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)

UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2007

UNAUDITED INTERIM RESULTS

The board of directors (the "Directors") of Tai-I International Holdings Limited (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2007 together with comparative figures for the corresponding period in 2006. These interim condensed financial statements have not been audited but have been reviewed by the Company's Audit Committee.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2007

		For the six months ended 30 June	
		2007	2006
	Note	***RMB'000***	*RMB'000*
		(Unaudited)	(Audited)
Turnover	*3*	**3,109,313**	3,048,949
Cost of sales		**(2,988,076)**	(2,930,600)
Gross profit		**121,237**	118,349
Other revenue		**15,185**	4,392
Other net income	*4*	**20,487**	10,880
Distribution expenses		**(11,261)**	(8,621)
General and administrative expenses		**(20,266)**	(10,574)
Other operating expenses		**(4,477)**	(2,499)
Profit from operations		**120,905**	111,927
Finance cost	*5(i)*	**(50,609)**	(30,504)
Profit before taxation	*5*	**70,296**	81,423
Income tax expenses	*6*	**(3,268)**	(4,024)
Profit for the period		**67,028**	77,399
Attributable to:			
– Equity holders of the Company		**67,028**	38,915
– Minority interests		**–**	38,484
Profit for the period		**67,028**	77,399
Basic and diluted earnings per share (RMB)	*8*	**0.11**	0.09

CONDENSED CONSOLIDATED BALANCE SHEET
As at 30 June 2007

	Note	As at 30 June 2007 RMB'000 (Unaudited)	As at 31 December 2006 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment		**472,579**	480,693
Lease prepayments		**33,439**	33,858
		506,018	514,551
Current assets			
Inventories		**214,062**	326,045
Trade and other receivables and derivative financial instruments	9	**1,476,922**	1,474,691
Pledged deposits		**799,318**	1,127,218
Time deposits		**38,078**	–
Cash and cash equivalents		**216,644**	182,399
		2,745,024	3,110,353
Current liabilities			
Bank loans		**1,626,128**	1,790,727
Trade and other payables	10	**833,460**	1,288,076
Derivative financial instruments		**–**	1,202
Income tax payable		**1,254**	1,343
		2,460,842	3,081,348
Net current assets		**284,182**	29,005
Total assets less current liabilities		**790,200**	543,556
Non-current liabilities			
Bank loans		**–**	40,000
Net assets		**790,200**	503,556
Capital and reserves			
Share capital		**6,000**	–
Reserves		**784,200**	503,556
Total equity – attributable to equity holders of the Company		**790,200**	503,556
Minority interests		**–**	–
Total equity		**790,200**	503,556

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS:

1. Basis of preparation of the financial statements

The interim condensed financial statements have been prepared in accordance with the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and International Accounting Standards ("IAS") No.34 "Interim Financial Reporting" issued by International Accounting Standards Board ("IASB").

2. Significant accounting policies

The measurement basis used in the preparation of the interim condensed financial statements is the historical cost basis, except for the derivative financial instruments which are stated at their fair value. The accounting policies used in the interim condensed financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2006.

The Group has not early applied the following new or amended International Financial Reporting Standards (IFRSs) and interpretations of IFRSs that have been issued but are not yet effective for the periods ended 30 June 2007.

	Effective for accounting periods beginning on or after
IFRIC 12, Service concession arrangements	1 January 2008
IFRS 8, Operating segments	1 January 2009

The Group is in the process of making an assessment of what the impact of these amendments, new standards and new interpretation is expected to be in the period of initial application. So far the Group believes that the adoption of IFRIC 12 is not applicable to any of the Group's operation and that the adoption of IFRS 8 is unlikely to have a significant impact on the Group's results of operation and financial position. The directors of the Company assess that the application of new or amended interpretation effective during the period ended 30 June 2007 will have no significant impact on the results and financial position of the Group.

3. Turnover

The principal activities of the Group are the manufacturing and sale of bare copper wires and magnet wires and provision of processing services.

