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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)

PRELIMINARY ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 JULY 2011

FINAL RESULTS

The board of Directors (the "Board") of Ta Yang Group Holdings Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 July 2011, together with the audited comparative figures for the year ended 31 July 2010 as follows:

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 JULY 2011

	Notes	**2011** *HK$'000*	2010 *HK$'000*
Turnover	*3*	**787,348**	812,093
Cost of sales		**(637,618)**	(631,547)
Gross profit		**149,730**	180,546
Other operating income	*3*	**26,479**	17,474
Selling and distribution expenses		**(26,638)**	(28,086)
Administrative expenses		**(104,751)**	(94,525)
Other expenses	*5*	**(5,156)**	(5,072)
Gain on deemed disposal of subsidiaries		**2,249**	–
Share of results of jointly controlled entities		**(838)**	–
Share of result of an associate		**(85)**	383
Profit before tax		**40,990**	70,720
Income tax credit (expenses)	*6*	**1,654**	(3,454)
Profit for the year attributable to owners of the Company	*7*	**42,644**	67,266
Earnings per share	*9*		
Basic		**HK5.48 cents**	HK8.51 cents
Diluted		**HK5.48 cents**	HK8.50 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 JULY 2011

	2011	2010
	HK$'000	*HK$'000*
Profit for the year	**42,644**	67,266
Other comprehensive income (expenses)		
Exchange differences arising on translating foreign operations		
Exchange differences arising during the year	**39,390**	9,410
Reclassification adjustments relating to deemed disposal of subsidiaries during the year	**(386)**	–
	39,004	9,410
Available-for-sale financial assets		
Net gain arising on revaluation of available-for-sale financial assets during the year	**23,881**	6,791
Reclassification adjustments relating to available-for-sale financial assets disposed of during the year	**(6,550)**	–
	17,331	6,791
Share of other comprehensive income (expenses) of an associate and jointly controlled entities		
Share of exchange reserve of an associate	**184**	(120)
Share of exchange reserve of jointly controlled entities	**933**	–
	1,117	(120)
Other comprehensive income for the year, net of tax	**57,452**	16,081
Total comprehensive income for the year, net of tax, attributable to owners of the Company	**100,096**	83,347

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 July 2011

	Notes	**2011**	2010
		HK$'000	*HK$'000*
Non-current assets			
Property, plant and equipment		**312,675**	320,309
Construction in progress		**749**	1,916
Prepaid lease payments		**59,924**	57,106
Investment property		**26,510**	–
Available-for-sale financial assets		**74,509**	44,892
Held-to-maturity investments		**–**	11,610
Interests in jointly controlled entities		**16,741**	–
Interest in an associate		**1,442**	1,528
Loan receivable from a jointly controlled entity		**7,801**	–
Deposits for acquisition of land use rights		**6,811**	5,171
		507,162	442,532
Current assets			
Inventories		**180,181**	165,127
Trade and other receivables	*10*	**286,960**	302,050
Prepaid lease payments		**1,378**	1,301
Amounts due from jointly controlled entities		**12,991**	–
Income tax recoverable		**16**	–
Held-to-maturity investments		**23,660**	–
Held-for-trading investments	*11*	**986**	47
Derivative financial instruments	*12*	**4,172**	2,938
Bank balances and cash		**262,248**	333,789
		772,592	805,252
Assets classified as held for sale		**2,772**	–
		775,364	805,252
Current liabilities			
Trade and other payables	*13*	**100,507**	118,909
Income tax payable		**40,517**	44,997
		141,024	163,906
Net current assets		**634,340**	641,346
Total assets less current liabilities		**1,141,502**	1,083,878
Capital and reserves			
Share capital		**77,854**	77,801
Reserves		**1,060,299**	1,002,449
Total equity		**1,138,153**	1,080,250
Non-current liabilities			
Deferred income	*14*	**1,040**	1,014
Deferred tax liabilities		**2,309**	2,614
		3,349	3,628
		1,141,502	1,083,878

1. GENERAL

Ta Yang Group Holdings Limited (the "Company") is incorporated in the Cayman Islands with limited liability and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and principal place of business of the Company are disclosed in the "Corporate Information" section to the Annual Report. The Company and its subsidiaries (the "Group") are principally engaged in manufacturing and sale of silicone rubber and related products.

