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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2010

ANNUAL RESULTS

The board of Directors (the "Board") of Tai-I International Holdings Limited (the "Company") announces the consolidated financial results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2010, together with the comparative figures for the year ended 31 December 2009 as follows:

Consolidated statement of comprehensive income
For the year ended 31 December 2010
(Expressed in Renminbi Yuan)

	Notes	2010 RMB'000	2009 RMB'000 (Restated (Note 10))
Continuing operations			
Turnover	5	**39,522**	—
Cost of sales		**(26,386)**	—
Gross profit		**13,136**	—
Other net loss	7	**(1,354)**	(16)
Distribution expenses		**(1,989)**	—
General and administrative expenses		**(9,117)**	(5,262)
Other operating expenses		**(17)**	(17)
Profit/(loss) before taxation	8	**659**	(5,295)
Income tax expenses	9(i)	**(944)**	—
Loss from continuing operations		**(285)**	(5,295)

	Notes	2010 RMB'000	2009 RMB'000 (Restated (Note 10))
Discontinued operations			
Profit from discontinued operations (net of income tax)	*10*	**77,498**	44,640
Profit for the year		**77,213**	39,345
Other comprehensive income for the year (after tax)			
Exchange difference on translation of overseas operations		**1,680**	110
Cash flow hedge: net movement in the hedging reserve		**(1,633)**	35,496
Total comprehensive income for the year attributable to equity holders of the Company		**77,260**	74,951
Basic and diluted earnings/(loss) per share (RMB)			
— from continuing and discontinued operations	*13*	**0.13**	0.07
— from continuing operations	*13*	**(0.0005)**	(0.0089)
— from discontinued operations	*13*	**0.13**	0.07

Consolidated statement of financial position

At 31 December 2010

(Expressed in Renminbi Yuan)

	Notes	2010 RMB'000	2009 RMB'000
Non-current assets			
Property, plant and equipment		**1,640**	428,014
Lease prepayments		—	31,346
Intangible assets		**11,954**	—
Goodwill		**19,541**	—
Interests in an associate	*15*	—	18,750
Deferred tax assets		**168**	26,081
		33,303	504,191
Current assets			
Inventories		**3,321**	211,477
Trade and other receivables	*16*	**37,287**	1,085,762
Derivative financial instruments		**6,430**	5,712
Pledged deposits		—	284,494
Time deposits		—	245,780
Cash and cash equivalents		**10,675**	287,268
Assets classified as held for distribution	*11*	**3,223,865**	—
		3,281,578	2,120,493
Current liabilities			
Bank loans		—	1,000,977
Trade and other payables	*17*	**7,968**	986,302
Derivative financial instruments		—	6,387
Income tax payables/(recoverables)	*9(iii)*	**2,850**	(1,284)
Liabilities classified as held for distribution	*11*	**2,517,214**	—
		2,528,032	1,992,382
Net current assets		**753,546**	128,111
Total assets less current liabilities		**786,849**	632,302
Non-current liabilities			
Promissory note		**77,287**	—
		77,287	—
NET ASSETS		**709,562**	632,302
Capital and reserves			
Share capital		**5,962**	5,962
Reserves		**703,600**	626,340
Total equity		**709,562**	632,302

Notes

(Expressed in Renminbi Yuan)

1. Review of annual results

The annual results of operations for the year ended 31 December 2010 have been reviewed by the audit committee of the Company ("Audit Committee"). The figures in respect of the preliminary announcement of the Group's results of operations for the year ended 31 December 2010 have been compared by the Company's auditors, KPMG, Certified Public Accountants, to the amount set out in the Group's audited financial statements for the year and the amounts were found to be in agreement. The work performed by KPMG in this respect was limited and did not constitute an audit, review or other assurance engagement and consequently no assurance has been expressed by the Company's auditors on this announcement.

2. Significant accounting policies

The Company is incorporated in the Cayman Islands as an exempted company with limited liability on 20 April 2006 under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited since 11 January 2007.

On 8 November 2010, the Company's then holding company (Tai-I International (BVI) Limited ("Tai-I BVI")), Affluent Start Holdings Investment Limited ("Affluent Start"), Mr. Hsu Shou-Hsin, Mr. King Pak Fu and the Company entered into a share transfer and the subscription agreement (the "Agreement"), pursuant to which Affluent Start agreed to acquire 195,487,000 shares of the Company from Tai-I BVI, representing approximately 32.79% of the then issued share capital of the Company, and subscribe for 210,000,000 new shares at a cash consideration of HK$0.06 per share of the Company, representing approximately 35.23% of the then issued share capital of the Company and approximately 26.05% of the issued share capital of the Company as enlarged by the subscription of new shares. Completion of the Agreement was subject to the completion of a proposal to restructure the Group (the "Group Restructuring").

Pursuant to the Group Restructuring completed on 23 December 2010, the Company transferred its entire interests in Tai-I Copper (BVI) Limited and United Development International Limited (being the companies through which the Company holds its entire interests in the bare copper wires and magnet wires business) to Tai-I International Bermuda Co., Ltd. ("Tai-I Bermuda"), a wholly-owned subsidiary of the Company which was incorporated in Bermuda on 9 November 2010, and the Company transferred the intercompany balance due to Tai-I Copper (BVI) Limited to Tai-I Bermuda for a consideration of HK$1.00 with the consent of Tai-I Copper (BVI) Limited.

As a result of the completion of the Group Restructuring, (i) the Company's principal activities being software business providing integrated business software solutions in the PRC; and (ii) Tai-I Bermuda and its subsidiaries (the "Tai-I Bermuda Group") continued to carry on the business of manufacture and sale of bare copper wires and magnet wires in the PRC.

Following the completion of the Group Restructuring and the Agreement, the Company proposed to distribute all of its Tai-I Bermuda's shares to the shareholders of the Company on a pro rata basis ("Distribution In Specie"). Completion of Distribution In Specie was subject to an approval by independent shareholders of the Company.

Pursuant to the resolution passed by the independent shareholders in the extraordinary general meeting held on 8 February 2011, the Agreement and Distribution In Specie were approved. On 11 February 2011, the Agreement and Distribution In Specie were completed. As a result, Affluent Start held 405,487,000 shares of the Company and became the holding company of the Company and the shareholders of the Company received the shares of Tai-I Bermuda on the basis of one share of Tai-I Bermuda for one share of the Company held.

