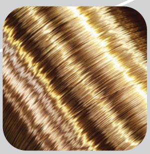
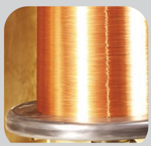
TAI-I INTERNATIONAL HOLDINGS LIMITED

台 一 國 際 控 股 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1808)




2008

INTERIM REPORT

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BOARD OF DIRECTORS

Executive Directors
Huang Cheng-Roang *(Chairman)*
Lin Chi-Ta *(Chief Executive Officer)*
Huang Kuo-Feng
Du Chi-Ting

Independent non-executive Directors
Tsay Yang-Tzong
Cheng Yang-Yi
Kang Jung-Pao
Atsushi Kanayama
Yan Minghe

COMPANY SECRETARY

Chan Yuen Ying, Stella *ACIS, ACS, HKIoD*

QUALIFIED ACCOUNTANT

Choi Kai Ming, Raymond *ICAEQ, HKICPA*

AUTHORISED REPRESENTATIVES

Lin Chi-Ta
Chan Yuen Ying, Stella

COMPLIANCE ADVISER

Polaris Capital (Asia) Limited

AUDIT COMMITTEE

Tsay Yang-Tzong *(Chairman)*
Cheng Yang-Yi
Kang Jung-Pao
Atsushi Kanayama
Yan Minghe

REMUNERATION COMMITTEE

Lin Chi-Ta *(Chairman)*
Cheng Yang-Yi
Tsay Yang-Tzong
Atsushi Kanayama
Kang Jung-Pao
Yan Minghe

NOMINATION COMMITTEE

Lin Chi-Ta *(Chairman)*
Kang Jung-Pao
Atsushi Kanayama
Tsay Yang-Tzong
Cheng Yang-Yi
Yan Minghe

AUDITOR

KPMG

REGISTERED OFFICE

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PRINCIPAL PLACE OF BUSINESS IN THE PRC

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Guangdong Province
The PRC

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Butterfield Fund Services (Cayman) Limited
Butterfield House
68 Fort Street
P.O. Box 705
George Town
Grand Cayman
Cayman Islands
British West Indies

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

PRINCIPAL BANKERS

Shenzhen Development Bank Co., Ltd., Guangzhou Branch, Yuexiu Sub-branch

Industrial and Commercial Bank of China, Huangpu Sub-branch

STOCK CODE

1808

COMPANY WEBSITE ADDRESS

www.tai-i-int.com

The board (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 2008 together with comparative figures for the corresponding period in 2007. The unaudited interim financial report has not been audited but has been reviewed by the Company's Audit Committee.

CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2008

(Expressed in Renminbi Yuan)

		Six months ended 30 June	
		2008	2007
	Notes	**RMB'000**	RMB'000
		(Unaudited)	(Unaudited)
Turnover	*3*	**3,636,970**	3,109,313
Cost of sales	*5(iii)*	**(3,572,154)**	(2,988,076)
Gross profit		**64,816**	121,237
Other revenue		**14,027**	15,185
Other net income	*4*	**41,128**	20,487
Distribution expenses		**(10,632)**	(11,261)
General and administrative expenses		**(17,052)**	(20,266)
Other operating expenses		**(2,752)**	(4,477)
Profit from operations		**89,535**	120,905
Finance costs	*5(i)*	**(49,116)**	(50,609)
Share of gain of associate	*11*	**36**	-
Profit before taxation	*5*	**40,455**	70,296
Income tax expenses	*6*	**(7,709)**	(3,268)
Profit attributable to equity holders of the Company		**32,746**	67,028
Basic and diluted earnings per share (RMB)	*8*	**0.06**	0.11

The notes on pages 9 to 32 form part of this unaudited interim financial report.

CONSOLIDATED BALANCE SHEET

At 30 June 2008

(Expressed in Renminbi Yuan)

	Notes	At 30 June 2008 RMB'000 (Unaudited)	At 31 December 2007 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment	*9*	**451,535**	464,875
Lease prepayments	*10*	**32,602**	33,020
Interest in associate	*11*	**38,815**	38,779
		522,952	536,674
Current assets			
Inventories	*12*	**352,296**	345,551
Trade and other receivables	*13*	**1,355,177**	1,338,989
Derivative financial instruments	*14*	**66,132**	87,803
Pledged deposits	*15*	**1,259,406**	875,178
Time deposits	*16*	**77,930**	209,907
Cash and cash equivalents	*16*	**169,161**	340,295
		3,280,102	3,197,723
Current liabilities			
Bank loans	*17*	**1,352,198**	1,395,899
Trade and other payables	*18*	**1,581,465**	1,457,997
Derivative financial instruments	*14*	**21,676**	38,844
Income tax payable		**8,448**	1,714
		2,963,787	2,894,454

CONSOLIDATED BALANCE SHEET (CONTINUED)

At 30 June 2008

(Expressed in Renminbi Yuan)

	Notes	At 30 June 2008 RMB'000 (Unaudited)	At 31 December 2007 RMB'000 (Audited)
Net current assets		**316,315**	303,269
Total assets less current liabilities		**839,267**	839,943
Non-current liabilities			
Deferred tax liabilities	*19*	**4,795**	6,598
		4,795	6,598
Net assets		**834,472**	833,345
Share capital and reserves			
Share capital	*20*	**6,000**	6,000
Reserves	*20*	**828,472**	827,345
Total equity		**834,472**	833,345

Approved and authorised for issue by the board of directors on 28 August 2008.

