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TA YANG GROUP HOLDINGS LIMITED
大洋集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1991)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 31st JANUARY 2009

INTERIM RESULTS

The Board of Directors (the "Board") of Ta Yang Group Holdings Limited (the "Company") is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 31st January 2009, together with the unaudited comparative figures for the corresponding period in 2008 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 31st January 2009

	Notes	Six months ended 31st January **2009** ***HK$'000*** **(Unaudited)**	 2008 *HK$'000* (Unaudited)
Turnover	*4,5*	**331,447**	397,668
Cost of sales		**(232,975)**	(266,330)
Gross profit		**98,472**	131,338
Other operating income		**10,598**	12,752
Selling and distribution expenses		**(14,753)**	(13,659)
Administrative expenses		**(57,651)**	(41,441)
Other net expenses		**(3,469)**	(6,246)
Finance costs		**–**	(1,279)
Share of results of an associate		**(39)**	565
Profit before taxation		**33,158**	82,030
Income tax expense	*6*	**(1,637)**	(2,250)
Profit for the period	*7*	**31,521**	79,780
Dividends	*8*	**48,000**	48,000
Earnings per share			
Basic	*9*	**HK3.94 cents**	HK9.97 cents
Diluted	*9*	**HK3.94 cents**	HK9.97 cents

CONDENSED CONSOLIDATED BALANCE SHEET

As at 31st January 2009

	Notes	31/1/2009 HK$'000 (Unaudited)	31/7/2008 HK$'000 (Audited)
Non-current assets			
Property, plant and equipment	*10*	**317,004**	302,885
Construction in progress		**14,886**	12,110
Prepaid lease prepayments		**60,004**	61,166
Interest in an associate		**1,749**	2,643
Deferred tax assets		**1,815**	556
		395,458	379,360
Current assets			
Inventories		**161,576**	137,921
Trade and other receivables	*11*	**273,848**	292,904
Income tax recoverable		**2,294**	1,588
Bank balances and cash		**427,788**	487,429
		865,506	919,842
Current liabilities			
Trade and other payables	*12*	**76,485**	99,182
Derivative financial instruments		**–**	827
Income tax payable		**51,933**	51,065
		128,418	151,074
Net current assets		**737,088**	768,768
		1,132,546	1,148,128
Capital and reserves			
Share capital	*13*	**80,000**	80,000
Reserves		**1,052,546**	1,068,128
		1,132,546	1,148,128

NOTES:

1. GENERAL

The Company was incorporated in the Cayman Islands as an exempted company with limited liabilities. The shares of the Company are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The condensed consolidated financial statements are presented in Hong Kong dollars ("HK$"). Other than those subsidiaries established in the People's Republic of China (the "PRC") whose functional currency is Renminbi ("RMB"), the functional currency of the Company and its subsidiaries are HK$.

As the Company is listed in Hong Kong, the directors of the Company consider that it is appropriate to present the condensed consolidated financial statements in HK$.

The Group is principally engaged in the manufacturing and sale of silicone rubber related products.

2. BASIS OF PREPARATION

The unaudited 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 and with the Hong Kong Accounting Standard ("HKAS") No. 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

The condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statement as at 31st July 2008.

The accounting policies used in the condensed consolidated financial statements for the six months ended 31st January 2009 are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31st July 2008, except as described below.

In the current interim period, the Group has applied, for the first time, a number of new standards, amendments and interpretations ("new HKFRSs") issued by the HKICPA, which are effective for accounting periods beginning 1st August 2008. The adoption of these new HKFRSs has had no material effect on the results and financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognised.