Details of the Group Restructuring, the Agreement and Distribution In Specie are set out in a circular of the Company dated 18 January 2011.

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable International Financial Reporting Standards ("IFRSs") promulgated by the International Accounting Standards Board ("IASB"). IFRSs include all applicable individual International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations issued by the IASB. These financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. A summary of the significant accounting policies adopted by the Company and its subsidiaries (together referred to as "the Group") is set out below.

The IASB has issued certain new and revised IFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2010 comprise the Company and its subsidiaries and the Group's interest in an associate.

The measurement basis used in the preparation of the financial statements is the historical cost basis, except for the derivative financial instruments which are stated at their fair value.

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

3. Changes in accounting policies

The IASB has issued two revised IFRSs, a number of amendments to IFRSs and one new Interpretation that are first effective for the current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group's financial statements:

- IFRS 3 (revised 2008), *Business combinations*
- Amendments to IAS 27, *Consolidated and separate financial statements*
- Amendments to IFRS 5, *Non-current assets held for sale and discontinued operations – plan to sell the controlling interest in a subsidiary*
- Amendment to IAS 39, *Financial instruments: Recognition and measurement – eligible hedged items*
- Improvements to IFRSs (2009)
- IFRIC 17, *Distributions of non-cash assets to owners*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

The amendment to IAS 39 has had no material impact on the Group's financial statements as the amendment and the Interpretation's conclusions were consistent with policies already adopted by the Group. The other developments resulted in changes in accounting policy but none of these changes in policy have a material impact on the current or comparative periods, for the following reasons.

- The impact of the majority of the revisions to IFRS 3, IAS 27 and IFRIC 17 have not yet had a material effect on the Group's financial statements as these changes will first be effective as and when the Group enters into a relevant transaction (for example, a business combination, a disposal of a subsidiary or a non-cash distribution) and there is no requirement to restate the amounts recorded in respect of previous such transactions.

- The impact of the amendments to IFRS 3 (in respect of recognition of acquiree's deferred tax assets) and IAS 27 (in respect of allocation of losses to non-controlling interests (previously known as minority interests) in excess of their equity interest) have had no material impact as there is no requirement to restate amounts recorded in previous periods and no such deferred tax assets or losses arose in the current period.

Further details of these changes in accounting policy are as follows:

- As a result of the adoption of IFRS 3 (revised 2008), any business combination acquired on or after 1 January 2010 will be recognised in accordance with the new requirements and detailed guidance contained in IFRS 3 (revised 2008). These include the following changes in accounting policies:

  — Transaction costs that the Group incurs in connection with a business combination, such as finder's fees, legal fees, due diligence fees, and other professional and consulting fees, will be expensed as incurred, whereas previously they were accounted for as part of the cost of the business combination and therefore impacted the amount of goodwill recognised.

— If the Group holds interests in the acquiree immediately prior to obtaining control, these interests will be treated as if disposed of and re-acquired at fair value on the date of obtaining control. Previously, the step-up approach would have been applied, whereby goodwill was computed as if accumulated at each stage of the acquisition.

— Contingent consideration will be measured at fair value at the acquisition date. Subsequent changes in the measurement of that contingent consideration unrelated to facts and circumstances that existed at the acquisition date will be recognised in profit or loss, whereas previously these changes were recognised as an adjustment to the cost of the business combination and therefore impacted the amount of goodwill recognised.

— If the acquiree has accumulated tax losses or other temporary deductible differences and these fail to meet the recognition criteria for deferred tax assets at the date of acquisition, then any subsequent recognition of these assets will be recognised in profit or loss, rather than as an adjustment to goodwill as was previously the policy.

— In addition to the Group's existing policy of measuring the non-controlling interests (previously known as the "minority interests") in the acquiree at the non-controlling interest's proportionate share of the acquiree's net identifiable assets, in future the group may elect, on a transaction by transaction basis, to measure the non-controlling interests at fair value.

In accordance with the transitional provisions in IFRS 3 (revised 2008), these new accounting policies will be applied prospectively to any business combinations in the current or future periods. The new policy in respect of recognition in the movement of deferred tax assets will also be applied prospectively to accumulated tax losses and other temporary deductible differences acquired in previous business combinations. No adjustments have been made to the carrying values of assets and liabilities that arose from business combinations whose acquisition dates preceded the application of this revised standard.

• As a result of the adoption of IAS 27 (amended 2008), the following changes in policies will be applied as from 1 January 2010:

— If the Group acquires an additional interest in a non-wholly owned subsidiary, the transaction will be accounted for as a transaction with equity shareholders (the non-controlling interests) in their capacity as owners and therefore no goodwill will be recognised as a result of such transactions. Similarly, if the Group disposes of part of its interest in a subsidiary but still retains control, this transaction will also be accounted for as a transaction with equity shareholders (the non-controlling interests) in their capacity as owners and therefore no profit or loss will be recognised as a result of such transactions. Previously the group treated such transactions as step-up transactions and partial disposals, respectively.

— If the Group loses control of a subsidiary, the transaction will be accounted for as a disposal of the entire interest in that subsidiary, with any remaining interest retained by the group being recognised at fair value as if reacquired. In addition, as a result of the adoption of the amendment to IFRS 5, if at the end of reporting period the Group has the intention to dispose of a controlling interest in a subsidiary, the entire interest in that subsidiary will be classified as held for sale (assuming that the held for sale criteria in IFRS 5 are met) irrespective of the extent to which the Group will retain an interest. Previously such transactions were treated as partial disposals.

In accordance with the transitional provisions in IAS 27, these new accounting policies will be applied prospectively to transactions in current or future periods and therefore previous periods have not been restated.

- In order to be consistent with the above amendments to IFRS 3 and IAS 27, and as a result of amendments to IAS 28, Investments in associates, and IAS 31, Interests in joint ventures, the following policies will be applied as from 1 January 2010:

  — If the group holds interests in the acquiree immediately prior to obtaining significant influence or joint control, these interests will be treated as if disposed of and reacquired at fair value on the date of obtaining significant influence or joint control. Previously, the step-up approach would have been applied, whereby goodwill was computed as if accumulated at each stage of the acquisition.

  — If the Group loses significant influence or joint control, the transaction will be accounted for as a disposal of the entire interest in that investee, with any remaining interest being recognised at fair value as if reacquired. Previously such transactions were treated as partial disposals.

  Consistent with the transitional provisions in IFRS 3 and IAS 27, these new accounting policies will be applied prospectively to transactions in current or future periods and therefore previous periods have not been restated.