On behalf of Board of Directors

LIN, Chi-Ta
Director

HUANG, Cheng-Roang
Director

The notes on pages 9 to 32 form part of these interim condensed financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2008

(Expressed in Renminbi Yuan)

	Notes	Six months ended 30 June 2008 RMB'000 (Unaudited)	2007 RMB'000 (Unaudited)
Total equity at 1 January		**833,345**	503,556
Net income recognised directly in equity:			
Foreign currency translation differences for foreign operations	*20(b)*	**719**	(1,146)
Net profit for the period		**32,746**	67,028
Total recognised income and expense for the period attributable to equity holders of the Company		**33,465**	65,882
Dividends declared and approved during the period		**(32,338)**	–
Movements in equity arising from capital transactions:			
Shares issued under placing and public offer		**–**	1,500
Net share premium received		**–**	219,262
		–	220,762
Total equity at 30 June		**834,472**	790,200

The notes on pages 9 to 32 form part of this unaudited interim financial report.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2008

(Expressed in Renminbi Yuan)

		Six months ended 30 June	
		2008	2007
	Notes	**RMB'000**	RMB'000
		(Unaudited)	(Unaudited)
Cash generated from operating activities		**209,202**	379,000
PRC income tax paid		**(2,778)**	(3,357)
Net cash generated from operating activities		**206,424**	375,643
Net cash generated from/(used in) investing activities		**134,770**	(35,121)
Net cash used in financing activities		**(510,428)**	(305,131)
Effect of foreign exchange rate changes on cash		**(1,900)**	(1,146)
Net (decrease)/increase in cash and cash equivalents		**(171,134)**	34,245
Cash and cash equivalents at 1 January	*16*	**340,295**	182,399
Cash and cash equivalents at 30 June	*16*	**169,161**	216,644

The notes on pages 9 to 32 form part of this unaudited interim financial report.

Tai-I International Holding Limited ("the Company") was incorporated in the Cayman Islands on 20 April 2006 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.

The unaudited interim financial report of the Company as at and for the six months ended 30 June 2008 comprise the Group and the Group's interest in an associate.

1. BASIC OF PREPARATION

This interim financial report has been prepared in accordance with the applicable disclosure provision of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard ("IAS") 34, "Interim financial reporting" promulgated by the International Accounting Standards Board.

Except as described below, the accounting policies adopted for the interim financial report are consistent with those of the 2007 annual financial statements.

The following new standards, amendments to standards or interpretations are mandatory for the first time for the financial year beginning 1 January 2008 but are not currently relevant for the Group.

- IFRIC 12, Service concession arrangements

- IFRIC 14, IAS 19-The limit on a defined benefit asset, minimum funding requirements and their interaction

The preparation of an interim financial report in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

1. BASIC OF PREPARATION (CONTINUED)

This interim financial report contains consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2007 annual financial statements. The consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with International Financial Reporting Standards ("IFRSs").

The financial information relating to the financial year ended 31 December 2007 that is included in the interim financial report as being previously reported information does not constitute the Company's statutory financial statements for that financial year but is derived from the 2007 annual financial statements. The 2007 annual financial statements are available from the Company's registered office. The auditors have expressed an unqualified opinion on the 2007 annual financial statements dated 11 April 2008.

2. SEGMENT REPORTING

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

The Group's operation is regarded as a single segment, being an enterprise engaged in the manufacturing and sale of bare copper wires and magnet wires and providing processing services. In addition, 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 market of the People's Republic of China (the "PRC").

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 recognised during the period is as follows:

	Six months ended 30 June	
	2008	2007
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Sales of bare copper wires	**2,430,141**	1,969,653
Sales of magnet wires	**1,198,222**	1,132,359
Processing services	**8,607**	7,301
	3,636,970	3,109,313

The Group's operations are mostly located in the PRC. For the six months ended 30 June 2008, 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

	Six months ended 30 June	
	2008	2007
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Net exchange gain	**40,599**	17,084
Gain on sales of scrap materials	**604**	3,370
(Loss)/gain on disposal of property, plant and equipment	**(41)**	33
Net gain/(loss) on derivative financial instruments		
– Copper futures contracts	**(7,864)**	–
– Foreign exchange forward contracts	**7,352**	–
Others	**478**	–
	41,128	20,487

5. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	Six months ended 30 June	
	2008	2007
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
(i) Finance cost		
Interest expenses	**44,555**	46,682
Letter of credit charges	**4,561**	3,927
Total borrowing costs	**49,116**	50,609

	Six months ended 30 June	
	2008	2007
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
(ii) Staff cost		
Salaries, wages and other benefits	**21,321**	20,693
Contributions to defined contribution retirement schemes	**1,575**	1,660
	22,896	22,353

	Six months ended 30 June	
	2008	2007
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
(iii) Other items		
Cost of inventories	**3,572,154**	2,988,076
Depreciation	**14,882**	15,567
Amortisation of lease prepayments	**418**	419
Impairment losses for doubtful debts	**–**	–
Operating leases charges in respect of properties	**1,229**	847

6. INCOME TAX EXPENSE

Income tax expense represents:

	Six months ended 30 June	
	2008	2007
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current tax – PRC		
Provision for the period	**9,512**	3,268
Deferred tax		
Origination and reversal of temporary differences	**(1,803)**	–
	7,709	3,268

No provision has been made for Hong Kong Profits Tax as the Group did 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 (Guangzhou) Co., Ltd. ("Tai-I Jiang Corp") and Tai-I Copper (Guangzhou) Co., Ltd. ("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 their first profit-making year (after the offset of tax losses brought forward), followed by a 50% reduction in PRC income tax for the next three years.

6. INCOME TAX EXPENSE (CONTINUED)

On 16 March 2007, the Fifth Plenary Session of the Tenth National People's Congress passed the Corporate Income Tax Law of the PRC ("the new tax law") which takes effect on 1 January 2008. The new tax law adopts a uniform tax rate of 25% for all enterprises including foreign investment enterprises. According to the new tax law and Circular Guofa [2007] No. 39 "Notice on Corporate Income Tax Rate for the Transitional Period", the income tax rate applicable to Tai-I Jiang Corp and Tai-I Copper will increase from 15% to 25% over a five year transitional period, being 18% for 2008, 20% for 2009, 22% for 2010, 24% for 2011 and 25% from 2012.

