TC INTERCONNECT HOLDINGS LIMITED
達進精電控股有限公司*

(Incorporated in the Cayman Islands with limited liability)
website: www.tatchun.com
(Stock Code: 515)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2011

The Board of Directors (the "Board") is pleased to announce the unaudited consolidated interim results of TC Interconnect Holdings Limited ("the Company") and its subsidiaries (collectively known as the "Group") for the six months ended 30 June 2011.

The unaudited condensed consolidated financial information for the six months ended 30 June 2011 have been reviewed by the Group's auditors, 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 STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2011

	NOTES	For the six months ended 30 June 2011 HK$'000 (unaudited)	2010 HK$'000 (unaudited)
Turnover	3	**634,162**	418,805
Cost of sales		**(515,158)**	(364,380)
Gross profit		**119,004**	54,425
Other income		**18,339**	18,244
Other gains and losses		**(2,146)**	(4,522)
Selling and distribution expenses		**(21,871)**	(18,440)
Administrative expenses		**(39,444)**	(30,476)
Finance costs		**(4,325)**	(4,487)
Profit before tax		**69,557**	14,744
Income tax expense	4	**(18,184)**	(2,657)
Profit for the period	5	**51,373**	12,087
Other comprehensive income for the period:			
Exchange differences arising on translation		**6,288**	–
Total comprehensive income for the period		**57,661**	12,087
Profit for the period attributable to:			
Owners of the Company		**41,116**	12,087
Non-controlling interests		**10,257**	–
		51,373	12,087
Total comprehensive income for the period attributable to:			
Owners of the Company		**45,498**	12,087
Non-controlling interests		**12,163**	–
		57,661	12,087
Earnings per share	7		
– Basic (HK cents)		**9.66**	4.27
– Diluted (HK cents)		**9.41**	4.16

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2011

	NOTES	30 June 2011 HK$'000 (unaudited)	31 December 2010 HK$'000 (audited)
Non-current assets			
Property, plant and equipment		**418,769**	434,398
Prepaid lease payments – non-current portion		**21,612**	21,920
Intangible assets		**55,969**	53,589
Trade receivables	*8(a)*	**121,458**	70,840
Deposits paid for acquisition of property, plant and equipment		**6,636**	7,296
		624,444	588,043
Current assets			
Inventories		**143,218**	120,416
Prepaid lease payments – current portion		**615**	615
Trade and other receivables	*8(b)*	**534,926**	372,436
Bills receivable	*8(c)*	**4,208**	8,063
Tax recoverable		**3,066**	2,940
Derivative financial instruments		**1,504**	1,455
Restricted bank deposits		**308,604**	251,730
Bank balances, deposits and cash		**261,604**	148,266
		1,257,745	905,921
Current liabilities			
Trade and other payables	*9(a)*	**292,805**	230,188
Bills payable	*9(b)*	**118,997**	118,412
Amount due to a shareholder		**–**	5,000
Derivative financial instruments		**2,279**	1,179
Taxation payable		**53,308**	35,856
Bank borrowings – due within one year		**461,318**	428,451
Obligations under finance leases – due within one year		**9,869**	18,363
		938,576	837,449
Net current assets		**319,169**	68,472
Total assets less current liabilities		**943,613**	656,515
Non-current liabilities			
Obligations under finance leases – due after one year		**13,740**	13,640
Deferred tax liabilities		**11,743**	11,743
		25,483	25,383
Net assets		**918,130**	631,132
Capital and reserves			
Share capital		**44,458**	36,773
Reserves		**817,661**	553,963
Equity attributable to owners of the Company		**862,119**	590,736
Non-controlling interests		**56,011**	40,396
Total equity		**918,130**	631,132

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2011

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 (the "Stock Exchange") and with Hong Kong Accounting Standard 34 ("HKAS 34") "Interim Financial Reporting".

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis, except for buildings and certain financial instruments, which are measured at revalued amounts or fair values, as appropriate.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2011 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2010. In addition, the Company has repurchased its shares from the Stock Exchange in the current period and the accounting policy is as follow:

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

In the current interim period, the Group has also applied, for the first time, the following new or revised standards and interpretations ("new or revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010
HKAS 24 (as revised in 2009)	Related Party Disclosures
HKAS 32 (Amendments)	Classification of Rights Issues
HK(IFRIC) – Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments

The application of the above new and revised HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

The Group has not early applied new or revised standards that have been issued but are not yet effective. The following new or revised standards have been issued after the date the consolidated financial statements for the year ended 31 December 2010 were authorised for issuance and are not yet effective:

HKFRS 10	Consolidated Financial Statements[2]
HKFRS 11	Joint Arrangements[2]
HKFRS 12	Disclosures of Interests in Other Entities[2]
HKFRS 13	Fair Value Measurement[2]
HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income[1]
HKAS 19 (Revised 2011)	Employee Benefits[2]
HKAS 27 (Revised 2011)	Separate Financial Statements[2]
HKAS 28 (Revised 2011)	Investments in Associates and Joint Ventures[2]

[1] Effective for annual periods beginning on or after 1 July 2012.