The amount of each significant category of revenue recognized during the period is as follows:

	For the six months ended 30 June	
	2007	2006
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Sales of bare copper wires	**1,969,653**	2,286,544
Sales of magnet wires	**1,132,359**	758,385
Processing services	**7,301**	4,020
	3,109,313	3,048,949

The Group's operations are mostly located in the PRC. For the six months ended 30 June 2007, a substantial proportion of the Group's products were sold to its customers for further processing, which were eventually exported to overseas countries.

4. Other net income

	For the six months ended 30 June	
	2007	2006
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Exchange gain	**17,084**	2,865
Gain on sales of scrap materials	**3,370**	1,123
Gain/(Loss) on disposal of property, plant and equipment	**33**	(138)
Net gain on derivative financial instruments	**–**	7,030
	20,487	10,880

5. Profit before taxation

Profit before taxation is arrived at after charging:

	For the six months ended 30 June	
	2007	2006
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
(i) Finance cost		
Interest expense	**46,682**	23,885
Letter of credit charges	**3,927**	5,847
Interest paid and payable to related parties	**–**	772
Total borrowing costs	**50,609**	30,504

	For the six months ended 30 June	
	2007	2006
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
(ii) Staff cost		
Salaries, wages and other benefits	**20,693**	16,150
Contributions to defined contribution retirement schemes	**1,660**	1,367
	22,353	17,517

	For the six months ended 30 June	
	2007	2006
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
(iii) Other items		
Cost of inventories#	**2,988,076**	2,999,286
Depreciation#	**15,567**	15,192
Amortization of lease prepayments#	**419**	419
Operating leases charges in respect of properties	**847**	474

Cost of inventories includes approximately RMB 32,810,000 for the six months ended 30 June 2007 (for the six months ended 30 June 2006: approximately RMB29,272,000), relating to staff costs, depreciation and amortization of lease prepayments, which amount is also included in the respective total amounts disclosed separately above and in note 5(ii) for each of these types of expenses.

6. Income tax expense

Income tax expense represents:

	For the six months ended 30 June	
	2007	2006
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Current tax – PRC		
Provision for the period	**3,268**	4,024

No provision has been made for Hong Kong Profits Tax as the Group does not earn income subject to Hong Kong Profits Tax during the period.

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

Pursuant to the approvals obtained from the relevant PRC tax authorities, being production oriented enterprises established in an Economic and Technological Zone, Tai-I Jiang Corp and Tai-I Copper are entitled to a preferential income tax rate of 15% and are entitled to a tax concession period in which they are fully exempted from PRC income tax for two years commencing from its first profit-making year, followed by a 50% reduction in PRC income tax for the next three years.

The first profit-making year of Tai-I Jiang Corp is 2005 and Tai-I Jiang Corp is exempted from PRC tax for the period from 1 January 2005 to 31 December 2006. Tai-I Jiang Corp is entitled to a 50% income tax reduction for the next three years and hence subject to PRC income tax at 7.5% for the period from 1 January 2007 to 31 December 2009.

The first profit-making year of Tai-I Copper is 2004 and Tai-I Copper is exempted from PRC tax for the period from 1 January 2004 to 31 December 2005. Tai-I Copper is entitled to a 50% income tax reduction for the next three years and hence subject to PRC income tax at 7.5% for the period from 1 January 2006 to 31 December 2008.

7. Dividends

No dividends were declared by the Company during the six months ended 30 June 2007 (for the six months ended 30 June 2006: Nil).

8. Basic and diluted earnings per share

The calculation of basic and diluted earnings per share for the six months ended 30 June 2007 is based on the profit attributable to the equity shareholders of the Company of approximately RMB67,028,000 (for the six months ended 30 June 2006: approximately RMB38,915,000) and the weighted average number of 591,712,707 (for the six months ended 30 June 2006: 450,000,000) shares.

There were no dilutive potential ordinary shares in issue as at 30 June 2007 (as at 30 June 2006: Nil).