The first profit-making year of Tai-I Jiang Corp is 2005 and Tai-I Jiang Corp is exempted from PRC income tax for the years 2005 and 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%, 9% and 10% for the years 2007, 2008 and 2009 respectively.

The first profit-making year of Tai-I Copper is 2004 and Tai-I Copper is exempted from PRC income tax for the years 2004 and 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%, 7.5% and 9% for the years 2006, 2007 and 2008 respectively.

The new tax rate was considered to determine the Group's deferred tax assets and liabilities as at 30 June 2008.

7. DIVIDENDS

Dividends attributable to the previous financial year, approved and paid during the period:

	Six months ended 30 June	
	2008	2007
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Final dividend in respect of the financial year ended 31 December 2007, approved and paid during the interim period, of HK6 cents per ordinary share	**32,338**	–

8. BASIC AND DILUTED EARNINGS PER SHARE

The calculation of basic and diluted earnings per share for the six months ended 30 June 2008 is based on the profit attributable to equity holders of the Company of RMB32,746,000 (six months ended 30 June 2007: RMB67,028,000) and the weighted average of 600,000,000 (six months ended 30 June 2007: 591,712,707) shares in issue during the period.

9. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000 (unaudited)	Machinery, equipment and tools RMB'000 (unaudited)	Dies and moulds RMB'000 (unaudited)	Motor vehicles and other fixed assets RMB'000 (unaudited)	Total RMB'000 (unaudited)
Cost:					
Balance at 31 December 2007	186,608	444,346	6,945	15,617	653,516
Additions	13	325	1,041	204	1,583
Disposals	–	(363)	(2,065)	(51)	(2,479)
At 30 June 2008	186,621	444,308	5,921	15,770	652,620
Accumulated depreciation:					
Balance at 31 December 2007	(32,136)	(143,508)	(3,749)	(9,248)	(188,641)
Depreciation in the period	(2,106)	(10,245)	(1,657)	(874)	(14,882)
Written back in the period	–	327	2,065	46	2,438
At 30 June 2008	(34,242)	(153,426)	(3,341)	(10,076)	(201,085)
Net book value:					
At 30 June 2008	152,379	290,882	2,580	5,694	451,535
At 31 December 2007	154,472	300,838	3,196	6,369	464,875

(i) All of the Group's buildings are located in the PRC.

(ii) As at 30 June 2008, buildings with book value of approximately RMB 95,596,000 (31 December 2007: RMB 91,621,000) were pledged to banks for certain banking facilities and bank loans.

(iii) As at 30 June 2008, machinery, equipment and tools with book value of approximately RMB 177,046,000 (31 December 2007: RMB 183,978,000), were pledged to banks for letters of credit and commercial bills issued which were subsequently converted to short-term trust receipt loans.

10. LEASE PREPAYMENTS

	2008 RMB'000 (Unaudited)	2007 RMB'000 (Audited)
At 1 January	**33,020**	33,858
Less: Amortisation	**(418)**	(838)
At 30 June/31 December	**32,602**	33,020

As at 30 June 2008, land use rights with a carrying amount of approximately RMB 32,602,000 (31 December 2007: RMB 33,020,000) were pledged to a bank for certain banking facilities and bank loans.

11. INTEREST IN ASSOCIATE

	30 June 2008 RMB'000 (Unaudited)	31 December 2007 RMB'000 (Audited)
Share of net assets	**28,445**	28,409
Goodwill arising on acquisition	**10,370**	10,370
	38,815	38,779

Interest in 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, Tai-I Copper (Guangzhou) Co., Ltd., held 30% equity interest in JCC-Taiyi as at 30 June 2008.

12. INVENTORIES

Inventories comprise:

	30 June 2008 RMB'000 (Unaudited)	31 December 2007 RMB'000 (Audited)
Raw material	**142,170**	181,313
Work in progress	**37,956**	27,677
Finished goods	**165,668**	130,560
Low value consumables	**6,502**	6,001
	352,296	345,551

As at 30 June 2008, inventories with a carrying amount of RMB 159,505,000 (31 December 2007: Nil) were pledged to a bank for certain banking facilities and bank loans.

13. TRADE AND OTHER RECEIVABLES

		30 June 2008 RMB'000 (Unaudited)	31 December 2007 RMB'000 (Audited)
Trade receivables		**749,388**	859,838
Bills receivable		**236,995**	247,915
	(i)	**986,383**	1,107,753
Deposits and prepayments made to suppliers		**266,208**	136,983
Other receivables		**86,872**	65,376
Deposits for derivative financial instruments		**15,714**	28,877
		1,355,177	1,338,989

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

13. TRADE AND OTHER RECEIVABLES (CONTINUED)

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

	30 June 2008 RMB'000 (Unaudited)	31 December 2007 RMB'000 (Audited)
Within 1 month	**583,860**	712,977
Over 1 month but less than 3 months	**287,347**	270,997
Over 3 months but less than 1 year	**101,618**	117,217
Over 1 year but less than 2 years	**20,645**	17,643
Over 2 years	**7,398**	3,404
	1,000,868	1,122,238
Less: Impairment losses for doubtful debts	**(14,485)**	(14,485)
	986,383	1,107,753

During the period, 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.