  In addition, as a result of the adoption of amendments to IFRS 5, non-current assets (or disposal group) are classified as held for distributions to owners when they are available for immediate distribution in their present condition and the distribution is highly probable.

4. Segment reporting

The Group manages its business by divisions, which are mainly organised by business lines. In a manner consistent with the way in which information is reported internally to the Board for the purposes of resource allocation and performance assessment, the Group has presented the following three reportable segments. No operating segments have been aggregated to form the following reportable segments.

Continuing operations:

- Software business: Provision of integrated business software solutions in the PRC.

Discontinued operations:

- Bare copper wires: The manufacturing and sale of bare copper wires and provision of processing services of copper wires.

- Magnet wires: The manufacturing and sale of magnet wires.

(a) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Board monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible, intangible assets and current assets with the exception of interest in associate, deferred tax assets and other corporate assets. Segment liabilities include trade creditors, accruals and bills payable attributable to the manufacturing and sales activities of the individual segments and bank borrowings managed directly by the segments.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments, or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

The measure used for reporting segment profit is the "adjusted profit before taxation". To arrive at adjusted profit before taxation, the Group's earnings are adjusted for items not specifically attributed to individual segments, such as share of profits less losses of an associate, directors' and auditors' remuneration and other head office or corporate administration costs. Inter-segment sales are priced with reference to prices charged to external parties for similar orders.

Analysis of the Group's turnover and results as well as analysis of the Group's carrying amount of segment assets and additions to property, plant and equipment by geographical market has not been presented as over 90% of the sales are generated from the PRC market.

Information regarding the Group's reportable segments as provided to the Board for the purpose of resources allocation and assessment of segment performance for the year ended 31 December 2010 is set out below.

	Bare copper wires (Discontinued)		**Magnet wires (Discontinued)**		**Software business**		**Total**	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Revenue from external customers	**5,278,726**	3,191,245	**1,977,353**	1,178,376	**39,522**	—	**7,295,601**	4,369,621
Inter-segment revenue	**1,749,533**	989,092	**—**	—	**—**	—	**1,749,533**	989,092
Reportable segment revenue	**7,028,259**	4,180,337	**1,977,353**	1,178,376	**39,522**	—	**9,045,134**	5,358,713
Reportable segment profit (adjusted profit before taxation)	**25,129**	23,755	**56,060**	23,550	**5,639**	—	**86,828**	47,305
Interest income from bank deposits	**9,327**	7,584	**715**	5,675	**17**	—	**10,059**	13,259
Interest expense	**30,471**	20,910	**26,411**	22,363	**—**	—	**56,882**	43,273
Depreciation and amortisation for the year	**11,032**	11,054	**19,691**	18,881	**2,378**	—	**33,101**	29,935
Reportable segment assets	**2,378,787**	2,068,623	**1,222,487**	932,914	**64,338**	—	**3,665,612**	3,001,537
Additions to non-current segment assets during the year	**1,871**	18,140	**8,675**	1,444	**15,975**	—	**26,521**	19,584
Reportable segment liabilities	**2,334,999**	1,840,456	**836,183**	608,992	**9,745**	—	**3,180,927**	2,449,448

(b) Reconciliations of reportable segment revenues, profit, assets and liabilities

	2010	2009
	RMB'000	*RMB'000*
Revenue		
Reportable segment revenue	**9,045,134**	5,358,713
Elimination of inter-segment revenue	**(1,749,533)**	(989,092)
Discontinued operations	**(7,256,079)**	(4,369,621)
Total	**39,522**	—
Profit/(loss) before taxation		
Reportable segment profit before taxation	**86,828**	47,305
Elimination of inter-segment loss/(profits)	**2,508**	(1,910)
Reportable segment profit derived from the Group's external customers	**89,336**	45,395
Share of profit of associate	**416**	1,206
Unallocated head office and corporate expenses	**(4,980)**	(12,893)
Discontinued operations	**(84,113)**	(39,003)
Total	**659**	(5,295)
Assets		
Reportable segment assets	**3,665,612**	3,001,537
Elimination of inter-segment receivables	**(653,968)**	(457,104)
	3,011,644	2,544,433
Interests in associates	**19,166**	18,750
Deferred tax assets	**20,586**	26,081
Unallocated head office and corporate assets	**263,485**	35,420
Total	**3,314,881**	2,624,684
Liabilities		
Reportable segment liabilities	**3,180,927**	2,449,448
Elimination of inter-segment payables	**(653,968)**	(457,104)
	2,526,959	1,992,344
Unallocated head office and corporate liabilities	**78,360**	38
Total	**2,605,319**	1,992,382

5. **Turnover**

The principal activities of the Group are the provision of integrated business software solutions, manufacturing and sale of bare copper wires and magnet wires and provision of processing services in the PRC.

The amount of each significant category of revenue recognised during the year is as follows:

	2010	2009
	RMB'000	*RMB'000*
Continuing operations		
Software maintenance and other services	**36,694**	—
Sale of software products and others	**2,828**	—
	39,522	—
Discontinued operations		
Sales of bare copper wires	**5,264,132**	3,166,888
Sales of magnet wires	**1,977,354**	1,178,376
Processing services	**14,593**	24,357
	7,256,079	4,369,621

The Group's operations are mostly located in the PRC. During the year, a substantial proportion of the Group's products from discontinued operations were sold to its customers for further processing and eventual export to overseas countries.

6. **Other revenue**

Discontinued operations

	2010	2009
	RMB'000	*RMB'000*
Interest income	**10,865**	13,291
Government grants	**3,233**	4,008
Others	**603**	242
	14,701	17,541

Government grants represent unconditional discretionary grants received from local Chinese government authorities in recognition of the Group's contribution to the development of the local economy during the year.

