



Huang Cheng-Roang *Chairman*

I hereby present on behalf of the board (the “Board”) of directors (the “Directors”) to the shareholders the first annual report of Tai-I International Holdings Limited (the “Company”) and its subsidiaries (together referred to as the “Group”) for the year ended 31 December 2006.

Successful Listing

The Company was incorporated in the Cayman Islands on 20 April 2006 and its shares were successfully listed on the main board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 11 January 2007. 150,000,000 new shares were successfully issued at an offer price of HK\$1.66 per share, the gross proceeds raised being HK\$249,000,000 for the expansion of production capacity, repayment of short-term bank loans, and as general working capital.

Financial Performance

For the year ended 31 December 2006, the Group recorded a revenue of approximately RMB7,077.91 million with profit for the year attributable to equity holders of the Company of approximately RMB79.48 million.

Final Dividend

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2006 (2005: Nil).

Business Review

2006 was a memorable year. After a whole year's hard work, listing of the Company's shares on the main board of the Stock Exchange was successfully completed in January 2007. In terms of operations, the Group achieved better than expected growth in revenue and net profit in 2006. Revenue grew by approximately 77.85% as compared with the same period last year, while gross profit increased by approximately 55.42%. Profit for the year also grew significantly by approximately 79.07% over last year. The major products of the Group are bare copper wire and magnet wire. Our current market share of bare copper wire and magnet wire in the Pearl River Delta region is 40% and 18% respectively, which made us the largest manufacturer of such products in Southern China. With the help of our economy of scale, the Group maintained good and stable business relationship with

Chairman's Statement

upstream and downstream suppliers and customers, which is the most important driving force for the Group to maintain its competitiveness in the industry.

Prospects and Appreciation

Looking forward to the future, the Group has embarked on, and will go on with, the plans laid down at the time of listing to raise its capacity utilisation rate, increase sales and adjust the proportion of high value added products, and ensure the competitiveness of its products. We will also further solidify our leading position in the sector and capture business opportunities. Leveraging on our edge in vertical integration, we will continue in optimising our product mix and develop sales channels in order to capitalise on the expected rapid growth of business and sales in the coming year. To sum up, the Group is committed to improving its revenue and growth of earnings to cope with competition in the market and to bring a spectacular return to the shareholders.

Last but not least, I would like to take this opportunity to thank the Company's shareholders, the Group's customers and suppliers for their continual support for and trust in the Group. I would also like to thank all the management and the whole staff for their efforts and contributions to the Group over the last year.

The Group will continue to follow a prudent but enterprising strategy, and be ready to capture any opportunity to further expand its businesses, so as to bring the best return to the shareholders.

By order of the Board

Huang Cheng-Roang

Chairman

Hong Kong, 18 April 2007