14. DERIVATIVE FINANCIAL INSTRUMENTS

	30 June 2008 (Unaudited)		31 December 2007 (Audited)	
	Assets	**Liabilities**	Assets	Liabilities
	RMB'000	**RMB'000**	RMB'000	RMB'000
Copper futures contracts	**2,229**	**–**	–	(361)
Foreign exchange forward contracts	**63,903**	**(21,676)**	87,803	(38,483)
	66,132	**(21,676)**	87,803	(38,844)

Copper futures contracts

The Group uses copper futures contracts to hedge its exposure against copper price fluctuations. For copper futures contracts that meet the requirements for hedge accounting, the Group's policy is to designate the related derivative as a fair value hedge. The notional contract value and the related terms are summarised as follows:

	30 June 2008 RMB'000 (Unaudited)	31 December 2007 RMB'000 (Audited)
Sales contracts		
Volume (tonne)	**250**	1,525
Notional contract value	**15,294**	87,986
Market value	**15,786**	88,872
Fair value	**(492)**	(886)
Purchase contracts		
Volume (tonne)	**1,495**	1,590
Notional contract value	**91,573**	91,113
Market value	**94,294**	91,638
Fair value	**2,721**	525
Contract maturity date	**August 2008**	February, March and April 2008

14. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

The market value of futures contracts is based on quoted market price at the balance sheet date. The net unrealised holding gains on the futures contracts remeasured at fair value were RMB 2,229,000 as at 30 June 2008 (31 December 2007: RMB (361,000)), and the changes in the fair value were recognised in the consolidated income statement.

Foreign exchange forward contracts

The Group uses foreign exchange forward contracts to hedge its exposure against foreign exchange fluctuations. For foreign exchange forward contracts that meet the requirements for hedge accounting, the Group's policy is to designate the related derivative as a fair value hedge or cash flow hedge. The notional contract value and the related terms are summarised as follows:

At 30 June 2008 (unaudited)

	Weighted average exchange rate	Notional amount US$'000	Fair value RMB'000
Buy RMB/Sell US$			
Less than 3 months	6.8126	137,000	30,478
3 to 6 months	6.7427	151,000	34,749
6 months to 1 year	6.6203	267,000	(1,324)
			63,903
Sell RMB/Buy US$			
Less than 3 months	6.8405	84,000	(12,739)
3 to 6 months	6.7571	82,000	(11,694)
6 months to 1 year	6.6323	22,000	2,757
			(21,676)

14. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

At 31 December 2007 (Audited)

	Weighted average exchange rate	Notional amount US$'000	Fair value RMB'000
Buy RMB/Sell US$			
Less than 3 months	7.4100	76,690	16,083
3 to 6 months	7.3938	111,000	32,780
6 months to 1 year	7.2052	143,000	38,940
			87,803
Sell RMB/Buy US$			
Less than 3 months	7.3140	84,600	(6,482)
3 to 6 months	7.2851	93,000	(16,143)
6 months to 1 year	7.0778	95,000	(15,858)
			(38,483)

The above derivatives are measured at fair value based on the valuation provided by banks at the balance sheet date. The changes in the fair value were recognised in the consolidated income statement.

15. PLEDGED DEPOSITS

	30 June 2008 RMB'000 (Unaudited)	31 December 2007 RMB'000 (Audited)
Pledged deposits		
– Guarantee deposits for issuance of commercial bills and letters of credit	**1,228,871**	875,178
– Pledged as securities for bank loans	**30,535**	–
	1,259,406	875,178

16. CASH AND CASH EQUIVALENTS

An analysis of the balance of cash and cash equivalents is set out below:

	30 June 2008 RMB'000 (Unaudited)	31 December 2007 RMB'000 (Audited)
Cash on hand	**102**	102
Deposits on demand	**169,059**	340,193
Time deposits	**77,930**	209,907
	247,091	550,202
Less: Time deposits with original maturity more than 3 months	**77,930**	209,907
Cash and cash equivalents in the consolidated cash flow statement	**169,161**	340,295

17. BANK LOANS

		30 June 2008 RMB'000 (Unaudited)	31 December 2007 RMB'000 (Audited)
Current			
Bank loans and borrowings			
– Secured	*(i)*	**985,504**	876,712
– Unsecured		**178,000**	329,608
– Bank advances under discounted bills		**188,694**	189,579
		1,352,198	1,395,899

The loans from banks as at 30 June 2008, on which interest was payable at fixed rates that ranged from 4.2% to 8.96% per annum (31 December 2007: 5.47% to 10.13%) were repayable within one year.

(i) Current secured bank loans as at 30 June 2008 were secured by the Group's buildings with a carrying amount of RMB 95,596,000 (31 December 2007: RMB 91,621,000), land use rights with carrying amounts of RMB 32,602,000 (31 December 2007: RMB 33,020,000) and certain inventories with carrying amounts of RMB 159,505,000 (31 December 2007: Nil).

Certain letters of credit and commercial bills issued and subsequently converted to short-term trust receipt loans as at 30 June 2008 were secured by the Group's pledged deposits and certain machinery, equipment and tools with carrying amounts of RMB 177,046,000 (31 December 2007: RMB183,978,000).

18. TRADE AND OTHER PAYABLES

		30 June 2008 RMB'000 (Unaudited)	31 December 2007 RMB'000 (Audited)
Trade creditors	*(i)*	**1,123,935**	1,068,409
Bills payable	*(ii)*	**378,703**	310,966
		1,502,638	**1,379,375**
Non-trade payables and accrued expenses		69,922	**73,521**
Other taxes payable		8,905	**5,101**
		1,581,465	**1,457,997**

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 ageing analysis as of the balance sheet date:

	30 June 2008 RMB'000 (Unaudited)	31 December 2007 RMB'000 (Audited)
Due within 3 months or on demand	**1,197,916**	1,220,886
Due after 3 months but within 6 months	**304,015**	158,139
Due after 6 months but within 1 year	**59**	184
Due after 1 year but within 2 years	**648**	166
	1,502,638	1,379,375

(i) Certain letters of credit issued for the settlement of trade creditors were secured by pledge deposits.

