TC INTERCONNECT HOLDINGS LIMITED

達進精電控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 515)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30TH JUNE, 2007

FINANCIAL HIGHLIGHTS

	6 months ended 30th June,		
Results	**2007**	2006	% Change
	HK$'000	*HK$'000*	
Revenue	**340,024**	247,910	+37%
Gross profit	**70,053**	51,883	+35%
Profit attributable to equity holders	**26,294**	10,127	+160%
Basic earning per share *(HK cents)*	**11.0**	5.5	+100%
Interim dividends *(HK cents)*	**2.5**	0	N/A
Weighted average number of shares	**240,000,000**	182,983,000	

The Board of Directors (the "Board") is pleased to announce the unaudited condensed consolidated interim results of TC Interconnect Holdings Limited (the "Company") and its subsidiaries (collectively known as the "Group") for the six months ended 30th June, 2007.

The unaudited condensed consolidated financial information for the six months ended 30th June, 2007 have been reviewed by the Group's external auditor, Deloitte Touche Tohmatsu, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30th June, 2007

	Notes	For the six months ended 30th June, 2007 HK$'000 (unaudited)	2006 HK$'000 (unaudited)
Turnover	*3*	**340,024**	247,910
Cost of sales		**(269,971)**	(196,027)
Gross profit		**70,053**	51,883
Other income		**9,887**	3,519
Selling and distribution expenses		**(16,099)**	(11,060)
Administrative and other expenses		**(23,958)**	(16,475)
Listing expenses		**–**	(7,108)
Finance costs		**(7,446)**	(5,584)
Profit before tax		**32,437**	15,175
Income tax expense	*4*	**(6,143)**	(5,048)
Profit for the period	*5*	**26,294**	10,127
Dividend paid	*6*	**8,000**	–
Basic earnings per share *(HK cents)*	*7*	**11.0**	5.5

CONDENSED CONSOLIDATED BALANCE SHEET

At 30th June, 2007

	Notes	30th June, 2007 HK$'000 (unaudited)	31st December, 2006 HK$'000 (audited)
Non-current assets			
Investment properties		**3,000**	3,000
Property, plant and equipment		**308,943**	271,485
Prepaid lease payment – non-current portion		**34,339**	34,822
Deposit paid for acquisition of property, plant and equipment		**14,495**	2,863
		360,777	312,170
Current assets			
Inventories		**80,304**	67,920
Prepaid lease payment – current portion		**862**	897
Trade and other receivables	*8*	**259,770**	264,736
Bills receivable	*8*	**5,601**	2,451
Pledged bank deposits		**3,959**	8,767
Bank balances and cash		**53,366**	35,858
		403,862	380,629
Current liabilities			
Trade and other payables	*9*	**187,031**	186,369
Bills payable	*9*	**18,940**	18,502
Taxation payable		**17,840**	13,937
Bank and other borrowings – due within one year		**103,875**	180,922
Obligations under finance leases – due within one year		**24,687**	22,276
		352,373	422,006
Net current assets (liabilities)		**51,489**	(41,377)
Total assets less current liabilities		**412,266**	270,793
Non-current liabilities			
Bank and other borrowings – due after one year		**114,727**	79
Obligations under finance leases – due after one year		**35,077**	26,546
Deferred tax liability		**2,312**	2,312
		152,116	28,937
Net assets		**260,150**	241,856
Capital and reserves			
Share capital		**24,000**	24,000
Reserves		**236,150**	217,856
Total equity		**260,150**	241,856

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30th June, 2007

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis, except for investment properties, which are measured at fair value, as appropriate.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the annual financial statements of the Group for the year ended 31st December, 2006.

In the current interim period, the Group has applied, for the first time, a number of new standard, amendment and interpretations issued by the HKICPA (hereinafter collectively referred to as the "new HKFRSs") that are effective for the Group's financial year beginning on 1st January, 2007. The adoption of the new HKFRSs had no material effect on the results or financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognised.