[2] Effective for annual periods beginning on or after 1 January 2013.

The directors of the Company anticipate that the application of these new or revised standards will have no material impact on the results and the financial position of the Group.

3. SEGMENT INFORMATION

The following is an analysis of the Group's turnover and results by operating and reportable segments for the period under review:

	Six months ended 30 June	
	2011	2010
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Turnover-external sales		
Manufacturing and trading of single-sided printed circuit boards ("PCB") ("Single-sided PCB")	**109,615**	108,795
Manufacturing and trading of double-sided PCB ("Double-sided PCB")	**192,491**	144,788
Manufacturing and trading of multi-layered PCB ("Multi-layered PCB")	**153,725**	165,222
Manufacturing and trading of light emitting diode ("LED") lighting ("LED lighting")	**178,331**	–
Total	**634,162**	418,805
Segment profits		
Single-sided PCB	**2,570**	4,479
Double-sided PCB	**6,848**	8,193
Multi-layered PCB	**9,571**	13,089
LED lighting	**59,617**	–
	78,606	25,761
Other income	**1,238**	1,879
Central administrative costs	**(5,669)**	(7,056)
Fair value changes of derivative financial instruments	**(293)**	(1,353)
Finance costs	**(4,325)**	(4,487)
Profit before tax	**69,557**	14,744

Segment profit represents the profit earned by each segment after allocation of selling and administrative staff cost with reference to turnover and without allocation of certain other income, central administrative costs (mainly including audit fee, exchange loss and depreciation of property, plant and equipment for administrative purpose), fair value changes of derivative financial instruments and finance costs. This is the measure reported to the Group's Chief Executive Officer for the purposes of resource allocation and performance assessment.

4. INCOME TAX EXPENSE

	Six months ended 30 June	
	2011	2010
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
The charge comprises:		
Current tax:		
Hong Kong Profits Tax	**2**	–
The People's Republic of China (the "PRC") Enterprise Income Tax ("EIT")	**17,869**	2,657
	17,871	2,657
Underprovision in prior years in respect of Hong Kong Profits Tax	**313**	–
	18,184	2,657

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for current period. No provision for Hong Kong Profits Tax has been made for the six months ended 30 June 2010 as the Group had no assessable profit.

The PRC EIT is calculated at 12.5% to 25% relevant to the PRC subsidiaries where applicable.

Deferred taxation has not been provided for in the condensed consolidated financial statements in respect of the temporary differences attributable to the accumulated undistributed profits of the PRC subsidiaries amounting to approximately HK$184,429,000 (31 December 2010: HK$111,942,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

5. PROFIT FOR THE PERIOD

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

	Six months ended 30 June	
	2011	2010
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Directors emoluments	**4,591**	3,935
Other staff costs	**70,556**	59,045
Equity-settled share-based payment expenses other than directors	**4,086**	1,411
Total staff costs	**79,233**	64,391
Amortisation of intangible assets (included in cost of sales)	**3,624**	–
Release of prepaid lease payments	**308**	308
Depreciation of property, plant and equipment	**27,310**	25,822
Fair value changes of derivative financial instruments (included in other gains and losses)	**293**	1,353
Reversal of impairment loss recognised on trade receivables (included in other gains and losses)	**–**	(2,045)
Imputed interest income on non-current trade receivables	**(2,279)**	–
Interest income on bank deposits and bank balances	**(1,082)**	(584)
Sales of scrap materials	**(17,101)**	(16,365)

6. DIVIDENDS

During the period, a dividend of HK2.5 cents per share amounting to HK$10,944,000 (six months ended 30 June 2010: 2009 final dividend of HK1 cent per share amounting to HK$3,060,000) was paid to the shareholders as the final dividend for 2010.

The Board did not recommend the payment of an interim dividend for both periods.

7. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	Six months ended 30 June	
	2011	2010
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Earnings		
Earnings for purposes of basic and diluted earning per share (Profit for the period attributable to owners of the Company)	**41,116**	12,087
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**425,789**	283,377
Effect of dilutive potential ordinary shares:		
Share options	**6,719**	5,145
Warrants	**4,625**	1,911
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**437,133**	290,433

Weighted average number of ordinary shares for the purpose of basic earnings per share has been adjusted for 1,726,000 ordinary shares repurchased but not yet cancelled by the Group during the current period.