(ii) As at 30 June 2008, certain bills payable outstanding were secured by the Group's machinery, equipment and tools with carrying amounts of RMB177,046,000 (31 December 2007: RMB183,978,000).

19. DEFERRED TAX

The components of deferred tax liabilities recognised in the consolidated balance sheet and the movements during the period are shown as follows:

	Unrealised gain on derivative financial instruments	Impairment losses for doubtful debts	Total
	RMB'000	RMB'000	RMB'000
At 1 January 2008	(7,902)	1,304	(6,598)
Credited/(charged) to profit or loss	1,803	–	1,803
At 30 June 2008	(6,099)	1,304	(4,795)

(a) Deferred tax liabilities not recognised

At 30 June 2008, temporary differences relating to the undistributed profits of the PRC subsidiaries amounted to RMB 32,746,000. Deferred tax liabilities of RMB 3,274,600 have not been recognised in respect of the tax that would be payable on the distribution of these retained profits as the Company controls the dividend policy of these subsidiaries and it has been determined that it is probable that profits will not be distributed in the foreseeable future.

20. SHARE CAPITAL AND RESERVES

(a) Share capital

	At 30 June 2008 and 31 December 2007	
	Number of shares	Amount HK$
Authorised:		
Ordinary shares of HK$0.01 each	1,000,000,000	10,000,000

	Number of shares	Amount RMB'0000
Ordinary shares, issued and fully paid:		
600,000,000 shares of HK$0.01 each	600,000,000	6,000,000

20. SHARE CAPITAL AND RESERVES (CONTINUED)

(b) Reserves

	Attributable to equity holders of the Company					
	Share premium	Merger reserve	PRC statutory reserve	Exchange reserve	Retained earnings	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2007	–	418,938	18,701	–	65,917	503,556
Issuance of new shares	247,500	–	–	–	–	247,500
Capitalisation issue	(4,500)	–	–	–	–	(4,500)
Share issuing cost	(28,238)	–	–	–	–	(28,238)
Profit for the period	–	–	–	–	67,028	67,028
Exchange differences on translation of financial statements of companies outside the PRC	–	–	–	(1,146)	–	(1,146)
At 30 June 2007	214,762	418,938	18,701	(1,146)	132,945	784,200
At 1 January 2008	214,762	418,938	26,259	(2,478)	169,864	827,345
Dividend paid	–	–	–	–	(32,338)	(32,338)
Profit for the period	–	–	–	–	32,746	32,746
Exchange differences on translation of financial statements of companies outside the PRC	–	–	–	719	–	719
At 30 June 2008	214,762	418,938	26,259	(1,761)	170,272	828,472

21. COMMITMENTS

(a) Capital commitments outstanding at 30 June 2008 not provided for in the consolidated interim financial report are as follows:

	30 June 2008 RMB'000 (Unaudited)	31 December 2007 RMB'000 (Audited)
Contracted, but not provided:		
Acquisition of plant, machinery and equipments	**14,332**	–

(b) At 30 June 2008, the total future minimum lease payments under non-cancellable operating leases in respect of property are payables as follows:

	30 June 2008 RMB'000 (Unaudited)	31 December 2007 RMB'000 (Audited)
Less than one year	**1,205**	1,490
Between one and two years	**15**	47
Between two and three years	**9**	23
	1,229	1,560

For the six months ended 30 June 2008 the Group leased a number of properties under operating lease. None of the leases includes contingent rentals.

22. RELATED PARTY TRANSACTIONS

(a) Remuneration to key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including directors and supervisors of the Group. The key management personnel compensations are as follows:

	Six months ended 30 June	
	2008	2007
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Short-term employee benefits	**794**	1,354

(b) Contributions to defined contribution retirement plans

The Group participates in defined contribution retirement plan organised by municipal government for its employees. As at 30 June 2008, there was no material outstanding contribution to post-employment benefit plans.

(Expressed in Renminbi Yuan)

23. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE ANNUAL ACCOUNTING PERIOD ENDING 31 DECEMBER 2008

Up to the date of issue of this interim financial report, the IASB has issued a number of amendments, new standards and interpretations which are not yet effective for the accounting period ending 31 December 2008. Of these developments, the following relate to matters that may be relevant to the Group's operations and financial statements:

	Effective for accounting periods beginning on or after
IFRIC 13, Customer loyalty programmes	1 July 2008
IFRIC 16, Hedges of a net investment in a foreign operation	1 October 2008
IFRS 8, Operating segments	1 January 2009
IAS 23 (Revised), Borrowing costs	1 January 2009
IAS 1 (Revised), Presentation of financial statements	1 January 2009
Amendment to IFRS 2, Share-based payment vesting conditions and cancellations	1 January 2009

(Expressed in Renminbi Yuan)

23. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE ANNUAL ACCOUNTING PERIOD ENDING 31 DECEMBER 2008 (CONTINUED)

	Effective for accounting periods beginning on or after
Amendments to IAS 32, Financial instruments: Presentation and IAS 1, Presentation of financial statements-Puttable financial instruments and obligations arising on liquidation	1 January 2009
Amendments to IFRS 1, First-time adoption of International Financial Standards, and IAS 27, Consolidated and separate financial statements-Cost of an investment in a subsidiary, jointly-controlled entity or associate	1 January 2009
Improvements to IFRSs	1 January 2009 or 1 July 2009
IFRIC 15, Agreements for the construction of real estate	1 January 2009
Revised IFRS 3, Business combinations	Applied to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009
Amendments to IAS 27, Consolidated and separate financial statements	1 July 2009
Amendments to IAS 39, Financial instruments: Recognition and measurement – Eligible Hedged items	1 July 2009

23. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE ANNUAL ACCOUNTING PERIOD ENDING 31 DECEMBER 2008 (CONTINUED)

The above amendments, new standards and interpretations were not applied in this interim financial report because the directors expect the Group will not early apply them when preparing the Group's annual financial statements for the year ending 31 December 2008.