9. Trade and other receivables and derivative financial instruments

	30 June 2007	31 December 2006
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade receivables	**879,135**	935,073
Bills receivable	**185,523**	237,937
	1,064,658	1,173,010
Deposits and prepayments made to suppliers	**220,108**	195,487
Other receivables	**54,047**	54,167
Deposits for derivative financial instruments	**128,479**	52,027
Unrealized profit of derivative financial instruments	**9,630**	–
	1,476,922	1,474,691

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

Included in trade and other receivables are trade receivables and bills receivable (net of impairment loss for bad and doubtful debts) with the following ageing analysis as of the balance sheet date:

	30 June 2007	31 December 2006
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 1 month	**463,207**	695,798
Over 1 month but less than 2 months	**258,361**	196,854
Over 2 months but less than 3 months	**184,320**	146,392
Over 3 months but less than 6 months	**126,225**	122,681
Over 6 months but less than 12 months	**21,982**	7,019
Over 1 year but less than 2 years	**10,431**	4,263
Over 2 years	**132**	3
	1,064,658	1,173,010

During the six months ended 30 June 2007, credit terms granted to customers of bare copper wire were different from those granted to customers of magnet wire. 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, 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.

10. Trade and other payables

	Note	30 June 2007 RMB'000 (Unaudited)	31 December 2006 RMB'000 (Audited)
Trade creditors	*(i)*	**674,270**	1,031,913
Bills payable	*(ii)*	**124,195**	178,778
		798,465	1,210,691
Non-trade payables and accrued expenses		**27,026**	70,280
Other taxes payable		**7,969**	7,105
		833,460	1,288,076

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 payables with the following aging analysis as of the balance sheet date:

	30 June 2007 RMB'000 (Unaudited)	31 December 2006 RMB'000 (Audited)
Due within 3 months or on demand	**623,500**	1,030,816
Due after 3 months but within 6 months	**167,753**	179,792
Due after 6 months but within 1 year	**2,507**	–
Due after 1 year but within 2 years	**4,617**	11
Over 2 years	**88**	–
	798,465	1,210,619

(i) Certain letters of credit issued for the settlement of trade creditors were secured by pledged deposits. As at 30 June 2007, outstanding letters of credit included in trade creditors amounted to approximately RMB585,689,000 (as at 31 December 2006: approximately RMB961,316,000).

(ii) As at 30 June 2007, certain bills payable outstanding were secured by the Group's machinery, equipment and tools with carrying amounts of RMB190,899,000 (as at 31 December 2006: approximately RMB197,831,000).

MANAGEMENT DISCUSSION AND ANALYSIS

Interim Dividend

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2007. (for the six months ended 30 June 2006: Nil)

Financial Review

Turnover of the Group for the six months ended 30 June 2007 amounted to approximately RMB3,109,313,000 as compared to approximately RMB3,048,949,000 for the corresponding period in 2006, representing a slight increase of approximately 1.98%. Approximately 63.35% and 36.42% of the Group's turnover were attributable to bare copper wire and magnet wire, respectively.

Gross profit remained stable and increased by approximately 2.44% for the six months ended 30 June 2007 as compared to the corresponding period in 2006.

Upon completion of the reorganization on 16 August 2006, the Company owned the entire interests in Tai-I Copper (BVI) Limited, Tai-I Jiang Corp (Guangzhou) Co., Ltd. and Tai-I Copper (Guangzhou) Co., Ltd. ("Tai-I Copper"). Since that date, no portion of the Group's results and net assets were required to be allocated to the minority shareholders. Accordingly, profit attributable to equity holders of the Company increased to approximately RMB67,028,000 for the six months ended 30 June 2007.

Business Review

Significant growth in sales volume of magnet wire

Due to increasing demand for magnet wire in the first half of 2007 in the PRC, the Group's sales of magnet wire grew significantly by approximately 49.31% as compared to the corresponding period in 2006. Our sales volume of magnet wire increased from approximately 14,889 tonnes for the six months ended 30 June 2006 to approximately 18,848 tonnes for the six months ended 30 June 2007, representing an increase of approximately 26.59% as compared to the corresponding period in 2006.