7. Other net loss

Continuing operations

	2010	2009
	RMB'000	*RMB'000*
Net loss on derivative financial instruments	**(1,101)**	—
Change in fair value of promissory note	**(150)**	—
Net exchange loss	**(120)**	(16)
Others	**17**	—
	(1,354)	(16)

Discontinued operations

	2010	2009
	RMB'000	*RMB'000*
Net exchange gain/(loss)	**29**	(8,250)
Gain on sales of scrap materials	**1,019**	1,730
Loss on disposal of property, plant and equipment	**(349)**	(164)
Net (loss)/gain on derivative financial instruments		
— copper futures contracts	**(10,009)**	589
— foreign exchange forward contracts	**4,127**	3,301
	(5,183)	(2,794)

8. Profit/(loss) before taxation

Profit/(loss) before taxation is arrived at after charging:

(i) Finance costs

Discontinued operations

	2010	2009
	RMB'000	*RMB'000*
Interest expenses	**56,882**	43,273
Letter of credit charges	**6,846**	5,353
	63,728	48,626

(ii) ***Staff costs***

	Continuing operations		Discontinued operations	
	2010	2009	**2010**	2009
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Salaries, wages and other benefits	**2,894**	807	**53,917**	41,082
Contributions to defined contribution retirement schemes	**62**	—	**3,058**	3,078
	2,956	807	**56,975**	44,160

(iii) ***Other items***

Continuing operations

	2010	2009
	RMB'000	*RMB'000*
Cost of inventories	**1,632**	—
Auditors' remuneration — audit services	**1,163**	—
Depreciation	**587**	74
Amortisation of intangible assets	**1,803**	—
Impairment losses for stock	**1,123**	—
Operating lease charges in respect of properties	**1,112**	148

Discontinued operations

	2010	2009
	RMB'000	*RMB'000*
Cost of inventories#	**7,044,272**	4,238,205
Auditors' remuneration — audit services	**3,184**	1,814
Depreciation#	**29,887**	29,099
Amortisation of lease prepayments#	**837**	837
Impairment losses for doubtful debts	**9,447**	—
Operating lease charges in respect of properties	**1,815**	483

Cost of inventories includes RMB73,978,000 for the year ended 31 December 2010 (2009: RMB59,181,000), relating to staff costs, depreciation and amortisation of lease prepayments, which are included in the respective total amounts disclosed separately above and in note 8(ii) for each of these types of expenses.

9. Income tax (expenses)/credit

(i) Income tax credit in the consolidated statement of comprehensive income represents:

	Continuing operations		Discontinued operations	
	2010	2009	**2010**	2009
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Current tax-PRC				
Provision for the year	**(1,112)**	—	**(2,860)**	—
Deferred tax				
Origination and reversal of temporary differences	**168**	—	**(3,755)**	5,637
	(944)	—	**(6,615)**	5,637

Pursuant to the rules and regulations of the Cayman Islands, Bermuda and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands, Bermuda and the British Virgin Islands.

No provision for Hong Kong profits tax has been made for the year as the Group does not have assessable profits subject to Hong Kong Profits Tax during the year.

The provision for PRC income tax is based on the respective corporate income tax rates applicable to the subsidiaries located in the PRC as determined in accordance with the relevant income tax rules and regulations of the PRC.

According to the Corporate Income Tax Law of the PRC and Circular Guoshuifa [2007] No. 39 "Notice on Corporate Income Tax Rate for the Transitional Period", the income tax rates applicable to Tai-I Jiang Corp (Guangzhou) Co., Ltd. ("Tai-I Jiang Corp"), and Tai-I Copper (Guangzhou) Co., Ltd. ("Tai-I Copper") are increasing from 15% to 25% over a five year transitional period, being 20% for 2009, 22% for 2010, 24% for 2011 and 25% from 2012.

Beijing Orient LegendMaker Software Development Co., Ltd. ("Beijing OLM") and Chengdu Orient LegendMaker Information Industry Co., Ltd. ("Chengdu OLM") are entitled to a preferential income tax rate of 15% for 2010 and 2011 as they were awarded high-tech status by the respective tax authorities.

These tax rates were used to calculate the Group's deferred tax assets and liabilities as at 31 December 2010.

(ii) Reconciliation between income tax credit and accounting profit/(loss) at applicable tax rates:

	Continuing operations		Discontinued operations	
	2010	2009	**2010**	2009
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
(Loss)/profit before taxation	**659**	(5,295)	**84,113**	39,003
Notional tax on profit/(loss) before tax, calculated at rate applicable to the Group's profit/(loss) in the tax jurisdiction concerned (Continuing operations: 2010 and 2009: 25%; Discontinued operations: 2010: 22%, 2009: 20%)	**(165)**	1,324	**(18,505)**	(7,801)
Effect of tax on profit/(loss) in holding companies	**(929)**	(1,324)	**560**	1,921
Effect of share of profit of associate	**—**	—	**92**	241
Effect of non-deductible expenses	**(412)**	—	**(1,043)**	(639)
Effect of additional deduction for qualified expenses	**—**	—	**2,502**	—
Effect of change in tax rate	**—**	—	**477**	11,915
Effect of tax concessions	**562**	—	**—**	—
Recognition of previously unrecognised tax losses	**—**	—	**9,302**	—
	(944)	—	**(6,615)**	5,637

(iii) Taxation in the consolidated statement of financial position represents:

	2010		2009
	Continuing operations	**Liabilities held for distribution** ***(note 11)***	
	RMB'000	***RMB'000***	*RMB'000*
At 1 January	**—**	**(1,284)**	(2,757)
Provision for income tax for the year	**1,112**	**2,860**	—
Acquisition of subsidiaries	**1,867**	**—**	—
Amounts (paid)/received	**(129)**	**(7,937)**	1,473
At 31 December	**2,850**	**(6,361)**	(1,284)

10. Discontinued operations

As a result of the completion of Distribution In Specie as set out in note 2, Tai-I Bermuda Group ceased to be subsidiaries of the Company.

Accordingly, Tai-I Bermuda Group is accounted for as discontinued operations and classified as held for distribution to owners as at 31 December 2010. The comparative statement of comprehensive income in these consolidated financial statements has been re-presented to show the discontinued operations separately from continuing operations.