The Group is in the process of making an assessment of the impact of these amendments, new standards and new interpretations in the period of initial application. As the process of evaluating the impact has not yet completed, the Group is therefore unable to disclose the impact that adopting the above amendments, new standards and interpretations.

BUSINESS REVIEW

Sales of bare copper wire and magnet wire both recorded growth

During the first half of this year, the Group's sales revenue grew 16.97% as compared to the first half of 2007. The sales volume of bare copper wire in the first half of 2008 were 42,610 tonnes (first half of 2007: 36,517 tonnes), an increase of 16.69% as compared to the corresponding period last year. The sales volume of magnet wire in the first half of 2008 were 19,193 tonnes (first half of 2007: 18,848 tonnes), an increase of 1.83% as compared to the corresponding period last year.

However, as the Group was affected by global inflation and the continuous appreciation of Renminbi during the period, these influences were directly reflected in profitability. Gross profit margin demonstrated downward trend as compared to last period. The Group wishes that the exchange rate of Renminbi will remain steady in the second half of the year. In this stance, together with the efficiencies to be derived from adjustment in customer pricing, may recover gross profit margin to the original level.

Obtained certification on ISO/TS16949 Quality Control System for Automobile Series

Tai-I Copper, a subsidiary of the Company, obtained certification on ISO/TS16949 Quality Control System for Automobile Series during the period. As such, the Group's magnet wire products are eligible to tap into international automobile motor magnet wire market. The Group will actively seek representative customers of quality in that industry, so as to increase the sale volume to a significant extent.

Ongoing efforts devoted to R&D for innovation and cost reduction

The Group continuously developed high added value products as scheduled. Tai-I Copper obtained substantial progresses in the research and development of high frequency resistant coated magnet wire that has high added value. This product is mainly used in frequency changing motors and frequency changing compressors, which has an extensive prospect in the market.

Ongoing efforts devoted to R&D for innovation and cost reduction (Continued)

Following the energy saving and consumption reduction upgrade implemented by Tai-I Copper and Tai-I Jiang Corp in 2007, which saved approximately thirteen million units of electricity for the year, both companies continued to implement further measures in energy saving and consumption reduction during the first half of 2008. Average electricity consumption in units per month in the first half of 2008 fell by 11.90% as compared with the annual average electricity consumption in units in 2007. Electricity consumption costs were effectively saved.

Passed assessment by PRC government and enhanced reputation in the society

Quality supervisory authorities assessed products as branded products that are free from inspection.

The Group's magnet wire products were assessed by quality supervisory authorities as branded products that are free from inspection. The reputation in the quality of the products was enhanced, as the products are free from quality inspection by quality supervisory authorities in the market.

Grade A Enterprise in Tax Paying Creditworthiness

Tai-I Jiang Corp, a subsidiary of the Company, was accredited by Guangzhou as a Grade A Enterprise in Tax Paying Creditworthiness for the year 2006-2007 in 2008. According to the related administrative measures in the assessment of tax paying creditworthiness, it is entitled to relevant preferential treatment granted by competent taxation authorities in 2008 and 2009. The creditworthiness of Tai-I Jiang Corp among government authorities was further enhanced.

Prospects

In order to maintain the sustainable development in the Group, the following future plans will continue to be implemented:

Continue to implement plans for the development of environmental friendly products and high added value products

The Group will continue to implement plans for the development of environmental friendly products and high added value products, so as to increase sales of products and enhance profitability. The high frequency resistant coated magnet wire as researched and developed by the Group enjoys better competitiveness in the market. Faced with the advocacy by the PRC government on the policies regarding energy saving and emission reduction in the society as large, improvement in efficiency and effectiveness, and environmental friendly production, the Group will continue to research and develop new products that will adapt to the requirements of the society. In the meantime, more efforts will be devoted to improve quality in production so as to enhance the Group's competitiveness.

Capabilities Expansion Plans

Tai-I Jiang Corp will complete its production capabilities expansion and technology upgrade by the end of the year. It is expected that the production capabilities of bare copper wire will increase approximately 33.00% after completion of the upgrade whilst the annual output will increase approximately 50,000 tonnes to achieve 200,000 tonnes.

Energy Saving and Cost Reduction Plans

Tai-I Copper and Tai-I Jiang Corp, the subsidiaries of the Company, have formulated a series of plans in structures and targets for energy saving and consumption reduction within both companies. In order to implement energy saving and consumption reduction to further extent, it is planned to enter into cooperation for a number of projects with professional energy institutes in the PRC. It is expected that Tai-I Copper will accomplish the target on saving approximately two million units of electricity during 2008 through upgrade of relevant production processes and techniques. In the meantime, Tai-I Jiang Corp will pursue to achieve energy saving and cost reduction through SCR-related system and Drawing System.

Customer cooperation plans

Following the certification on ISO/TS16949 Quality Control System for Automobile Series, and the substantial progresses in the research and development of high frequency resistant coated magnet wire received, the Group will actively seek representative customers from the international market for the two products above. Customer loyalty will be enhanced through means of close cooperation. This will lay a good foundation for the production to enter the international market.

Enhance efficiency and effectiveness in internal management

Faced with the current stringent external business environment, the directors plan to enhance efficiency and effectiveness in internal management as a response. On the one hand, upgrade in the production process flow technique will be conducted so as to reduce cost and energy consumption. On the other hand, human resources enhancement scheme, such as training and education will be implemented at the same time. By leveraging on sophisticated technologies and management skills, the Group's competitiveness as a whole will be enhanced.