8. TRADE, BILLS AND OTHER RECEIVABLES

(a) Trade receivable-non-current

At 30 June, 2011, the balances represent the carrying amounts of trade receivables of HK$273,530,000 (31 December 2010: HK$76,521,000) resulted from the sales of LED lighting products to its trade customers ("LED Receivables") which will be settled by instalments ranging from one to four years pursuant to the supply contracts. The fair values of the considerations recognised, determined using discounted cash flows at an imputed rate of interest of 3.5% on initial recognition.

The following is the analysis of the LED Receivables for financial reporting purposes:

	30 June 2011	31 December 2010
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Current (included in (b) below)	**152,072**	5,681
Non-current	**121,458**	70,840
	273,530	76,521

(b) Trade and other receivables-current

The Group generally allows an average credit period of 30 days to 150 days to its trade customers, except for trade customers of LED Receivables mentioned in note 8(a) which is based on the contractual repayment schedule. The following is an aged analysis of trade receivables net of allowance for doubtful debts presented based on the invoice date at the end of the reporting period:

	30 June 2011 *HK$'000* (unaudited)	31 December 2010 *HK$'000* (audited)
0-30 days	**132,151**	123,762
31-60 days	**126,895**	81,920
61-90 days	**73,664**	54,138
91-180 days	**107,512**	45,048
Over 180 days	**25,766**	2,507
	465,988	307,375
Other receivables and prepayments	**68,938**	65,061
	534,926	372,436

(c) Bills receivable

The aged analysis of bills receivable presented based on the invoice date at the end of the reporting period is as follows:

	30 June 2011 *HK$'000* (unaudited)	31 December 2010 *HK$'000* (audited)
0-30 days	**1,786**	8,063
91-180 days	**2,422**	–
	4,208	8,063

9. TRADE, BILLS AND OTHER PAYABLES

(a) Trade and other payables

The aged analysis of trade payables presented based on the invoice date at the end of the reporting period is as follows:

	30 June 2011 *HK$'000* (unaudited)	31 December 2010 *HK$'000* (audited)
0-30 days	**105,603**	41,774
31-60 days	**31,592**	35,968
61-90 days	**37,386**	32,126
91-180 days	**48,339**	69,333
Over 180 days	**16,151**	13,824
	239,071	193,025
Other payables and accruals	**53,734**	37,163
	292,805	230,188

(b) Bills payable

The aged analysis of bills payable presented based on the invoice date at the end of the reporting period is as follows:

	30 June 2011 *HK$'000* (unaudited)	31 December 2010 *HK$'000* (audited)
0-30 days	**16,569**	9,422
31-60 days	**8,318**	31,498
61-90 days	**22,044**	12,665
91-180 days	**72,066**	64,827
	118,997	118,412

BUSINESS REVIEW

The Group is principally engaged in manufacturing and trading of board range of LED Lighting and PCBs including single-sided PCBs, double-sided PCBs and multi-layered PCBs up to 12 layers, the breakdown by turnover is summarized as follows:

	Fox the six months ended 30 June 2011		For the six months ended 30 June 2010		**Increase/ (Decrease)**	**Change in**
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*
LED Lighting	**178,331**	**28.1**	–	–	178,331	N/A
Single-sided	**109,615**	**17.3**	108,795	26.0	820	0.8
Double-sided	**192,491**	**30.4**	144,788	34.6	47,703	32.9
Multi-layered	**153,725**	**24.2**	165,222	39.4	(11,497)	(7.0)
	634,162		418,805		215,357	51.4

During the period, LED lighting turnover accounted for approximately 28.1% of the total turnover of the Group mainly because the Group completed new LED lighting contracts in Jiangsu, Si Chun and Henan provinces.

For PCB business, the products in the three categories are mainly applied in consumer electronics, computers and computer peripherals, communications equipment and automotive applications. During the review period, application wise, consumer electronics remained to contribute the highest turnover that accounted for approximately 37.0% of the Group's turnover. By products, the Group has achieved the highest growth from double-sided PCBs, accounted for approximately 32.9% while it was level in single-sided PCBs and with a slight decrease of approximately 7% in multi-layered PCBs. The multi-layered PCBs, during the review period, could not be the drive engine was mainly due to decrease in global demand during the period that was partially due to the interruption of supply chain after the March Japan earthquake.

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

	Fox the six months ended 30 June 2011		Fox the six months ended 30 June 2010		**Increase/ (Decrease)**	**Change in**
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*
Hong Kong	**147,349**	**23.2**	108,338	25.9	39,011	36.0
PRC	**317,107**	**50.0**	111,517	26.7	205,590	184.4
Europe	**26,538**	**4.2**	38,593	9.2	(12,055)	(31.2)
Asia	**137,112**	**21.6**	144,321	34.5	(7,209)	(5.0)
Others	**6,056**	**1.0**	16,036	3.7	(9,980)	(62.2)
	634,162		418,805		215,357	51.4

FINANCIAL REVIEW

For the six months ended 30 June 2011, the Group's turnover amounted to approximately HK$634.2 million, representing an increase of 51.4 % as compared to approximately HK$418.8 million for the corresponding period last year.

