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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Tai-I International Holdings Limited, you should at once hand this circular to the purchaser or the transferee, or to the bank, licensed securities dealer or other agent through whom the sale or the transfer was effected for transmission to the purchaser or the transferee.

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TAI-I INTERNATIONAL HOLDINGS LIMITED

台一國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1808)

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

Financial adviser to the Company



寶來證券(香港)有限公司

Polaris Securities (Hong Kong) Limited

A Member of Polaris Financial Group

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DEFINITIONS

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

“Acquisition”	the proposed acquisition by the Purchaser from the Vendor of its 30% interest in JCC pursuant to the Sale and Purchase Agreement
“Board”	the board of Directors
“Business Day”	a day, other than Saturday, on which banks in Hong Kong are open for business
“Company”	Tai-I International Holdings Limited, a company incorporated in the Cayman Islands and whose Shares are listed on the main board of the Stock Exchange
“Completion”	completion of the Sale and Purchase Agreement in accordance with the terms therein
“Connected Person(s)”	has the same meaning ascribed to it under the Listing Rules
“Consideration”	the total consideration of US\$5.292 million (equivalent to approximately HK\$41.17 million) payable by the Purchaser to the Vendor for the Acquisition in cash upon Completion
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“JCC”	江西省江銅-台意特種電工材料有限公司 (JCC-Taiyi Special Electric Material Co., Ltd**), a Sino-foreign equity joint venture incorporated in the PRC on 26 May 2005 with a registered and paid up capital of US\$16.80 million (equivalent to approximately HK\$130.7 million)
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	a party and, if applicable, the ultimate beneficial owner of the party who is independent of the Company and Connected Persons of the Company
“Latest Practicable Date”	14 June 2007 being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular

DEFINITIONS

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long-stop Date”	31 December 2007, or such later date as the Vendor and the Purchaser may agree in writing
“PRC”	the People’s Republic of China (for the purposes of this circular, excluding Hong Kong, the Macau Special Administrative Region and Taiwan)
“Purchaser” or “Tai-I Copper”	台一銅業(廣州)有限公司 (Tai-I Copper (Guangzhou) Co., Ltd**), a wholly foreign owned enterprise established in the PRC on 19 May 1997 and is an indirect wholly owned subsidiary of the Company
“Sale and Purchase Agreement”	the conditional sale and purchase agreement dated 8 June 2007 entered into between the Vendor and the Purchaser in relation to the Acquisition
“Share(s)”	ordinary Share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Nationwide Corporation, a company incorporated as an international company on 23 November 2004 in West Samoa and is beneficially owned by Ms. Su Hui Ling, an Independent Third Party
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent

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

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

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. Huang Cheng-Roang
(alias Vincent Huang) (*Chairman*)
Mr. Lin Chi-Ta
Mr. Huang Kuo-Feng
Mr. Du Chi-Ting

Registered office:

Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman
KYI-1111
Cayman Islands

Independent non-executive Directors:

Mr. Kang Jung-Pao
Mr. Cheng Yang-Yi
Mr. Tsay Yang-Tzong
Mr. Yan Minghe
Mr. Atsushi Kanayama

Principal place of business in the PRC:

No. 77 Dongpeng Avenue
Eastern District of Guangzhou Economic
and Technological Development Zone
Guangzhou
Guangdong Province
The PRC

Principal place of business in Hong Kong:

Suite 6405
Central Plaza
18 Harbour Road
Wanchai
Hong Kong

18 June 2007

To the Shareholders

Dear Sir or Madam,

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

1. INTRODUCTION

On 8 June 2007, the Board announced that the Purchaser entered into the Sale and Purchase Agreement with the Vendor pursuant to which the Purchaser has agreed to pay US\$5.292 million (equivalent to HK\$41.17 million) in cash to the Vendor for its 30% interest in JCC.

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The Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules on the basis that the applicable percentage ratios of the Acquisition under the Listing Rules are more than 5% but less than 25%.

The purpose of this circular is to provide you with further information in relation to the Acquisition.

2. THE SALE AND PURCHASE AGREEMENT

Date: 8 June 2007

Parties:

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

Vendor: Nationwide Corporation, an Independent Third Party and whose principal business activity is investment holding

Assets to be acquired

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

Consideration for the Acquisition

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

Basis of determination of the Consideration

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

Conditions of the Acquisition

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

- (i) the Purchaser being satisfied with the results of the due diligence review on the business, operations, affairs and assets of JCC;
- (ii) the receipt by the Purchaser of a PRC legal opinion in form and substance reasonably satisfactory to the Company on the establishment and existence of JCC; and

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- (iii) the obtaining of the consents and approvals from government or regulatory authorities or third parties which are necessary in connection with the execution and performance of the Sale and Purchase Agreement and any transactions contemplated in the Sale and Purchase Agreement.