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

Hong Kong Financial Reporting Standards ("HKFRSs") (Amendments)	Improvements to HKFRSs[1]
HKAS 1 (Revised)	Presentation of Financial Statements[2]
HKAS 23 (Revised)	Borrowing Costs[2]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[3]
HKAS 32 & HKAS 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation[2]
HKAS 39 (Amendment)	Eligible hedged items[3]
HKFRS 1 (Revised)	First-time Adoption of HKFRSs[3]
HKFRS 1 & HKFRS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate[2]
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations[2]
HKFRS 3 (Revised)	Business Combinations[3]
HKFRS 7 (Amendment)	Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments[2]
HKFRS 8	Operating Segments[2]
HK(IFRIC) - Interpretation ("INT") 9 and HKAS 39 (Amendments)	Embedded Derivatives[5]
HK(IFRIC) - INT 15	Agreements for the Construction of Real Estate[2]
HK(IFRIC) - INT 16	Hedges of a Net Investment in a Foreign Operation[4]
HK(IFRIC) - INT 17	Distribution of Non-cash Assets to Owners[3]
HK(IFRIC) - INT 18	Transfers of Assets from Customers[6]

[1] Effective for annual periods beginning on or after 1st January 2009 except for the amendments to HKFRS 5, effective for annual periods beginning on or after 1st July 2009.

[2] Effective for annual periods beginning on or after 1st January 2009.

[3] Effective for annual periods beginning on or after 1st July 2009.

[4] Effective for annual periods beginning on or after 1st October 2008.

[5] Effective for annual periods ending on or after 30th June 2009.

[6] Effective for transfers of assets from customers received on or after 1st July 2009.

The application of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1st July 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary. The directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

4. TURNOVER

The Group is principally engaged in the manufacturing and sale of silicone rubber related products. Turnover represents sales value of goods sold to customers net of sales tax and value added tax.

5. SEGMENT INFORMATION

During the period, the Group principally operated in a single business segment: the manufacturing and sale of silicone rubber and related products. Accordingly, no business segment information is presented.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers.

Turnover based on geographical locations:

	Six months ended 31st January	
	2009	2008
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
The PRC (excluding Hong Kong)	**159,965**	177,111
Hong Kong	**58,451**	60,381
Other Asian Countries	**71,994**	108,588
The Americas	**28,000**	36,482
Europe	**13,037**	15,106
	331,477	397,668

An analysis of segment assets and capital expenditure by geographical area in which the assets are located has not been presented as the Group's assets are substantially located in the PRC.

6. INCOME TAX EXPENSE

	Six months ended 31st January	
	2009	2008
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Current tax		
Hong Kong Profits Tax	**–**	1,278
PRC Enterprise Income Tax	**2,896**	1,189
	2,896	2,467
Deferred taxation		
Current period	**(1,259)**	(217)
	1,637	2,250

Hong Kong Profits Tax has not been provided for in the condensed consolidated financial statements as there was no estimated assessable profit derived for the period ended 31st January 2009.

Hong Kong Profits Tax was calculated at 17.5% on the estimated assessable profit for the period ended 31st January 2008.

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

Ta Yang Group (Macau Commercial Offshore) Limited ("MCO") was incorporated as a commercial offshore entity in Macau and is exempt from Macau Complementary Tax.

Pursuant to the income tax rules and regulations of the PRC, the companies comprising the Group in the PRC are liable to PRC Enterprise Income Tax as follows:

– Dongguan Ta Yang Silicone Rubber Industrial Company Limited ("Dongguan Ta Yang") is an approved foreign investment product export oriented enterprise during the periods ended 31st January 2008 and eligible to a preferential tax rate of 12% up to 31st December 2007. From 1st January 2008 onwards Dongguan Ta Yang applied the unified tax rate of 25%.

– Dongguan Tay Yang Rubber Plastic Industrial Company Limited ("Dongguan Tay Yang"), Huzhou Ta Yang Electronic Technology Company Limited ("Huzhou Ta Yang") and Dongguan Tai Yang Rubber Plastic Industrial Company Limited ("Dongguan Tai Yang") are foreign investment enterprises and are entitled to tax concessions whereby the profit for the first two financial years beginning with the first profit-making year is exempted from income tax in the PRC and the profit for each of the subsequent three years is taxed at 50% of the prevailing tax rate.

– Dongguan Tay Yang is entitled to a preferential tax rate of 24%. The first profit-making year of Dongguan Tay Yang is 2005. Accordingly, Dongguan Tay Yang is exempted from PRC Enterprise Income Tax from 1st January 2005 to 31st December 2006 and is entitled to a 50% exemption of income tax from 1st January 2007 to 31st December 2009.