FINANCIAL REVIEW

Turnover

For the six months ended 30 June 2008, the turnover of the Group amounted to RMB3,636,970,000 (six months ended 30 June 2007: RMB3,109,313,000), an increase of 16.97% as compared with the last corresponding period. The revenue from magnet wires increased by RMB65,863,000, the revenue from bare copper wires increased by RMB460,488,000, and the revenue from processing services increased by RMB1,306,000. Approximately 66.81% and 32.94% of the Group's turnover were attributable to bare copper wires and magnet wires respectively.

Turnover (Continued)

For the six months ended 30 June 2008, the increase in the Group's revenue was due to the increase in both the price and sales volume of copper. For the sales volume, the sales volume of magnet wires for the six months ended 30 June 2008 rose by 345 tonnes to 19,193 tonnes (six months ended 30 June 2007: 18,848 tonnes), the sales volume of bare copper wires for the six months ended 30 June 2008 rose by 6,093 tonnes to 42,610 tonnes (six months ended 30 June 2007: 36,517 tonnes), and the processing services volume of bare copper wire slightly increased from 13,726 tonnes for the six months ended 30 June 2007 to 13,822 tonnes for the six months ended 30 June 2008.

Gross Profit

For the six months ended 30 June 2008, gross profit decreased by approximately 46.53% to RMB64,816,000 (six months ended 30 June 2007: RMB121,237,000). The decrease in gross profit amounted to RMB56,421,000.

For the six months ended 30 June 2008, the substantial decrease in the Group's gross profit, apart from a small part due to increase in the cost of labor in China, it was mainly caused by the appreciation of Renminbi which affected the gross profit on indirect and direct export sales. The Group used foreign exchange forward contracts to hedge against the foreign exchange exposures arising from the appreciation of Renminbi, and recorded an other net income.

Other Net Income

For the six months ended 30 June 2008, the Group recorded other net income of RMB41,128,000 (six months ended 30 June 2007: RMB20,487,000). The other net income mainly arising from the foreign exchange gain of RMB40,599,000 (six months ended 30 June 2007: RMB17,084,000). The Group used foreign exchange forward contracts to hedge against the foreign exchange exposures arising from the appreciation of Renminbi.

Finance Costs

For the six months ended 30 June 2008, finance cost decreased by RMB1,493,000 to RMB49,116,000 (six months ended 30 June 2007: RMB50,609,000, which is primarily due to the decrease in interest expenses for discounting bills receivable.

Profit for the Period

For the six months ended 30 June 2008, net profit amounted to RMB32,746,000 (six months ended 30 June 2007: RMB67,028,000), a decrease of approximately 51.15% to RMB34,282,000.

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 30 June 2008, the Group maintained cash and cash equivalent amounted to RMB169,161,000 (31 December 2007: RMB340,295,000). The short term bank borrowing as at 30 June 2008 amounted to RMB1,352,198,000 (31 December 2007: RMB1,395,899,000) was payable at fixed rates ranged from 4.20% to 8.96% per annum (31 December 2007: 5.47% to 10.13%) and were repayable within 1 year. As at 30 June 2008, the Group current ratio was 110.67% (31 December 2007: 110.48%), 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 -4.06% (31 December 2007: -0.8%).

Pledged deposits placed for the issuance of letters of credit and commercial bills in relation to the purchases of copper cathodes amounted to RMB1,259,406,000 as at 30 June 2008 (31 December 2007: RMB875,178,000), increased by 43.90%. During the period, pledged deposits were required by the banks for the issuance of letters of credit and commercial bills.

Foreign Exchange

The Group receives US dollar, Hong Kong dollar and Renminbi for the good sold and pays, US dollar and Renminbi for raw materials purchase. For the six months ended 30 June 2008, approximately 66.29%, 4.27% and 29.44% of the Group's turnover were denominated in US dollar, Hong Kong dollar and Renminbi, while approximately 66.41% and 33.59% of the Group's purchases were denominated in US dollar and Renminbi. In view of the appreciation of Renminbi, for the six months ended 30 June 2008, the Group has a net foreign exchange gain of RMB40,599,000 (30 June 2007: RMB17,084,000).

Foreign Exchange (Continued)

The Group uses foreign exchange forward contracts to hedge its exposure against foreign exchange fluctuation.

Change on Assets

In order to obtain bank loans for working capital, letters of credit and commercial bills to transform into short-term credit loan, the carrying amount of the Group's assets pledged are as follows:

Assets	30 June 2008 RMB'000	31 December 2007 RMB'000	Purpose
Buildings	**95,596**	91,621	Bank loans and banking facilities
Land use rights	**32,602**	33,020	Bank loans and banking facilities
Inventories	**159,505**	–	Bank loans and banking facilities
Pledged deposits	**1,259,406**	875,178	Letters of credits, commercial bills and bank loans
Machinery, equipment and tools	**177,046**	183,978	Letters of credits and commercial bills
Total	**1,724,155**	1,183,797	

Use of Proceeds

The proceeds from the issuance of new shares by the Company in January 2007, net of listing expenses, were approximately HK$220,762,000. As at 30 June 2008, the net proceeds were utilised in the following manner:

	Per prospectus HK$'000	Amount Utilised HK$'000	Balance HK$'000
Expansion of production capacity			
– Upgrading of existing production facilities	18,544	18,544	–
– Acquisition of new production facilities or related businesses	136,142	46,808	89,334
Repayment of short-term borrowings	44,000	44,000	–
General working capital	22,076	22,076	–
Total	220,762	131,428	89,334

The unutilised balance was placed in short-term deposits with banks.