Standards or interpretations issued but not effective

The Group has not early applied the new standards or interpretations that have been issued but are not yet effective.

The Group has commenced considering the potential impact of these new standards or interpretations but is not yet in a position to determine whether these new standards or interpretations would have a significant impact on the results and financial position of the Group.

3. SEGMENT INFORMATION

The Group is currently organised into the following three business divisions:

- Manufacturing and trading of Single-sided printed circuit boards ("PCB") ("Single-sided")
- Manufacturing and trading of Double-sided PCB ("Double-sided")
- Manufacturing and trading of Multi-layered PCB ("Multi-layered")

These divisions are the basis on which the Group reports its primary segment information.

	Six months ended 30th June, 2007 HK$'000 (unaudited)	2006 HK$'000 (unaudited)
Turnover – external sales		
Single-sided	**72,091**	59,323
Double-sided	**197,905**	138,964
Multi-layered	**70,028**	49,623
Total	**340,024**	247,910
Segment results		
Single-sided	**441**	8,660
Double-sided	**27,506**	19,241
Multi-layered	**8,063**	417
	36,010	28,318
Unallocated income	**9,887**	3,519
Unallocated expenses	**(6,014)**	(11,078)
Finance costs	**(7,446)**	(5,584)
Profit before tax	**32,437**	15,175
Income tax expense	**(6,143)**	(5,048)
Profit for the period	**26,294**	10,127

4. INCOME TAX EXPENSE

	Six months ended 30th June, 2007 HK$'000 (unaudited)	2006 HK$'000 (unaudited)
The charge comprises:		
Hong Kong Profits Tax		
Current period	**1,153**	912
Underprovision in previous year	**565**	–
	1,718	912
Income tax in other regions of the People's Republic of China (the "PRC")	**4,425**	3,466
Deferred tax	**–**	670
	6,143	5,048

Hong Kong Profits Tax is calculated at 17.5% of the estimated assessable profit for each of the six months ended 30th June, 2007 and 2006.

PRC Foreign Enterprise Income Tax is calculated at the applicable rates relevant to the PRC subsidiaries.

5. PROFIT FOR THE PERIOD

Profit for the period has been arrived at after charging (crediting):

	Six months ended 30th June,	
	2007	2006
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Interest income	**(218)**	(97)
Depreciation and amortisation	**13,777**	11,095
Impairment loss recognised on trade receivables	**1,300**	2,085
Remunerations for directors and key management personnel	**2,747**	856
Other staff cost	**28,012**	25,749
Total employee benefits expenses	**30,759**	26,605

6. DIVIDENDS

During the period, 2006 final dividend of HK3.33 cents (2006: Nil) per share was paid to the shareholders.

The Board has resolved to recommend the payment of the interim dividend of HK2.5 cents per share, amounting to approximately HK$6,000,000 (2006: Nil).

7. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the shareholders of the Company is based on the profit for the period attributable to shareholders of the Company of approximately HK$26,294,000 and on 240,000,000 ordinary shares in issue during the period.

For the period ended 30th June, 2006, the calculation of the basic earnings per share attributable to the shareholders of the Company is based on the profit for the period attributable to shareholders of the Company of approximately HK$10,127,000 and on the weighted average number of 182,983,000 ordinary shares in issue during that period.

The weighted average number of ordinary shares for the purpose of calculating the basic earnings per share for the period ended 30th June, 2006 has been retrospectively adjusted for the effect of the capitalisation issue of 179,900,000 shares ("Capitalisation Issue") completed during that period.

There were no dilutive potential ordinary shares during the period and therefore, diluted earnings per share is not presented.