– Huzhou Ta Yang is entitled to a preferential tax rate of 26.4%. The first profit-making year of Huzhou Ta Yang is 2004. Accordingly, Huzhou Ta Yang is exempted from PRC Enterprise Income Tax from 1st January 2004 to 31st December 2005 and is entitled to a 50% exemption of income tax from 1st January 2006 to 31st December 2008. From 1st January 2009 onwards Huzhou Ta Yang applied the unified tax rate of 25%.

– Dongguan Tai Yang is entitled to a preferential tax rate of 24% and it sustained tax losses during the periods ended 31st January 2008 and 2009. Dongguan Tai Yang is exempted from PRC Enterprise Income Tax from 1st January 2008 to 31st December 2009 and is entitled to a 50% exemption of income tax from 1st January 2010 to 31st December 2012.

On 16th March 2007, the PRC promulgated the Law of the PRC on Enterprise Income Tax (the "New Law") by Order No. 63 of the President of the PRC. On 6th December 2007, the State Council of the PRC issued Implementation Regulations of the New Law. Under the New Law and Implementation Regulations, the Enterprise Income Tax rate of the subsidiaries in the PRC was reduced from 33% to 25% progressiving from 1st January 2008 onwards. The relevant tax rates for the Group's subsidiaries in the PRC ranged from 12% to 25% (2008: 12% to 13.2%).

7. PROFIT FOR THE PERIOD

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

	Six months ended 31st January	
	2009	2008
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Amortisation of prepaid lease payments	**654**	139
Depreciation of property, plant and equipment	**19,603**	15,124
Impairment losses recognised in respect of trade receivables	**784**	861
Exchange loss	**2,892**	6,246
Interest income	**(4,432)**	(10,035)
Government grants	**(1,195)**	(218)

8. DIVIDENDS

	Six months ended 31st January	
	2009	2008
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
2008 final dividend of HK$0.06 per share (2007: final dividend of HK$0.06 per share)	**48,000**	48,000

The directors of the Company do not recommend the payment of an interim dividend for the six months ended 31st January 2009 and 2008.

9. EARNINGS PER SHARE

The calculations of the basic and diluted earnings per share for the periods are based on the Group's profit attributable to equity holders of the Company of approximately HK$31,521,000 (2008: HK$79,780,000).

The basic earnings per share is based on the weighted average number of 800,000,000 (2008: 800,000,000) ordinary shares in issue during the periods.

The diluted earnings per share for the period ended 31st January 2009 and 2008 was the same as the basic earnings per share because the exercise price of the Company's share options was higher than the average market price of the Company's shares for the six months ended 31st January 2009 and 2008.

10. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent approximately HK$37,441,000 (2008: HK$36,000,000) on property, plant and equipment to upgrade its manufacturing capacities and construct new manufacturing plant and staff quarters.

11. TRADE AND OTHER RECEIVABLES

	31/1/2009	31/7/2008
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Trade receivables		
– from third parties	**234,333**	242,625
– from an associate	**2,950**	2,500
Less: Impairment losses recognised in respect of trade receivables	**(1,106)**	(322)
	236,177	244,803
Prepayments, deposits and other receivables	**37,671**	48,101
	273,848	292,904

The Group's sales are on open account terms. The Group normally grants to its customers credit periods ranging from 30 days to 120 days which are subject to periodic review by management.

An aged analysis of trade receivables, net of impairment losses recognised is as follows:

	31/1/2009	31/7/2008
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within 1 month or on demand	**114,361**	111,220
More than 1 month but less than 3 months	**64,161**	95,600
More than 3 months but less than 12 months	**57,655**	36,795
More than 12 months	**–**	1,188
	236,177	244,803

Included in trade receivables are the following amounts denominated in a currency other than the functional currency of the entity to which they relate:

	31/1/2009	31/7/2008
	'000	*'000*
	(Unaudited)	(Audited)
United States dollars	**19,126**	21,546
Euros	**6,771**	825
New Taiwan dollars	**405**	10

12. TRADE AND OTHER PAYABLES

	31/1/2009	31/7/2008
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Trade and bills payables	**48,954**	56,803
Other payables	**27,531**	42,379
	76,485	99,182