Expansion into magnet wire market in Eastern China

Enabling us to capture the potential continued growth of demand for copper wire products in the PRC, Tai-I Copper, an indirect wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with an independent third party to acquire a 30% equity interest in JCC-Taiyi Special Electric Materials Co., Ltd. ("JCC-Taiyi") as announced by the Company on 8 June 2007.

JCC-Taiyi is principally engaged in the production and sales of magnet wire in the PRC. Upon completion of this acquisition, the shareholders of JCC-Taiyi will include Tai-I Copper, an indirect wholly-owned subsidiary of the Company, Jiangxi Copper Corporation having an equity interest of 51% and Huayi Electrical Appliance General Co. having the remaining 19% equity interest. Details of this acquisition were set out in the circular of the Company dated 18 June 2007. The Directors expect that this acquisition can provide a good opportunity to invest in businesses that can complement with our current business. It also helps to enlarge the Group's network of potential customers in copper wire and magnet wire industry and create synergy on our manufacturing activities and is expected to bring long-term benefits to the Group.

Prospects

In order to strengthen our market position in the copper wire industry and to capture future growth in market share of this industry, the Directors has the following future plans:

Continue to develop energy-saving products, optimize products mix and enhance profitability

As energy supply is tight around the world and the prices of energy persistently achieve record high, there is a necessity to have energy-saving device in electrical domestic appliances and related consumer products such as air conditioners and white products. In the future, magnet wire must possess the characteristics of surge-resistance and high frequency-resistance. The Group has successfully developed magnet wires with similar characteristics and obtained patents. The Group will continue to develop the energy-saving products to meet the market demand.

The Group will also continue to increase its sales of magnet wires, in particular those with high-added value features. Such products include heat-resisting magnet wires (temperature of above 180°C), Freon-resisting magnet wires used in motors and compressors for air conditioners and fridges, tiny magnet wires used for relay and micro motors, surge-resisting magnet wires and high-frequency-resisting magnet wires. Currently, most of the special magnet wires are imported overseas. This will result in the increase of our earnings and profitability.

Continue to take advantage in vertical integration and expand into downstream products in the industry.

Over the years, the Group was proved to benefit from its vertically integrated business structure, which allows us to secure a stable supply of the requisite high quality bare copper wire for magnet wire production. The proximity of our two production plants also allows the Group to save transportation and storage expenses. The Group is well positioned to produce high quality copper wire products.

The PRC government has promulgated macro economic policies such as "Eleventh Five-Year Plan" (from 2006 to 2010). The Directors believes that such policies could stimulate construction of electric power grid in urban and rural areas, resulting in increase in demand for power cables. The Group has the competitive edge to produce a wide range of electric and power cable with specific characteristics and energy saving device for power plants to transmit electricity to end user.

Strengthen the Group's research and development capabilities and enhance customers' loyalty

The continuous improvement in the Group's research and development capabilities helps to improve its product quality and increase its production capacity . The production capacity of magnet wire increased from approximately 45,000 tonnes per annum in 2006 to approximately 50,000 tonnes per annum in 2007.

Magnet wire is an important raw material for production of electronic products. Its characteristics influence the quality of electronic products directly. The Group has maintained stable relationships with renowned customers. The Group's research and development team cooperates with customers' production team in the development of new products that meet the customers' needs. Such cooperation enhances customers' loyalty and helps to increase the demand for the Group's products.

Save as disclosed above, there have been no material changes in respect of the matters set out in paragraph 46(3) of Appendix 16 to the Listing Rules since the publication of the annual report of the Company for the year ended 31 December 2006.

Liquidity and Financial Resources

The Group generally satisfied its working capital requirements with cash generated from its operations and short-term borrowings. As at 30 June 2007, the Group had cash and cash equivalent of approximately RMB216,644,000 (31 December 2006: approximately RMB182,399,000) and total bank borrowings of approximately RMB1,626,128,000 (31 December 2006: approximately RMB1,790,727,000), all of which are repayable within one year. As at 30 June 2007, the Group's current ratio (computed as current assets divided by current liabilities) was approximately 111.55% (31 December 2006: approximately 100.94%) and its net gearing ratio (computed as bank loans less pledged deposits, time deposits and cash divided by total assets) was approximately 17.60% (31 December 2006: approximately 14.38%).