8. TRADE, BILLS AND OTHER RECEIVABLES

(a) Trade and other receivables

The Group generally allows an average credit period of 30 days to 180 days to its trade customers. An aged analysis of trade receivables is as follows:

	30th June, 2007 *HK$'000* **(unaudited)**	31st December, 2006 *HK$'000* (audited)
0 – 30 days	**62,358**	74,218
31 – 60 days	**57,312**	64,045
61 – 90 days	**47,265**	54,271
91 – 180 days	**51,364**	47,113
Over 180 days	**13,157**	3,837
	231,456	243,484

(b) Bills receivable

The aged analysis of bills receivable is as follows:

	30th June, 2007 *HK$'000* **(unaudited)**	31st December, 2006 *HK$'000* (audited)
0 – 30 days	**2,784**	35
31 – 60 days	**2,162**	930
61 – 90 days	**206**	1,040
91 – 180 days	**449**	446
	5,601	2,451

9. TRADE, BILLS AND OTHER PAYABLES

(a) Trade and other payables

The aged analysis of trade payables is as follows:

	30th June, 2007 *HK$'000* **(unaudited)**	31st December, 2006 *HK$'000* (audited)
0 – 30 days	**40,658**	36,589
31 – 60 days	**38,313**	44,072
61 – 90 days	**41,840**	41,708
91 – 180 days	**39,105**	44,509
Over 180 days	**6,701**	2,231
	166,617	169,109

(b) Bills payable

The aged analysis of bills payable is as follows:

	30th June, 2007	31st December, 2006
	HK$'000	*HK$'000*
	(unaudited)	(audited)
0 – 30 days	**7,440**	7,168
31 – 60 days	**4,890**	3,197
61 – 90 days	**3,631**	4,544
91 – 180 days	**2,979**	3,593
	18,940	18,502

Business Review

In the first half of 2007, the Group by leveraging on its established business relationships and by offering wide range of printed circuit boards ("PCBs"), captured market opportunities and took advantage in economies of scale in operations managed to achieve remarkable result in comparison with results of the corresponding period last year.

The Group is principally engaged in manufacturing and trading of board range of PCBs including single-sided PCBs, double-sided PCBs and multi-layered PCBs up to 8 layers, the breakdown are summarised as follows:

	Fox the six months ended 30th June, 2007		For the six months ended 30th June, 2006		Increase/ (Decrease)	Change in
	HK$'000	***%***	*HK$'000*	*%*	*HK$'000*	*%*
Single-sided	**72,091**	**21.2**	59,323	23.9	12,768	21.5
Double-sided	**197,905**	**58.2**	138,964	56.1	58,941	42.4
Multi-layered	**70,028**	**20.6**	49,623	20.0	20,405	41.1
	340,024		247,910		92,114	37.2

The products in the three categories are mainly applied in consumer electronics, computers and computer peripherals, and communications equipment. During the review period, application wise, consumer electronics remained to contribute the highest turnover that accounted for approximately 55.8% of the Group's turnover.

Moreover, the Group's turnovers by geographical regions are summarised as follows:

	Fox the six months ended 30th June, 2007		For the six months ended 30th June, 2006		Increase/ (Decrease)	Change in
	HK$'000	***%***	*HK$'000*	*%*	*HK$'000*	*%*
Hong Kong	**78,030**	**22.9**	48,803	19.7	29,227	59.9
PRC	**63,585**	**18.7**	100,383	40.5	(36,798)	(36.7)
Europe	**59,858**	**17.6**	41,186	16.6	18,672	45.3
Asia	**125,678**	**37.0**	49,619	20.0	76,059	153.3
Others	**12,873**	**3.8**	7,919	3.2	4,954	62.6
	340,024		247,910		92,114	37.2

Financial Review

For the six months ended 30th June, 2007, the Group's turnover amounted to approximately HK$340.0 million, representing an increase of 37.2% as compared to approximately HK$247.9 million for the corresponding period last year. The increase in turnover was mainly driven by the steady growth of market demand for PCBs in the Asia Pacific.