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

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

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

Completion

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

3. INFORMATION OF JCC

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

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

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

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4. REASONS FOR AND BENEFIT OF THE ACQUISITION

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

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

5. FINANCIAL IMPACT OF THE ACQUISITION

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

6. GENERAL

Your attention is also drawn to the general information as set out in the Appendix to this circular.

Yours faithfully,
For and on behalf of the Board of
Tai-I International Holdings Limited
Huang Cheong-Roang
Chairman

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

2. DISCLOSURE OF INTERESTS

(a) Interests and short positions of Directors in the share capital of the Company

As at the Latest Practicable Date, none of the Directors or the chief executive of the Company had any interests and short position in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein or which will be required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules.

(b) Substantial Shareholders

So far as is known to any Director or chief executive of the Company, as at the Latest Practicable Date, the following persons (other than a Director or chief executive of the Company), had an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly to be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

Name	Nature of interest	Number of Shares	Approximate percentage of issued Shares immediately as at the Latest Practicable Date
Tai-I International (BVI) Limited (“Tai-I (BVI)”)	Beneficial owner	229,905,000	38.32 (Note 1)
Tai-I Electric Wire & Cable Co., Ltd. (“Taiwan Tai-I”)	Interest through controlled corporations	229,905,000	38.32 (Note 1)

Name	Nature of interest	Number of Shares	Approximate percentage of issued Shares immediately as at the Latest Practicable Date
Tai-I International (Singapore) Pte. Ltd (“TIIS”)	Interest through controlled corporation	229,905,000	38.32 (Note 1)
Tai-I International Development Pte. Ltd. (“TIID”)	Interest through controlled corporation	229,905,000	38.32 (Note 1)
First Sense International Limited	Beneficial owner	102,015,000	17.00 (Note 2)
AIF Capital Asia III, L.P.	Interest through controlled corporation	102,015,000	17.00 (Note 2)
Green Island Industries Limited (“Green Island”)	Beneficial owner	67,500,000	11.25 (Note 3)
Liu Tianni	Interest through controlled corporation	67,500,000	11.25 (Note 3)
Citigroup Financial Products Inc.	Beneficial owner	51,248,000	8.54 (Note 4)
Citigroup Global Markets Holdings Inc.	Interest held through controlled corporation	51,248,000	8.54 (Note 4)
Citigroup Inc.	Interest held through controlled corporation	51,248,000	8.54 (Note 4)

Notes:

- The entire issued share capital of Tai-I (BVI) is owned as to 46.41% and 53.59% by TIID and TIIS respectively. Taiwan Tai-I owns approximately 67% of the issued capital of each of TIIS and TIID.
- The entire issued share capital of First Sense International Limited is owned by AIF Capital Asia III, L.P.
- The entire issued share capital of Green Island is owned by Liu Tianni.
- The entire issued share capital of Citigroup Financial Products Inc. is owned by Citigroup Global Markets Holdings Inc., which is a wholly-owned subsidiary of Citigroup Inc.

3. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened by or against the Company or any of its subsidiaries.

4. DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service contract with the Company for an initial term of three years commencing from the listing date which shall be terminated in accordance with provisions of the service contract or by either party giving to the other not less than three months' prior notice in writing or in accordance with the provisions set out in the respective service agreement.

Each of the independent non-executive Directors has entered into a service contract with the Company for an initial term of two years commencing from the listing date which shall be terminated in accordance with provisions of the service contract or by either party giving to the other not less than three months' prior notice in writing or in accordance with the provisions set out in the respective service agreement.

Save as disclosed herein, as at the Latest Practicable Date, none of the Directors had entered, or proposed to enter, into any service contract with any member of the Group which is not determinable by the relevant member of the Group within one year without payment of compensation (other than statutory compensation).

5. COMPETING INTERESTS OF DIRECTORS AND ASSOCIATES

As at the Latest Practicable Date, none of the Directors and his respective associates was considered to have interests in any business, apart from the Group's businesses, which competes or is likely to compete, either directly or indirectly, with the businesses in which the Group is engaged.

6. MISCELLANEOUS

- (a) The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KYI-1111, Cayman Islands. The principal place of business of the Company in the PRC is No. 77 Dongpeng Avenue, Eastern District of Guangzhou Economic and Technological Development Zone, Guangzhou, Guangdong Province, The PRC. The principal place of business of the Company in Hong Kong is at Suite 6405, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong.
- (b) The Hong Kong branch share registrar and transfer office of the Company is Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

- (c) The qualified accountant and the company secretary of the Company is Mr. Choi, Kai Ming, Raymond. Mr. Choi is a certified public accountant of the Hong Kong Institute of Certified Public Accountants.
- (d) In the event of inconsistency, the English text of this circular shall prevail over the Chinese text.