Capital Structure

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 total equity less declared dividend) as at 30 June 2008 was -9.15% (31 December 2007: 26.57%). The current ratio (calculated as current assets divided by current liabilities) as at 30 June 2008 was 110.67% (31 December 2007: 110.48%). The Group continued to monitor stringent debt collection policy so as to minimise the risks of sales on credit to ensure that funds are timely collected.

Capital Expenditure

The Group's capital expenditures were mainly for the acquisition of property, plant and equipment. The following table shows the Group's capital expenditures for the six months ended 30 June 2008 and the year of 2007:

	Six months ended 30 June 2008 RMB'000	Year ended 31 December 2007 RMB'000
Buildings	**13**	446
Machinery, equipment and tools	**325**	10,145
Dies and moulds	**1,041**	3,307
Motor vehicles and other fixed assets	**204**	2,161
Construction in progress	**–**	67
	1,583	16,126

Material acquisition and disposal of subsidiaries or associated companies

The Group has not made any material acquisition or disposal of subsidiaries or associated companies during the period under review.

Significant investments

The Group has no significant investments held as at 30 June 2008.

Employees and Remuneration Policies

As at 30 June 2008, the Group employed 1,219 full-time employees in the PRC (31 December 2007: 1,393). There is no significant change in the Group's salaries and remuneration policies during the period. The remuneration package of employees is determined by reference to their performance, experience and prevailing market conditions, and their positions, duties and responsibilities in the Group. The Group continued to provide 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.

Employees and Remuneration Policies (Continued)

The executive Directors' remuneration package is determined by the Board by reference to their duties and responsibilities and market rate. The proposals made by the Remuneration Committee will be examined by the Board to ensure it conformed to the remuneration package of the executive Directors.

Commitments

As at 30 June 2008, the total minimum lease payments under non-cancellable operating leases in respect of property are payable as follows:

	The Group	
	30 June 2008 RMB'000	31 December 2007 RMB'000
Less than one year	**1,205**	1,490
Between one and two years	**15**	47
Between two and three years	**9**	23
	1,229	1,560

Contingent Liabilities

As at 30 June 2008, there was no significant contingent liabilities (31 December 2007: Nil).

INTERIM DIVIDEND

The Directors resolved not to declare an interim dividend for the six months ended 30 June 2008 (six months ended 30 June 2007: Nil).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed of the Company's listed securities during the six months ended 30 June 2008.

DIRECTORS' INTERESTS IN SHARES

As at 30 June 2008, none of the Directors or the chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (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, or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listing Issuers.

SUBSTANTIAL SHAREHOLDERS INTERESTS IN SHARES

At 30 June 2008, so far as is known to any Director or chief executive of the Company, the following persons (other than the Directors 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 5% 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:

SUBSTANTIAL SHAREHOLDERS INTERESTS IN SHARES (Continued)

1. Aggregate long position in the shares and underlying shares of the Company

Name	Nature of interest	Number of shares	Approximate percentage of issued shares immediately as at the date of this report
Tai-I International (BVI) Limited ("Tai-I (BVI)")	Beneficial owner	229,905,000	38.32 (Note1)
Tai-I Electric Wire & Cable Co., Ltd ("Taiwan Tai-I")	Interest through controlled corporation	229,905,000	38.32 (Note1)
Tai-I International (Singapore) Pte Ltd ("TIIS")	Interest through controlled corporation	229,905,000	38.32 (Note1)
Tai-I International Development Pte Ltd ("TIID")	Interest through controlled corporation	229,905,000	38.32 (Note1)
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	52,698,000	8.78 (Note 4)
Citigroup Global Markets Holdings Inc.	Interest through controlled corporation	52,698,000	8.78 (Note 4)
Citigroup Inc.	Interest through controlled corporation	52,698,000	8.78 (Note 4)

Notes:

1. The entire issued share capital of Tai-I (BVI) is owned as to approximately 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.

2. The entire issued share capital of First Sense International Limited is owned by AIF Capital Asia III, L.P..

3. The entire issued share capital of Green Island is owned by Liu Tianni.

4. 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..

SUBSTANTIAL SHAREHOLDERS INTERESTS IN SHARES (Continued)

2. **Aggregate short position in the shares and underlying shares of the Company**

   As at 30 June 2008, the Company had not been notified of any short positions being held by any substantial shareholders in the shares or underlying shares of the Company.

Save as disclosed above, no other parties were recorded in the register of the Company required to be kept under section 336 of the SFO as having interests or short positions in the shares or underlying shares of the Company as at 30 June 2008.

SHARE OPTION SCHEME

The Company has adopted a share option scheme (the "Scheme") on 18 December 2006. Pursuant to the Scheme, the Board may, at its discretion, grant options to any directors or eligible parties (as defined in the Scheme) for subscription of the Company's shares as incentive to retain talents in the Group. The Company has not granted any option since adoption of the Scheme.

COMPLIANCE WITH MODEL CODE SET OUT IN APPENDIX 10 TO THE LISTING RULES

The Company has adopted the Model Code for Securities Transactions by Directors of Listing Issuers set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("Listing Rules") (the "Model Code") as the code of conduct regarding securities transactions by the Directors.

Having made specific enquiry of all Directors, all Directors have confirmed that they have complied with the required standards as set out in the Model Code during the six months ended 30 June 2008.

CORPORATE GOVERNANCE PRACTICES

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. In the opinion of the Directors, the Company has met the code provisions set out in the CG Code during the six months ended 30 June 2008.

AUDIT COMMITTEE

The Audit Committee of the Company comprises five independent non-executive Directors of the Company, namely Mr. Tsay Yang-Tzong (as chairman), Mr. Cheng Yang-Yi, Mr. Kang Jung-Pao, Mr. Atsushi Kanayama and Mr. Yan Minghe. The unaudited interim results for the six months ended 30 June 2008 have been reviewed by the Audit Committee.

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

Hong Kong, 28 August 2008