Results of discontinued operations

	Note	**2010** ***RMB'000***	2009 *RMB'000*
Turnover	*5*	**7,256,079**	4,369,621
Cost of sales		**(7,044,272)**	(4,238,205)
Gross profit		**211,807**	131,416
Other revenue	*6*	**14,701**	17,541
Other net loss	*7*	**(5,183)**	(2,794)
Distribution expenses		**(23,724)**	(18,628)
General and administrative expenses		**(42,190)**	(35,404)
Other operating expenses		**(7,986)**	(5,708)
Profit before operations		**147,425**	86,423
Finance costs	*8(i)*	**(63,728)**	(48,626)
Share of profit of associate		**416**	1,206
Profit before taxation		**84,113**	39,003
Income tax (expenses)/credit	*9(i)*	**(6,615)**	5,637
Profit for the year		**77,498**	44,640

	2010 ***RMB'000***	2009 *RMB'000*
Cash flows from/(used in) discontinued operations		
Net cash used in operating activities	**(503,524)**	(155,739)
Net cash from investing activities	**37,056**	70,545
Net cash from financing activities	**397,401**	81,128
Net cash flows for the year	**(69,067)**	(4,066)

11. Assets/(liabilities) held for distribution to owners

As set out in notes 2 and 10 to the consolidated financial statements, the Group is committed to distribute its equity interest in the Tai-I Bermuda Group via the Distribution In Specie following the completion of the Group Restructuring and the Agreement. The net assets and attributable goodwill of the Tai-I Bermuda Group at 31 December 2010 were as follow:

	Note	**2010** *RMB'000*
Assets classified as held for distribution		
Property, plant and equipment		**408,258**
Lease prepayments		**30,509**
Interest in an associate	*15*	**19,166**
Deferred tax assets		**20,418**
Inventories		**242,839**
Trade and other receivables	*16*	**1,498,749**
Derivative financial instruments		**23,233**
Pledged deposits		**550,289**
Time deposits		**218,319**
Cash and cash equivalents		**212,085**
		3,223,865
Liabilities classified as held for distribution		
Bank loans		**(1,541,933)**
Trade and other payables	*17*	**(947,979)**
Derivative financial instruments		**(33,663)**
Income tax recoverable	*9(iii)*	**6,361**
		(2,517,214)

12. Dividends

No dividend has been declared or paid by the Company for the year ended 31 December 2010 (2009: Nil).

13. Basic and diluted earnings/(loss) per share

The calculation of basic and diluted earnings per share for the year ended 31 December 2010 is based on the profit attributable to equity holders of the Company of RMB77,213,000 (2009: RMB39,345,000) and the weighted average of 596,158,000 (2009: 596,246,806) shares in issue during the year, calculated as follows:

(i) Profit attributable to equity shareholders of the Company

	2010	2009
	RMB'000	*RMB'000*
Loss for the year from continuing operations	**(285)**	(5,295)
Profit for the year from discontinued operations	**77,498**	44,640
Profit for the year attributable to equity holders of the Company	**77,213**	39,345

(ii) Weighted average number of shares

	2010	2009
	Number of shares	*Number of shares*
Ordinary shares issued at 1 January	**596,158,000**	596,618,000
Effect of shares repurchased	**—**	(371,194)
Weighted average number of shares at 31 December	**596,158,000**	596,246,806

There were no dilutive potential ordinary shares in issue as at 31 December 2010 (2009: Nil).

14. Acquisition of subsidiaries and goodwill

On 7 June 2010, Winsino Investments Limited ("Winsino"), a wholly owned subsidiary of the Company, Advance Mode Limited and Mr. Lo Kai Bong entered into an agreement, pursuant to which Winsino agreed to acquire the entire issued share capital of Liang Hui Holdings Limited ("Liang Hui") and the shareholder loan of RMB60,000,000 advanced by Advance Mode Limited to Liang Hui (the "Acquisition"). Upon the completion of the Acquisition on 10 September 2010, Liang Hui and its subsidiaries ("Liang Hui Group") have become wholly owned subsidiaries of the Company, which are principally engaged in the provision of integrated business software solutions in the PRC.

Details of the Acquisition are set out in a circular of the Company dated 28 June 2010.

The Acquisition has been accounted for under the purchase method. Liang Hui Group has contributed profit before taxation of approximately RMB5,639,000 to the Group for the period from the acquisition date to 31 December 2010. The Company allocated the purchase price to identifiable assets acquired and liabilities assumed based on their estimated far values. Management determined the fair values of the identifiable assets acquired and liabilities assumed based on valuations performed by an independent appraiser. Goodwill of approximately RMB19,541,000 was recognised in respect of the Acquisition. The following table summarises the aggregate purchase price allocation of the fair value of the identifiable assets acquired and liabilities assumed in respect of the Acquisition at the Acquisition date (10 September 2010):

	Identifiable assets acquired and liabilities assumed
	RMB'000
Property, plant and equipment	1,698
Intangible assets *(i)*	13,757
Inventories	3,870
Trade and other receivables	46,328
Derivative financial instruments *(iii)*	7,531
Cash and cash equivalents	7,771
Trade and other payables	(21,492)
Income tax payables	(1,867)
	57,596
Goodwill	19,541
Satisfied by: Promissory note *(ii)*	77,137
Net inflow of cash and cash equivalents in respect of the Acquisition	7,771

(i) Intangible assets arising from the Acquisition mainly represented 1) the brand name of Orient LegendMaker registered in the PRC recognised as trademarks amounting to approximately RMB2,815,000 with an infinite estimated useful life; 2) customer relationships recognised amounting to approximately RMB7,262,000 with an estimated useful life of 4 years; 3) outstanding customer contracts amounting to RMB3,015,000 to be amortised on a revenue-based method; and 4) firewall patents amounting to approximately RMB665,000 with remaining useful life of 1.5 years.

(ii) The consideration for the Acquisition was satisfied by the issuance of an 18 months promissory note with a principal amount of HK$96,000,000. The amount of the promissory note was initially recorded at its fair value on the Acquisition date.

(iii) Derivative financial instruments arising from the Acquisition represented the fair value of a put option granted by Advance Mode Limited to the Company on the Acquisition date. Upon exercise of the put option, the Company is entitled to transfer to Advance Mode Limited all acquired shares and shareholder loans any time on or before the expiry of 18 months from the Acquisition date, and the promissory note issued shall be returned to the Company for cancellation.

15. Interest in an associate

	2010	2009
	RMB'000	*RMB'000*
Share of net assets	**19,166**	18,750
Goodwill arising on acquisition	**10,370**	10,370
	29,536	29,120
Less: Impairment of goodwill	**(10,370)**	(10,370)
	19,166	18,750
Classification to assets as held for distribution *(note 11)*	**(19,166)**	—
At 31 December	**—**	18,750

The interest in an associate represents investment in the equity interest of JCC-Taiyi Special Electric Material Co., Ltd. ("JCC-Taiyi"), an entity established in the PRC. The principal activities of JCC-Taiyi are the manufacturing and sales of bare copper wires and magnet wires. The Group, through its wholly owned subsidiary, United Development International Limited, held 30% equity interest in JCC-Taiyi as at 31 December 2010.