The Groups' gross profit has increased by 35.0% to approximately HK$70.1 million. Gross profit margin remained at the same level as for the corresponding period last year at approximately 20.6%. The increase in gross profit was mainly attributable by better utilisation of the Group's existing production capacity, in spite of price increase of raw materials mainly from laminates and metals. Profit attributable to shareholders was approximately HK$26.3 million (2006: HK$10.1 million), representing an increase of 160%.

Liquidity and Capital Resources

As at 30th June, 2007, the Group had total assets of approximately HK$764.6 million (31st December, 2006: HK$692.8 million) and interest-bearing borrowings of approximately HK$278.4 million (31st December, 2006: HK$229.8 million), representing a gearing ratio, defined as interest-bearing borrowings over total assets, of approximately 36.4% (31st December, 2006: 33.2%).

The Group's net current assets of approximately HK$51.5 million (31st December, 2006: net current liabilities of HK$41.4 million) consisted of current assets of approximately HK$403.9 million (31st December, 2006: HK$380.6 million) and current liabilities of approximately HK$352.4 million (31st December, 2006: HK$422.0 million), representing a current ratio of approximately 1.1 (31st December, 2006: 0.9).

As at 30th June, 2007, the Group had cash and bank balances of approximately HK$53.4 million (31st December, 2006: HK$35.9 million).

On 4th January, 2007, the Group obtained a syndicated loan facility of HK$130 million by entering into loan facilities agreements with Hang Seng Bank Limited being the co-ordinating arranger. The purpose of this syndicated loan facility is to finance the general corporate requirement of the Group including the capital expenditure requirements in relation to the production facilities in Zhongshan and the refinancing of its then existing indebtedness.

Foreign Currency Exposure

The Group operates in Hong Kong and the PRC with most of the transactions denominated and settled in Hong Kong Dollars, United States Dollars and Renminbi ("RMB"). However, foreign currencies, United States Dollars, Euro and Japanese Yen, are required to settle the Group's expenses and additions on plant and equipment. The Group will use forward contracts to hedge its foreign currency exposure if it considers the risk to be significant.

Dividends

The Board has resolved to recommend the payment of the interim dividend of HK2.5 cents per share, amounting to approximately HK$6.0 million (30th June, 2006: Nil). The interim dividends will be payable to the shareholders on or around 10th October, 2007 whose names appear on the register of members of the Company on 2nd October, 2007.

Closure of Register of Members

The register of members of the Group will be closed from Thursday, 27th September, 2007 to Tuesday, 2nd October, 2007 (both days inclusive) during which period no transfer of shares will be registered. In order to qualify for the proposed interim dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong branch registrars, Tricor Investor Services Limited at 26th the Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Tuesday, 25th September, 2007.

Human Resources

As at 30th June, 2007, the Group employed a total of approximately 2,600 employees (31st December, 2006: 2,380), including approximately 2,565 employees in its Zhongshan production site and approximately 35 employees in its Hong Kong office.

Remuneration policy of the Group is reviewed regularly, referring to legal framework, market condition and performance of the Group and individual staff. The remuneration policy and remuneration packages of the executive Directors and members of the senior management are also reviewed by the Remuneration committee.

On 3rd July, 2007, the Group has granted share options to its employees. The total number of options granted is 15,760,000 with an exercise price of HK$1.52 per share. The options can be exercised in three tranches from 3rd July, 2008 to 2nd July, 2011. The estimated fair value of the share option on the date of grant is HK$10,358,000.

Prospects

Driven by increased demand for PCBs globally, and particularly in China, management maintained an optimistic view on its business prospects in the second half of 2007. The Group is confident to achieve bigger market share and enhance its profitability through advanced production facilities, optimised internal control systems, comprehensive sales and marketing networks.