An aged analysis of trade and bills payables is as follows:

	31/1/2009	31/7/2008
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Due within 1 month or on demand	**13,031**	22,144
Due after 1 month but within 3 months	**25,950**	26,333
Due after 3 months but within 6 months	**7,128**	4,042
Due after 6 months but within 1 year	**1,366**	4,128
Due after 1 year	**1,479**	156
	48,954	56,803

Included in trade and bills payables are the following amounts denominated in a currency other than the functional currency of the entity to which they relate:

	31/1/2009	31/7/2008
	'000	*'000*
	(Unaudited)	(Audited)
United States dollars	**3,080**	2,806
New Taiwan dollars	**150**	150

13. SHARE CAPITAL

	Number of shares *(in thousands)*	Amount *HK$'000*
Ordinary share of HK$0.10 share each		
Authorised:		
At 1st August 2007, 31st July 2008 and 31st January 2009	20,000,000	2,000,000
Issued and fully paid:		
At 1st August 2007, 31st July 2008 and 31st January 2009	800,000	80,000

14. SHARE OPTION SCHEME

The Company has a share option scheme for eligible employees of the Group. Details of the share options outstanding are as follows:

		Six months ended 31st January	
		2009	2008
	Exercise price	**Number of share options**	
Outstanding at the beginning of the period	HK$2.20	**7,425,000**	8,935,000
Lapsed during the period	HK$2.20	**(185,000)**	(1,070,000)
Outstanding at the end of the period	HK$2.20	**7,240,000**	7,865,000

No share options were granted during the six months ended 31st January 2009 and 2008.

15. RELATED PARTY TRANSACTIONS

(a) Other than disclosed elsewhere in the condensed consolidated financial statements, during the period, the Group entered into the following transactions with related parties:

		Six months ended 31st January	
		2009	2008
		HK$'000	*HK$'000*
Name of company	**Nature of transactions**	**(Unaudited)**	(Unaudited)
SiTY Silcum & Ta Yang International GmbH ("SiTY") *(Note)*	Sales of silicone rubber keypads	**3,735**	3,423
	Receive tooling charges	**289**	54
	Receive modification charges	**31**	14
	Receive fixture charges	**12**	–

Note: SiTY is an associate of the Group.

(b) Compensation of key management personnel

The remuneration of directors of the Company and other members of key management during the period was follows:

	Six months ended 31st January	
	2009	2008
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Short-term benefits	**6,226**	5,134
Post-employment benefits	**98**	83
Share-based payments	**468**	872
	6,792	6,089

The remuneration of directors of the Company and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

16. COMMITMENTS

At the balance sheet date, the Group had the following capital commitments for the acquisition of property, plant and equipment:

	31/1/2009	31/7/2008
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Contracted but not provided for	**7,510**	13,236

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Global demand for the 4C products, including consumer electronic devices, keypads for mobile phones, keypads for computers and notebooks and automotive peripheral, has confronted an unprecedented changing operation environment in 2008/2009. The industry is affected by fluctuation in raw material cost, appreciation of RMB and global markets uncertainties caused by the sub-prime crisis. Highly volatile orders have also posed challenges to the deployment of our production resources. In addition, the demand in consumer electronic devices, mobile phones, computers and notebooks and automotive peripheral products are inevitably declining as a result of the fall in consumer confidence and demand. The Group's performance has therefore been negatively impacted in the last quarter of 2008. In view of the uncertainty in global economic conditions, we have taken further measures to control production costs, closely monitor production schedules and expand customer base.

During the period under review, the Group recorded operating profits before tax of approximately HK$33.2 million. The decrease in the turnover and profit was mainly attributable to (i) the increase of operation costs resulted from the increase of labour costs in Mainland China and the appreciation of RMB against Hong Kong dollars , (ii) the slowdown in global economic growth and (iii) the unexpected decline in order from the customers.

In order to strengthen the Group's competitive edge and profitability, the Group has focused on optimising its product mix with advanced technological features to meet the need of the customers.