A summary of financial information based on the audited management accounts of the associate is shown as follows:

2010

	Assets	**Liabilities**	**Revenue**	**Profit after tax**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***
100 percent	**459,715**	**(395,830)**	**630,385**	**1,387**
The Group's effective interest	**137,915**	**(118,749)**	**189,116**	**416**

2009

	Assets	Liabilities	Revenue	Profit after tax
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
100 percent	345,646	(283,147)	325,782	4,020
The Group's effective interest	103,694	(84,944)	97,735	1,206

16. Trade and other receivables

		2010		2009
		Continuing operations	**Assets held for distribution** *(note 11)*	
		RMB'000	***RMB'000***	*RMB'000*
Trade receivables	*(i)*	**17,229**	**682,152**	525,526
Bills receivable	*(i)*	**—**	**360,269**	120,849
		17,229	**1,042,421**	646,375
Deposits and prepayments made to suppliers	*(ii)*	**16,090**	**344,723**	373,488
Other receivables		**3,968**	**60,922**	33,565
Deposits for derivative financial instruments	*(iii)*	**—**	**50,683**	32,334
		37,287	**1,498,749**	1,085,762

All of the trade and other receivables are expected to be recovered within one year.

(i) Included in trade and other receivables are trade receivables and bills receivable with the following ageing analysis as of the balance sheet date:

	2010		2009
	Continuing operations	**Assets held for distribution** *(note 11)*	
Invoice date	***RMB'000***	***RMB'000***	*RMB'000*
Within 1 month	**9,756**	**512,776**	357,559
Over 1 month but less than 3 months	**4,400**	**409,164**	213,799
Over 3 months but less than 1 year	**1,982**	**117,132**	55,316
Over 1 year but less than 2 years	**486**	**814**	23,793
Over 2 years	**605**	**28,101**	33,162
	17,229	**1,067,987**	683,629
Less: Impairment losses for doubtful debts	**—**	**(25,566)**	(37,254)
	17,229	**1,042,421**	646,375

The movement in the allowance for doubtful debts during the year is as follows:

	2010 Assets held for distribution *(note 11)* *RMB'000*	2009 *RMB'000*
At 1 January	**37,254**	37,254
Impairment loss recognised during the year	**12,498**	3,624
Reversed due to recovery during the year	**(3,051)**	(3,624)
Written-off during the year	**(21,135)**	—
At 31 December	**25,566**	37,254

During the year, credit terms granted to customers were different. Customers of bare copper wire were usually required to settle the payment in full prior to delivery or at each month end. For customers of magnet wire and integrated business software solutions, credit terms granted ranged from 30 days to 60 days. The credit terms granted to each customer vary depending on the customers' relationship with the Group, its creditworthiness and settlement record.

(ii) According to the terms of purchase of copper plate entered into with the Group's suppliers, the Group is usually required to place certain deposits and/or make prepayment prior to delivery. Those deposits are generally refundable upon termination of the respective purchase contracts. The prepayments made are to offset with the invoiced amount of the copper plate delivered.

(iii) The Group has placed deposits with futures agents for copper futures contracts and copper option contracts entered into in the normal course of business.

17. Trade and other payables

		2010		2009
		Continuing operations *RMB'000*	**Liabilities held for distribution** *(note 11)* *RMB'000*	*RMB'000*
Trade creditors	*(i)*	**4,670**	**718,032**	542,603
Bills payable	*(ii)*	**—**	**154,610**	400,109
		4,670	**872,642**	942,712
Non-trade payables and accrued expenses		**1,988**	**63,024**	48,715
Other taxes payable/(recoverable)		**1,310**	**12,313**	(5,125)
		7,968	**947,979**	986,302

All of the trade and other payables are expected to be settled within one year.

Included in trade and other payables are trade creditors and bills payable with the following ageing analysis as of the balance sheet date:

	2010		2009
	Continuing operations	**Liabilities held for distribution** *(note 11)*	
	RMB'000	***RMB'000***	*RMB'000*
Due within 3 months or on demand	4,670	812,154	796,643
Due after 3 months but within 6 months	—	59,910	145,225
Due after 6 months but within 1 year	—	38	111
Due after 1 year but within 2 years	—	105	127
Due after 2 years	—	435	606
	4,670	872,642	942,712

(i) Certain letters of credit issued for the settlement of trade creditors were secured by pledged deposits. As at 31 December 2010, outstanding letters of credit included in trade creditors amounted to RMB299,446,000 (2009: RMB676,358,000).

(ii) Certain bills payable outstanding as at 31 December 2010 were secured by the Group's machinery, equipment and tools with carrying amounts of RMB144,320,000 (2009: RMB157,977,000).

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

As a result of the acquisition of Liang Hui Group on 10 September 2010, the Group have the following three reportable segments:

- Software business: Provision of integrated business software solutions in the PRC.

- Bare copper wires: The manufacturing and sale of bare copper wires and provision of processing services of copper wires.

- Magnet wires: The manufacturing and sale of magnet wires.

Following the completion of the Agreement and Distribution In Specie on 11 February 2011, the Group's principal activities being software business providing integrated business software solutions in the PRC as continuing operations ("Software Business"); and (ii) Tai-I Bermuda Group continued to carry on the business of manufacture and sale of bare copper wires and magnet wires in the PRC as discontinued operations ("Copper Wires Business").

Turnover

Software Business

From 11 September 2010 to 31 December 2010, the Group recorded a turnover of RMB39,522,000, of which turnover from software maintenance and other services amounted to RMB36,694,000, and turnover from sale of software products and others amounted to RMB2,828,000.

Copper Wires Business

For the year ended 31 December 2010, the revenue of the Group amounted to approximately RMB7,256,079,000 (2009: RMB4,369,621,000), representing an increase of 66% from last year. The increase in the Group's revenue was due to the sales volume of bare copper wires and magnet wires of the Group rose while that of processing services fell and the turnover of the Group increased by RMB2,886,458,000 as a result of the increase in international average copper prices (LME annual average copper price rose 46% to USD7,534.78 per tonne in 2010 from USD5,149.71 per tonne in 2009).

Sales volume of bare copper wires of the Group amounted to 102,192 tonnes of 2010, increasing by 15,436 tonnes (or a growth rate of 17.8%) as compared with 86,756 tonnes of 2009; sales volume of magnet wires amounted to 35,303 tonnes of 2010, increasing by 8,814 tonnes (or a increase of approximately 33.3%) as compared with 26,489 tonnes of 2009; volume of processing services amounted to 27,385 tonnes of 2010, decreasing by 8,199 tonnes (or a decrease of 23%) as compared with 35,584 tonnes of 2009.