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

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

At 31 July 2011, the directors of the Company consider the ultimate holding company of the Company to be Bluebell Global Enterprises Limited which is incorporated in the British Virgin Islands (the "BVI").

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied the following new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendments that are effective for annual periods beginning on or after 1 January 2010
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010 in relation to the amendments that are effective for annual periods beginning on or after 1 July 2010
Hong Kong Accounting Standards ("HKAS") 32 (Amendment)	Classification of Rights Issues
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions
HK – Interpretation ("Int") 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
HK (IFRIC) – Int 19	Extinguish Financial Liabilities with Equity Instruments

Amendment to HKFRS 5 Non-current Assets Classified as Held for Sale and Discontinued Operations (as part of Improvements to HKFRSs issued in 2009).

The amendment to HKFRS 5 clarify that the disclosure requirements in HKFRSs other than HKFRS 5 do not apply to non-current assets (or disposal groups) classified as held for sale or discontinued operations unless those HKFRSs require (i) specific disclosures in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations, or (ii) disclosures about measurement of assets and liabilities within a disposal group that are not within the scope of the measurement requirement of HKFRS 5 and the disclosures are not already provided in the consolidated financial statements. The application of amendment to HKFRS 5 had no material effect on the consolidated financial statements.

Amendment to HKAS 17 Leases

As part of Improvements to HKFRSs issued in 2009, HKAS 17 Leases has been amended in relation to the classification of leasehold land. Before the amendment to HKAS 17, the Group was required to classify leasehold land as operating leases and to present leasehold land as prepaid lease payments in the consolidated statement of financial position. The amendment to HKAS 17 has removed such a requirement. The amendment requires that the classification of leasehold land should be based on the general principles set out in HKAS 17, that is, whether or not substantially all the risks and rewards incidental to ownership of a leased asset have been transferred to the lessee.

In accordance with the transitional provisions set out in the amendment to HKAS 17, the Group reassessed the classification of unexpired leasehold land as at 1 August 2010 based on information that existed at the inception of the leases. The application of amendment to HKAS 17 had no material effect on the consolidated financial statements.

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

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective.

HKFRSs (Amendments)	Improvements to HKFRSs 2010[1]
HKFRS 1 (Amendment)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters[3]
HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets[3]
HKFRS 9	Financial Instruments[6]
HKFRS 10	Consolidated Financial Statements[6]
HKFRS 11	Joint Arrangements[6]
HKFRS 12	Disclosure of Interests in Other Entities[6]
HKFRS 13	Fair Value Measurement[6]
HKAS 1 (Amendments)	Presentation of Financial Statements[5]
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[4]
HKAS 19 (Revised 2011)	Employee Benefits[6]
HKAS 24 (Revised 2009)	Related Party Disclosure[2]
HKAS 27 (Revised 2011)	Separate Financial Statements[6]
HKAS 28 (Revised 2011)	Investments in Associates and Joint Ventures[6]
HK(IFRIC) – Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement[2]

1 Amendments that are effective for annual periods beginning on or after 1 January 2011
2 Effective for annual periods beginning on or after 1 January 2011
3 Effective for annual periods beginning on or after 1 July 2011
4 Effective for annual periods beginning on or after 1 January 2012
5 Effective for annual periods beginning on or after 1 July 2012
6 Effective for annual periods beginning on or after 1 January 2013

HKFRS 9 Financial Instruments issued in November 2009 and amended in October 2010 introduces new requirements for the classification and measurement of financial assets and financial liabilities and for derecognition.