Despite the slowdown in worldwide economy, the Group managed to acquire new customers by leveraging on our competitiveness. Apart from the continuous efforts to monitor market development, restructure and streamline our business operations, as and when necessary, so as to improve the current financial position of the Group and enhance the business performance, the management of the Group also looks for new business opportunities to offset our loss in turnover stemmed by the prevailing weak market demand.

The Group will strive to increase overall production efficiency through research and development of innovative high-end products, improving workflow and increasing yield rate. Besides, the Group will tighten controlling measures on inventories and receivables with a view to improve the entire process to manage finance and sales.

The newly launched brand "SIPALS" has maintained steady growth. As such, the Group will continue to develop and offer new innovative products under "SIPALS" brand with competitive prices to capture potential customers and to enhance the profits of the Group.

Outlook

Given the economic uncertainties and adversities, 2009 will be another challenging year for the Group. The Group will continue to increase its market share and consolidate its core businesses by further strengthen the existing customer base and seeking new customers through diversifying its product and service offerings.

At the same time, the Group will exercise more stringent cost control measures, in particular on material price reduction, as well as consolidate its production facilities and lower its overall operation and administrative expenses. The Group will adopt conservative cash management approach by closely monitor its inventory level and trade receivables to maintain a healthy cash position of the Group.

Although the corporate operating environment is expected to remain tough, the Group will continue to adopt a cautious approach in 2009. Leveraging on our solid financial situation and strong management team, the Group is well-positioned to tackle the challenges and create value for shareholders, customers and employees in a continuous and steady manner.

In the short term, we will focus to reserve more cash to maintain a high degree of liquidity. Meanwhile, we are also committed to explore business opportunities by acquiring business relevant to the Group's core businesses at attractive prices with an aim to consolidate our competitive advantages in the industry and expand our business to application field with promising futures.

In the long term, the reduction in demand will accelerate the market consolidation which enables us to gain market share at the expenses of weaker competitors. Accordingly, the management of the Group considers the downturn in economy as a positive opportunity for the Group and believes that our measures will position ourselves well for the future growth.

FINANCIAL REVIEW

Turnover

Due to the financial turmoil originated from Wall Street which created a sudden freeze in global consumption and widely-spread loss of individual wealth, the turnover for the period was HK$331.4 million, which represents a decrease of HK$66.2 million, or 16.7% compared with the corresponding period in 2008. Apart from financial turmoil of 2008, the continuous industry consolidation in 4C products also have the adverse effect on sales of the Group. In addition, the demand for one of the Group's product, silicone protective cover for Wii console handheld devices "Wii Jacket" has an obvious decrease for the period.

However, the Group commenced to launch a new product line under the brand " SIPALS". SIPALS offers innovative products for daily life. Although the sales of SIPALS brand products only contributed a small portion to the Group's total turnover, it has steady growth during the period.

Gross profit

The gross profit was HK$98.5 million, a decrease of HK$32.8 million or 25.0% as compared with the corresponding period in 2008. Overall gross profit margin for the period decreased from 33.0% to 29.7%. The decrease in gross profit was due to the Group suffering from the adverse effect of increasing raw material costs and labour costs which was difficult to shift the increasing costs to the customers under the current recession.

Other operating income

Other operating income decreased by HK$2.2 million or 16.9% to HK$10.6 million as compared with the corresponding period in 2008. The decrease was mainly due to the decrease in interest income from bank deposits. The decrease was partly offset by the compensation from insurance due to the fire accident in the PRC factory.

Administrative expenses

Administrative expenses increased from HK$41.4 million to HK57.7 million as compared with the corresponding period in 2008. When counted as a percentage of the Group's turnover, the total amount of administrative expenses was 17.4%, 7.0% increased compared with the corresponding period in 2008. The increase was a result of the increase in additional management and administrative costs incurred to support expansion of business and new production bases and continuous increase in costs in PRC.

Profit for the period

Profit for the period was HK$31.5 million, representing an decrease of HK$48.3 million or 60.5% as compared with the corresponding period in 2008.

Liquidity and financial resources

During the period, the Group's source of fund was cash generated from operating activities and the Group's working capital continued to remain stable.