Revenue of bare copper wires for 2010 recorded at RMB5,264,132,000 (2009: RMB3,166,888,000), increasing by RMB2,097,244,000. Revenue of magnet wires for 2010 recorded at RMB1,977,354,000 (2009: RMB1,178,376,000), representing an increase of RMB798,978,000. However, revenue of processing services of bare copper wires recorded at RMB14,593,000 in 2010 (2009: RMB24,357,000), reducing by approximately RMB9,764,000.

Gross profit

Software Business

From 11 September 2010 to 31 December 2010, the Group recorded a gross profit of RMB13,136,000, of which gross profit from maintenance of software and other services amounted to RMB11,940,000, and gross profit from sale of software products and others amounted to RMB1,196,000.

Copper Wires Business

For the year ended 31 December 2010, the Group recorded a gross profit of RMB211,807,000 (2009: RMB131,416,000), increasing by approximately RMB80,391,000. Gross profit of magnet wires increased by RMB50,575,000 compared with that of 2009; gross profit of bare copper wires increased by RMB36,289,000 compared with that of 2009; gross profit of processing services decreased by RMB6,473,000 compared with that of 2009.

Other revenue

For the year ended 31 December 2010, other revenue of the Group which included in the profit from discontinued operations was approximately RMB14,701,000 (2009: RMB17,541,000). Other revenue mainly represented interest incomes of RMB10,865,000 for the year ended 31 December 2010 (2009: RMB13,291,000), the decrease in interest incomes was mainly due to the decrease in the weighted average balances of time deposits and pledged deposits; and government grants of RMB3,233,000 for the year ended 31 December 2010 (2009: RMB4,008,000).

Other net loss

Other net loss of the Group was approximately RMB6,537,000 (of which, approximately RMB5,183,000 was included in the profit from discontinued operations) for the year ended 31 December 2010 (2009: RMB2,810,000), which was mainly attributable to net loss on foreign exchange of RMB91,000 (net loss on exchange for 2009: RMB8,266,000), net loss on derivative financial instruments — copper futures contracts of approximately RMB10,009,000 (net gain for 2009: RMB589,000), net gain on derivative financial instruments — foreign exchange forward contracts of approximately RMB4,127,000 (net gain for 2009: approximately RMB3,301,000), net loss on derivative financial instruments — put option of approximately RMB1,101,000 (2009: Nil), net loss on change of fair value of the promissory note of approximately RMB150,000 (2009: Nil) and other income such as the sale of scrap copper of RMB1,019,000 (2009: RMB1,730,000).

Finance costs

Finance costs of the Group which included in the profit from discontinued operations for the year ended 31 December 2010 was approximately RMB63,728,000 (2009: RMB48,626,000), representing an increase of approximately RMB15,102,000. The increase in finance costs was mainly due to interest expenses of approximately RMB56,882,000 (2009: RMB43,273,000) which represented an increase of approximately RMB13,609,000. The finance costs of the Group were mainly arising from letters of credit for copper purchase from the international market and short term financing facilities for copper purchase within China. The finance costs of the Group was increased as compared with that of 2009 due to: (1) the financing amount of 2010 was higher than that of 2009 because international copper prices were higher than those in 2009; and (2) the average interest rate of 2010 was also higher than that of 2009. Besides, the issuance fees of letters of credit was recorded at approximately RMB6,846,000 (2009: RMB5,353,000), representing an increase of approximately RMB1,493,000.

Profit for the year

The Group recorded a profit of approximately RMB77,213,000 for the year ended 31 December 2010 versus a profit of RMB39,345,000 in 2009.

Final Dividend

The Board did not recommend a final dividend for the year ended 31 December 2010 (2009: Nil).

Return on Shareholder's Equity

For the year ended 31 December 2010, the Group achieved a profit for the year of RMB77,213,000 (2009: a profit of RMB39,345,000) and a return on shareholders' equity of 10.88% (2009: 6.61%), shareholders' return on shareholders' equity increased by 4.27 basic point from last year.

Liquidity and Financial Resources

The Group's working capital is funded by the cash generated by internal operating activities or short term bank borrowings. As at 31 December 2010, the Group maintained cash and cash equivalent amounted to RMB222,760,000 (2009: RMB287,268,000). The short term bank borrowing as at 31 December 2010 amounted to RMB1,541,933,000 (2009: RMB1,000,977,000). As at 31 December 2010, the Group current ratio was 129.81% (31 December 2009: 106.43%), and the Group's net gearing ratio (balance of total borrowings less cash and cash equivalent, time deposits and pledged deposits divided by total assets and multiplied by 100%) was 16.61% (2009: 6.99%).

Pledged deposits placed for the issuance of letters of credit and commercial bills in relation to the purchases of copper cathodes amounted to RMB550,289,000 as at 31 December 2010 (2009: RMB284,494,000), increased by 93%. During 2010, pledged deposits were required by the banks for the issuance of letters of credit and commercial bills.

Foreign Exchange

The Group's revenue is mainly denominated in US dollar, Hong Kong dollar and Renminbi while it pays US dollar and Renminbi for raw materials purchase. For the year ended 31 December 2010, 58.17%, 2.67% and 39.16% of the Group's revenue were denominated in US dollar, Hong Kong dollar and Renminbi, while 60.51% and 39.49% of its payments were denominated in US dollar and Renminbi. For the year ended 31 December 2010, the Group has a net foreign exchange loss of RMB91,000 (2009: a loss of RMB8,266,000).

Pledge of Assets

In order to obtain bank loans for working capital, letters of credit and commercial bills would be transformed into short-term credit loan subsequently. The carrying amount of the Group's assets pledged is as follows:

	As at 31 December		
Assets	**2010**	2009	**Purpose**
	RMB'000	*RMB'000*	
Buildings	**83,911**	86,485	Bank loans
Land use rights	**30,509**	31,346	Bank loans
Bank deposits	**550,289**	284,494	Letters of credit and commercial bills
Machinery, equipment and tools	**144,320**	157,977	Letters of credit and commercial bills
Total	**809,029**	560,302	

Use of Proceeds

The proceeds from the issuance of new shares by the Company in January 2007, net of listing expenses, were approximately HKD220,762,000. As at 31 December 2010, the net proceeds were utilized in the following manner:

	Per prospectus	**Amount utilised**	**Balance as at 31 December 2010**
	HKD'000	*HKD'000*	*HKD'000*
Expansion of production capacity of the Group, of which:			
— Upgrading of existing production facilities	18,544	18,544	—
— Acquisition of new production facilities or related business	136,142	66,394	69,748
Repayment of short-term borrowings	44,000	44,000	—
General working capital	22,076	22,076	—
Total	220,762	151,014	69,748

The unutilized balance was placed in short-term deposits and time deposits with banks and financial institutions.

