oriental LegendMaker Information Industry Company Limited*) and 上海東方龍馬軟件技術有限公司 (Shanghai Oriental LegendMaker Software Technique Company Limited*)
“%”	per cent.

By Order of the board of  
**AFFLUENT START  
HOLDINGS INVESTMENT  
LIMITED**  
**King Pak Fu**  
*Sole Director*

By Order of the board of  
**TAI-I INTERNATIONAL  
HOLDINGS LIMITED**  
**Huang Cheng-Roang**  
*Chairman*

By Order of the board of  
**TAI-I INTERNATIONAL (BVI)  
LIMITED**  
**Hsu Shou-Hsin**  
*Sole Director*

Hong Kong, 17 November 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 jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than that relating to Affluent Start and Tai-I BVI, their respective associates and parties acting in concert with each of Affluent Start and Tai-I BVI) and confirm, having made all reasonable inquiries, 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 statement in this announcement misleading.*

*As at the date of this announcement, Mr. Hsu Shou-Hsin is the sole director of Tai-I BVI.*

*Mr. Hsu Shou-Hsin accepts full responsibility for the accuracy of the information contained in this announcement (other than that relating to, Affluent Start, the Company, their respective associates and parties acting in concert with each of the Company and Affluent Start) and confirms, having made all reasonable inquiries, that to the best of his 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 statement in this announcement misleading.*

*As at the date of this announcement, the board of directors of Taiwan Tai-I comprises seven directors, namely Mr. Hsu Jui-Chun, Mr. Hsu Shou-Hsin, Mr. Hsu Shou-Teh, Mr. Liao Wen-Lung, Mr. Kanayama Akikazu, Mr. Huang Dong-Chuan and Ms. Hsu Yu-Ying.*

*The directors of Taiwan Tai-I jointly and severally accepts full responsibility for the accuracy of the information contained in this announcement (other than that relating to, Affluent Start, the Company, their respective associates and parties acting in concert with each of the Company and Affluent Start) and confirms, having made all reasonable inquiries, that to the best of his 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 statement in this announcement misleading.*

*As at the date of this announcement, Mr. King is the sole director of Affluent Start.*

*Mr. King accepts full responsibility for the accuracy of the information contained in this announcement (other than that relating to the Company, Tai-I BVI, their respective associates and parties acting in concert with each of the Company and Tai-I BVI) and confirms, having made all reasonable inquiries, that to the best of his 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 statement in this announcement misleading.*

*The English text of this announcement shall prevail over its Chinese text.*



*For the purposes of this announcement, unless otherwise specified, conversions of RMB into HK\$ are based on the approximate exchange rate of RMB1.000 to HK\$1.160, for the purposes of illustration only. No representation is made that any amount in HK\$ or RMB could have been or could be converted at the above rate or at any other rates.*

*\* For identification purpose only.*