- HKFRS 9 requires all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

- The most significant effect of HKFRS 9 regarding the classification and measurement of financial liabilities relates to the accounting for changes in fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was recognised in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors of the Company anticipate that HKFRS 9 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013 and that the application of the new standard will have a significant impact on amounts reported in respect of the Group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

The amendments to HKFRS 7 titled Disclosures – Transfers of Financial Assets increase the disclosure requirements for transactions involving transfers of financial assets. These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period. To date, the Group has not entered into transactions involving transfers of financial assets. However, if the Group enters into any such transactions in the future, disclosures regarding those transfers may be affected.

The five new or revised standards on consolidation, joint arrangements and disclosures including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (2011) and HKAS 28 (2011) were issued by the HKICPA in June 2011 and are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of the five new or revised standards are applied early at the same time. The directors of the Company anticipate that these new or revised standards will be applied in the Group's consolidated financial statements for financial year ending 31 December 2013 and the potential impact is described below.

HKFRS 10 replaces the parts of HKAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements. Under HKFRS 10, there is only one basis for consolidation, that is control. In addition, HKFRS 10 includes a new definition of control that contains three elements; (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios. Overall, the application of HKFRS 10 requires a lot of judgement. The application of HKFRS 10 might result in the Group no longer consolidating some of its investees, and consolidating investees that were not previously consolidated.

HKFRS 11 replaces HKAS 31 Interests in Joint Ventures. HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. Under HKFRS 11, there are two types of joint arrangements: joint ventures and joint operations. The classification in HKFRS 11 is based on parties' rights and obligations under the arrangements. In contrast, under HKAS 31, there are three different types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations.

In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate accounting. The application of HKFRS 11 might result in changes in the classification of the Group's joint arrangements and their accounting treatments. Specifically, the Group's jointly controlled entities that are currently accounted for using the equity method of accounting would be classified as joint ventures and accounted for in accordance with HKFRS 11.

The amendments to HKAS 1 have been issued to improve the presentation of other comprehensive income. The amendments require entities to group together the items of other comprehensive income that may be reclassified to profit or loss in the future by presenting them separately from those that would never be reclassified to profit or loss. The application of the amendment to HKAS 1 might result in changes in presentation of the Group's statement of comprehensive income.

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.

3. TURNOVER AND OTHER OPERATING INCOME

Turnover represents sales value of goods sold to customers net of discounts, sales tax and value added tax.

Revenues recognised during the year are as follows:

	2011	2010
	HK$'000	*HK$'000*
Turnover		
Sale of goods	**787,348**	812,093
Other operating income		
Interest income		
– Bank deposits	**4,495**	4,562
– Held-to-maturity investments	**180**	363
Total interest income	**4,675**	4,925
Increase in fair value of investment property	**1,879**	–
Investment income from derivative financial instruments	**364**	619
Gross rental income *(Note a)*	**592**	–
Fair value gain on derivative financial instruments	**1,127**	2,934
Dividend income	**509**	1,695
Gain on disposal of available-for-sale financial assets	**11,750**	–
Gain on disposal of held-for-trading investments	**112**	–
Gain on disposal of derivative financial instruments	**205**	–
Government grants		
– Amortisation of deferred income for the year *(Note 14)*	**24**	23
– Grants related to expenses recognised as other operating income *(Note b)*	**1,592**	1,853
Reversal of impairment losses recognised in respect of trade receivables	**119**	190
Sundry income	**3,531**	5,235
	26,479	17,474
Total revenues	**813,827**	829,567

Notes:

a) An analysis of the Group's net rental income is as follows:

	2011	2010
	HK$'000	*HK$'000*
Gross rental income	**592**	–
Less: Outgoings (included in administrative expenses)	**(105)**	–
Net rental income	**487**	–

b) For the year ended 31 July 2011, the amount represented unconditional grants from Huzhou Municipal People's Government for subsidising the operation of high technology enterprise in the PRC. For the year ended 31 July 2010, the amount represented unconditional grants from Dongguan Social Security Authority for subsidising the unemployment insurance contribution in the PRC.