Employees and Remuneration Policies

As at 30 June 2007, the Group employed 1,417 employees (as at 31 December 2006: 1,250 employees). Employees' salaries are determined at a competitive level. The remuneration package of the employees is determined by reference to their respective positions, duties and responsibilities in the Group. Such package includes basic salaries, discretionary bonus and share options. The Group also provides retirement, medical, employment injury, unemployment and maternity benefits which are governed by the state-managed social welfare scheme operated by the local government of the PRC.

The executive Directors' remuneration package is determined by the Board from time to time by reference to their duties and responsibilities with the Group and the market rate. The remuneration package of the executive Directors includes basic salaries, discretionary bonus and share options. The Remuneration Committee is authorized by the Board to make their proposals relating to the remuneration of executive Directors.

Commitments

(a) Capital commitments outstanding at 30 June 2007 not provided for in the interim condensed financial statements were as follows:

	30 June2007 ***RMB'000*** **(Unaudited)**	31 December 2006 *RMB'000* (Audited)
Contracted for	**4,764**	–
Authorized but not contracted for	**–**	–
	4,764	–

(b) At 30 June 2007, the total future minimum lease payments under non-cancellable operating leases in respect of property are payables as follows:

	30 June 2007	31 December 2006
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Less than one year	**2,423**	1,310
Between one and two years	**871**	–
	3,294	1,310

For the six months ended 30 June 2007 the Group leased a number of properties under operating lease. None of the lease includes contingent rentals.

Contingent liabilities

At 30 June 2007, the Group had no significant contingent liabilities. (as at 31 December 2006:Nil)

Pledged deposits

Pledged deposits can be analyzed as follows:

	30 June 2007	31 December 2006
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Cash at bank and on hand	**398,923**	1,015,158
Time deposits with banks	**400,395**	112,060
	799,318	1,127,218

Pledged deposits earn interest at a floating rate ranging from 0.72% to 2.52% per annum of RMB deposits and from 5.79% to 5.89% per annum of USD deposits. The interest rate of the USD time deposits is 5.97% per annum.

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 30 June 2007, the net proceeds were utilized in the following manner:

	Per prospectus *HKD'000*	**Amount utilized** *HKD'000*	**Balance as at 30 June 2007** *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 businesses	136,142	6,518	129,624
Repayment of short-term borrowings	44,000	44,000	–
General working capital	22,076	22,076	–
Total	220,762	72,594	148,168

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

Foreign Exchange Exposure

The Group receives US dollars, Hong Kong dollars and Reminbi for the goods sold and pays US dollars and Reminbi for raw materials purchased. For the six months ended 30 June 2007, approximately 45.77%, 14.80% and 39.43% of the Group's turnover were denominated in US dollars, Hong Kong dollars and Renminbi, respectively, whereas approximately 87.48% and 12.52% of the Group's purchases were denominated in US dollars and Renminbi, respectively. As a result of appreciation in Renminbi, the Group recorded an exchange gain of approximately RMB17,084,000 for the six months ended 30 June 2007 (for the six months ended 30 June 2006: approximately RMB2,865,000), representing an increase of approximately 4.96 times as compared to the same period in last year.

Purchase, Sale or Redemption of Listed Securities

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the period.

Compliance with Model Code for Securities Transactions by Directors

The Company has adopted a code of conduct regarding securities transactions by directors as set out in Appendix 10 of the Listing Rules (the "Mode Code"). Having made specific enquiry of all Directors, all Directors confirmed that they have complied with the required standard set out in the Model Code during the six months ended 30 June 2007.

Audit Committee

The Audit Committee of the Company consists 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 unaudited interim results for the six months ended 30 June 2007 have been reviewed by the Audit Committee but not by the external auditors of the Company.

Compliance with the Code on Corporate Governance Practices

The Company has complied with the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2007.

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

Hong Kong, 31 August 2007