	31/1/2009	31/7/2008
	HK$'000	*HK$'000*
Cash and cash equivalents	**427,788**	487,429
Net current assets	**737,088**	768,768
Current Ratio	**6.74**	6.09
Quick Ratio	**5.48**	5.18

Financial management and treasury policy

The Group adopts a conservative approach for cash management and investment on uncommitted funds. The net proceeds from the international offering (as defined in the Prospectus) have been placed on short-term deposits with authorised financial institutions in Hong Kong and the PRC.

During the year, the Group's receipts were mainly denominated in US dollars and Hong Kong dollars. Payments were mainly made in US dollars and RMB.

In respect of the RMB, as the Group's production plants are located in the PRC, most of our labour costs, manufacturing overheads, selling and administrative expenses were denominated in RMB. Therefore, the appreciation of RMB will adversely affect the Group's profitability. The Group will closely monitor the trend of RMB and consider to take appropriate measure to deal with the RMB exposure.

USE OF PROCEEDS

The net proceeds raised from the international offering received by the Company was approximately HK$635 million.

The usage of net proceeds until 31st January 2009 are as follows:

Particular	**Planned amount** *HK$ million*	**Utilised amount** *HK$ million*
Expansion of production facilities for silicone rubber based products	468	(157)
Upgrade and expansion of upstream production facilities	56	–
Strengthening research and development capabilities	39	(11)
Implementation of resources planning system	22	(1)
General working capital	50	(50)
Total	635	(219)

The remaining net proceeds have been deposited on short-term basis in licensed financial institutions in Hong Kong and the PRC.

HUMAN RESOURCES AND REMUNERATION POLICIES

As the Group is committed to expand our production capacity and develop high value-added products, such as mobile phone keypads, experienced workers, engineers and professionals are the most important assets to the Group. We offer on-the-job training and encourage staff to attend continuous professional training in order to update their skills and knowledge.

We offer competitive remuneration package, including quality staff quarters, trainings, medical, insurance coverage and retirement benefits, to all employees in Hong Kong and in the PRC. As at 31st January 2009 the Group employed more than 6,700 employees.

The Group adopted a Pre-IPO Share Option Scheme on 16th May 2007 for the purpose of recognition of employees' contribution before the listing of the Company. As at 31st January 2009, 7,240,000 share options were still outstanding under the Pre-IPO Share Option Scheme, of which 5,410,000 options are held by employees of the Group. The Company also adopted a Post-IPO Share Option Scheme on 16th May 2007. No option has been granted under the Post-IPO Share Option Scheme.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 31st January 2009.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the six months ended 31st January 2009, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE

The Company has complied with the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the six months ended 31st January 2009.

Despite the removal of the requirement for a qualified accountant in the Listing Rules effective 1st January 2009, the Group continues to maintain a qualified accountant to oversee its financial reporting and other accounting-related issues in accordance with the relevant laws, rules and regulations.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules as the code for Directors' securities transactions (the "Model Code"). Having made specific enquiry, all the Directors confirmed their compliance with the required standard set out in the Model Code throughout the six months ended 31st January 2009.

AUDIT COMMITTEE

The Audit Committee of the Company comprises Mr. Yeung Chi Tat (chairman), Mr. Chuang Hong-Jen and Mr. Hsieh Yu, all of whom are independent non-executive Directors of the Company.

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Company and discussed internal controls and financial reporting matters.

The Company's unaudited consolidated financial statements for the six months ended 31st January 2009 have been reviewed by the Audit Committee and Messrs. SHINEWING (HK) CPA Limited, the auditors of the Company, 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.

By Order of the Board
Ta Yang Group Holdings Limited
Huang Sheng-Shun
Chairman

Hong Kong, 24th April 2009

As at the date hereof, the Board of the Company has five executive directors, namely Mr. Huang Sheng-Shun, Mr. Wu Ih Chen, Mr. Lin Hung-Ming, Mr. Wong Tak Leung and Mr. Huang Te-Wei, one non-executive director namely Mr. Kirk Yang and three independent non-executive directors namely, Mr. Chuang Hong-Jen, Mr. Hsieh Yu and Mr. Yeung Chi Tat.