The Groups' gross profit has increased by 118.7 % to approximately HK$119.0 million. Gross profit margin increased to approximately 18.8 %, mainly due to business growth of LED lighting with high gross margin. The gross margins for the LED lighting and PCBs were 38.1% and 11.2%, respectively. Profit for period was approximately HK$51.4 million, (2010: HK$12.1 million), representing an increase of 325 %.

LIQUIDITY AND CAPITAL RESOURCES

As at 30 June 2011, the Group had total assets of approximately HK$1,882.2 million (31 December 2010: HK$1,494.0 million) and interest-bearing borrowings of approximately HK$484.9 million (31 December 2010: HK$460.5 million), representing a gearing ratio, defined as interest-bearing borrowings over total assets, of approximately 25.8% (31 December 2010: 30.8 %).

The Group's net current asset of approximately HK$319.2 million (31 December 2010: HK $ 68.5 million) consisted of current assets of approximately HK$1,257.8 million (31 December 2010: HK$905.9 million) and current liabilities of approximately HK$938.6 million (31 December 2010: HK$837.4 million), representing a current ratio of approximately 1.34 (31 December 2010: 1.08).

As at 30 June 2011, the Group had cash and bank balances of approximately HK$570.2 million (31 December 2010: HK$400.0 million).

DIVIDENDS

The Board does not recommend the payment of the interim dividend for the six months ended 30 June 2011 (30 June 2010: Nil).

HUMAN RESOURCES

As at 30 June 2011, the Group employed a total of approximately 3,091 employees (31 December 2010: 3,704), including approximately 2,960 employees in its Zhongshan production site, 111 employees in its PRC LED lighting business units and approximately 20 employees in its Hong Kong office.

The Group's remuneration policy is reviewed regularly, with reference to the legal framework, market conditions and the 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. The Group may also grant share options and discretionary bonuses to eligible employees based on the performance of the Group and individuals. Under the Group's remuneration policy, employees are rewarded in line with the market rate in compliance with statutory requirements of all jurisdictions where it operates. The Group also holds regular training programmes and also encourages staff to attend training courses and seminars that are related directly and indirectly to the Group's business.

PROSPECTS

Riding on the success of the LED lighting business, the Group will continue to keep the momentum of LED lighting business which will be the growth engine for the Group. At the same time, the Group will also maintain the operations in PCB business as its steady business.

Given the support by the government, such as the estimated financial subsidy of 8-30%, which will be provided by the National Development and Reform and Commission (NDRC), the LED industry has been rapidly developing and more and more LED lighting players are tapping in this enormous market. It is expected that there will be more governmental policies and standard to be launched in order to hasten the development of the LED lighting industry.

The Group has been striving for capturing this market opportunities by securing more LED road lamps contracts. We will further develop more projects in the tier one and two cities, which have been already proven in our track record, such as the roadlamps project agreement with Chongqing Hechuan People's Government. With our strong foundation in sales network and capital resources, we are able to maximize any opportunities of securing contracts of larger size in tier one and two cities in the PRC.

In respect of our PCB business, the Group expects that it will continue to provide a stable cashflow to the Group, and to be the Group's steady source of income by leveraging on our strong customer base and well-established operation.

Going forward, the Group will focus on the investment of the high potential growth of LED lighting business as its major business strategy. Simultaneously, the Group will maintain its PCB business operation. As one of the leaders in the LED lighting industry in the PRC, the Group will strive to expand its market share and continue to seize more profitable contracts with a view to delivering higher return to our shareholders.

OTHER INFORMATION

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

During the six months ended 30 June 2011, the Company purchased 2,826,000 shares of the Company's listed securities, of which 1,100,000 shares have been cancelled as at 30 June 2011.

Neither the Company, nor any of its subsidiaries sold or redeemed any of the Company's listed securities during the six months ended 30 June 2011.

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 Listing Rules during the six months ended 30 June 2011.

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 30 June 2011.

Audit Committee

The Company has set up 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 with Mr. Cheung Sui Wing, Darius as chairman. The interim results for the six months ended 30 June 2011 had been reviewed by the Audit Committee.

By Order of the Board of
TC Interconnect Holdings Limited
YEUNG HOI SHAN
Chairman

Hong Kong, 29 August 2011

As at the date hereof, the executive Directors are Mr. YEUNG Hoi Shan, Mr. PAK Shek Kuen and Mr. Zhu Jianqin, the non-executive Directors are Madam LI Jinxia and Mr. YEUNG Tai Hoi, and the independent non-executive Directors are Mr. CHEUNG Sui Wing, Darius, Ms. HO Man Kay and Mr. WONG Siu Fai, Albert.

** For identification purpose only*