Capital Structure

Prior to the decision to make the Distribution In Specie, the Group adopts a prudent treasury policy, and its net debt-to-adjusted capital ratio (calculated as bank loans less pledged deposits and cash and cash equivalent plus unaccrued proposed dividend then divided by adjusted capital) as at 31 December 2010 was 108.36% (2009: 67.88%). The current ratio (calculated as current assets divided by current liabilities) as at 31 December 2010 was 129.81% (2009: 106.43%). The Group continued to monitor stringent debt collection policy so as to minimise the risks of sales on credit and to ensure that funds are timely collected. Following the decision to make the Distribution In Specie, the Group's capital significantly reduced and the objectives, policies and processes for capital management is currently being reviewed by the management.

Capital Expenditure

The Group's capital expenditures were mainly for the acquisition of properties, plant and equipment. The following table shows the Group's capital expenditures for the year ended 31 December 2010 and 2009:

	For the year ended 31 December	
	2010	2009
	RMB'000	*RMB'000*
Building	**10**	—
Machinery, equipment and tools	**5,700**	1,450
Dies and moulds	**2,114**	1,020
Motor vehicles and other fixed assets	**853**	403
Construction in progress	**2,389**	16,711
	11,066	19,584

Commitments

(i) Capital commitments

The Group has no significant capital commitments as at 31 December 2010.

(ii) Lease commitments

At 31 December 2010, the total future minimum lease payments under non-cancellable operating leases in respect of properties are payable as follows:

	2010	2009
	RMB'000	*RMB'000*
Less than one year	**1,419**	9
Between one and two years	**826**	9
Between two and three years	**187**	2
	2,432	20

The Group leased a number of properties under operating lease during the year. None of the leases includes contingent rentals.

Contingent Liabilities

As at 31 December 2010, there was no significant contingent liability (2009: Nil).

Business Review

Software Business

The Group recorded a turnover of RMB39,522,000 for the period from 11 September 2010 to 31 December 2010 due to the continuing growing business in the provision of upgrade and maintenance services for Oracle's database products distributed in the PRC. The Group also provides customized development of applications as a value-added service to customers, and sells self-developed firewall and other software products.

Copper Wires Business

The increase of sales volume of bare copper wires and magnet wires of the Group in 2010 was affected by the growth of China's domestic demand due to the effect of the active economic incentive schemes put forward by the Chinese government and the higher copper price. The sales volume of bare copper wires of the Group rose by 15,436 tonnes to 102,192 tonnes of 2010 from 86,756 tonnes of 2009, representing an increase of 17.8% over 2009; the sales volume of magnet wires rose by 8,814 tonnes to 35,303 tonnes of 2010 from 26,489 tonnes of 2009, representing an increase of 33.3% over 2009.

For the year ended 31 December 2010, the turnover of the Group amounted to RMB7,256,079,000 (2009: RMB4,369,621,000), an increase of 66% as compared with the last year. The increase in the Group's revenue was due to the sales volume of bare copper wires and magnet wires increased 21.4% as compared with 2009 and the higher international copper price. For example, the LME annual average copper price in 2010 was US$7,534.78 per tonne as compared to US$5,149.71 per tonne in 2009, representing an increase of 46%.

The commissioned processing service of bare copper wires of the Group affected by increase of copper processing cost, customers turning to lower processing cost of copper rods. The sales volume of processing services for the year ended 31 December 2010 was 27,385 tonnes, a decrease of 8,199 tonnes as compared with the last corresponding period, the revenue of processing services also decreased to RMB14,593,000 for the year ended 31 December 2010 from RMB24,357,000 of 2009.

Outlook

Following the completion of Distribution in Specie on 11 February 2011, we will focus on our Software Business, the Group is a renowned professional data life service providers in the PRC. We have a large client base in the PRC who use Oracle's databases and an experienced technical team which can provide prompt and effective services.

As demand in the information technology industry in the PRC continues to grow rapidly, the Group will continue to adhere to the concept of data life services development and focus on the development of software maintenance and value-added services in the next two to three years, and explore other markets with huge demand for data management such as health, education, energy and manufacture industries. At the same time, by using on the "cloud" technologies and tools and acquiring IDC "data center", they will establish a large-scale cloud computing data center base for the self-development and acquire industry-based cloud applications, with the aim to better provide high-efficiency data life services to the users.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 December 2010, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listing Issuers (the "Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, the Company confirmed that all Directors have complied with the required standard set out in the Model Code during the year ended 31 December 2010.

CORPORATE GOVERNANCE PRACTICE

The Company is committed to maintain good corporate governance standard and procedures to ensure the integrity, transparency and quality of disclosure in order to enhance the shareholders' value. The Board emphases on maintaining a quality Board with balance of skill set of directors, better transparency and effective accountability system in order to enhance shareholders' value.

The Company has adopted the code provisions set out in the Code on Corporate Governance Practices ("CG Code") as set out in Appendix 14 to the Listing Rules as its own code of corporate governance practices.

In the opinion of the Directors, the Company was in compliance with the code provisions set out in the CG Code during the year ended 31 December 2010.

AUDIT COMMITTEE

The Company established the Audit Committee on 18 December 2006 with written terms of reference in compliance with the CG Code. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control system of the Group. The Audit Committee currently comprises three independent non-executive Directors of the Company, Mr. Lam Ting Lok (as chairman), Ms. Hu Gin Ing and Mr. Zhang Xiaoman.

The Audit Committee has reviewed the audited financial statements of the Group for the year ended 31 December 2010.

By Order of the Board
Tai-I International Holdings Limited
King Pak Fu
Chairman

Hong Kong, 30 March 2011

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. King Pak Fu (Chairman), Mr. Tsang To and Mr. Lo Kai Bong, and three independent non-executive Directors, namely Mr. Lam Ting Lok, Ms. Hu Gin Ing and Mr. Zhang Xiaoman.