Adhering to its proven business strategy, the Group has continuously expanded its production capacity to meet increasing market demand for PCBs. The Group has acquired a new manufacturing plant in Zhongshan, Guangdong of the PRC in October 2006 ("Plant 2"). This new plant is equipped with advanced machineries and commenced production in early September 2007. Together with the existing plant ("Plant 1") that also locates in the same region in Zhonghsan, they can provide a total production capacity up to approximately 3.5 million sq. ft. per month. The huge production capacity enables the Group to be capable of achieving high volume production with short turnaround time.

Production Plant	Location	Area	Products	Production Capacity
Plant 1	Zhongshan, Guangdong, the PRC (Commenced in 2003)	58,000 sq. m.	1-8 layered PCBs	3.2 million sq. ft. per month
Plant 2	Zhongshan, Guangdong, the PRC (To be commenced in September 2007)	52,000 sq. m.	4-12 layered PCBs	300,000 sq. ft. per month

The PCB market condition remains competitive and challenging. In order to curb continuous pricing pressure from the market, the Group continues to pursue the business of higher value multi-layered PCBs. To keep pace with the market demand, 10-layered PCBs and 12-layered PCBs will be launched in Plant 2. Additionally, the Group has already started the prototype of High Density Interconnect ("HDI") and plans to commence mass production of HDI by 2008. At the same time, by focusing on manufacturing efficiencies and economies of scale, the Group also hopes to improve the profitability of products with lower margins.

The Group will continue its efforts in gaining more market share in Europe, United States, Taiwan and Japan. In doing so, the Group shall balance a portfolio of large and small volume PCB businesses with lower and higher margins respectively. With continuous product range expansion as well as anticipated high average gross margin of multi-layered PCBs, the Group believes that it could achieve the business objective of establishing long-term turnover growth and deliver satisfactory investment returns to its shareholders.

Apart from expanding its PCB business by organic growth, the Group will continue to explore opportunities of forming of strategic partnerships with local and overseas enterprises seeking new synergies to drive its growth potential at greater paces.

Other Information

Purchase, Sale or Redemption of the Company's Listed Securities

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30th June, 2007.

Compliance with the Code of Corporate Governance Practices

The Company and the Directors confirm, to the best of their knowledge, that the Company has complied with the Code of Corporate Governance practices as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") during the six months ended 30th June, 2007.

With respect to Code Provision A.2.1, the roles of chairman and chief executive officer ("CEO") should be separated and not be performed by the same individual. With effect from 2nd January, 2007, Mr. Wong Wing Choi, an executive director, has been appointed as the Company's CEO with Mr Yeung Hoi Shan, an executive director, remained to be Chairman of the Company.

Compliance with the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code")

The Company has also adopted the Model Code as set out in Appendix 10 to the Listing Rules for securities transactions by the Directors. Specific enquiry was made with all the Directors and they confirmed that they had complied with the required standards set out in the Model Code regarding securities transactions by Directors for the six months ended 30th June, 2007.

Audit Committee

The Company has established an audit committee, in accordance with the requirements of the Code of Corporate Governance Practices, for the purpose of reviewing and providing supervision on the financial reporting process and internal control system of the Group. The Committee comprises three independent non-executive directors namely Mr. Cheung Sui Wing, Darius as chairman, Ms. Ho Man Kay Angela and Mr. Wong Siu Fai, Albert. The interim results for the six months ended 30th June, 2007 had been reviewed by the Audit Committee and the Group's external auditor, Deloitte Touche Tohmatsu.

On behalf of the Board
Yeung Hoi Shan
Chairman

Hong Kong, 12th September, 2007

As at the date of this announcement, the Company has three executive Directors, being Mr. Yeung Hoi Shan, Mr. Wong Wing Choi and Mr. Pak Shek Kuen, three non-executive Directors, being Madam Li Jin Xia, Mr. Yeung Tai Hoi and Mr. Cheung Kwok Ping and three independent non-executive Directors, being Mr. Cheung Sui Wing Darius, Ms. Ho Man Kay Angela and Mr. Wong Siu Fai Albert.

* *For identification purposes only*