4. SEGMENT INFORMATION

The Group's revenue, results, assets and liabilities are primarily attributable to the manufacturing and sale of silicone rubber and related products, of which information is regularly reviewed by the chief operating decision maker, chief executive officer, for the purpose of resources allocation and performance assessment. The directors of the Company consider that there is only one operating and reportable segment for the Group.

Revenue from major products

The following is an analysis of the Group's revenue from its major products:

	2011	2010
	HK$'000	*HK$'000*
Keypads for consumer electronic devices	**327,609**	355,942
Keypads for computers and notebooks	**240,553**	258,477
Lifestyle products	**74,935**	14,114
Keypads for mobile phones	**58,835**	122,705
Automotive peripheral products	**32,270**	36,559
Others	**53,146**	24,296
	787,348	812,093

Geographical information

The Group's operations are principally located in the PRC and Hong Kong.

The Group's revenue from external customers and information about its non-current assets by geographical location of the assets are detailed below:

	Revenue from external customers		**Non-current assets**	
	2011	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
The PRC (excluding Hong Kong)	**452,769**	426,713	**396,954**	374,205
Hong Kong	**145,040**	151,968	**16,604**	10,297
Other Asian countries	**154,703**	197,355	**9,852**	–
The Americas	**24,684**	25,076	**–**	–
Europe	**10,152**	10,981	**1,442**	1,528
	787,348	812,093	**424,852**	386,030

Non-current assets excluded available-for-sale financial assets, held-to-maturity investments and loan receivable from a jointly controlled entity.

Information about major customers

Revenues from customers contributing over 10% of the total sales of the Group are derived from sales of silicone rubber and related products in both years and are as follows:

	2011	2010
	HK$'000	*HK$'000*
Customer A	**155,351**	192,014
Customer B	**101,538**	100,479
Customer C *(Note)*	**N/A**	97,971

Note: The corresponding revenue does not contribute over 10% of the total sales of the Group in the year ended 31 July 2011.

5. OTHER EXPENSES

	2011	2010
	HK$'000	*HK$'000*
Exchange losses	**3,665**	2,082
Impairment loss recognised in respect of available-for-sale financial assets	**1,235**	–
Loss on disposal of property, plant and equipment	**150**	466
Fair value loss on held-for-trading investments	**22**	–
Loss on disposal of derivative financial instruments	**–**	2,369
Impairment loss recognised in respect of property, plant and equipment	**84**	–
Loss on disposal of held-for-trading investments	**–**	151
Bad debts written off	**–**	4
	5,156	5,072

6. INCOME TAX (CREDIT) EXPENSES

	2011	2010
	HK$'000	*HK$'000*
Hong Kong Profits Tax		
– current year	**17**	21
PRC Enterprise Income Tax		
– current year	**7,901**	10,284
– overprovision in prior years	**–**	(438)
	7,901	9,846
Macau Complementary Income Tax ("MCIT")		
– overprovision in prior years *(Note)*	**(9,267)**	(9,917)
Deferred taxation		
– current year	**(305)**	3,504
	(1,654)	3,454

Note: Due to no formal tax assessment notice has been issued by the Macau tax authority and the expiry of five years time-barred period in accordance with the Macau Complementary Income Tax (Decree Law 21/78/M) Article 55, the management of the Company assessed that the overprovision for MCIT in prior years of approximately HK$9,267,000 (2010: HK$9,917,000) is written back and credited to profit or loss during the year ended 31 July 2011.

Hong Kong Profits Tax was calculated at 16.5% on the estimated assessable profit for both years.

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

Ta Yang Group (Macao Commercial Offshore) Limited was incorporated as a commercial offshore entity in Macau and is exempt from MCIT.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards. Accordingly, provision for PRC Enterprise Income Tax for the PRC subsidiaries is calculated at 25% of estimated assessable profits for both periods, except disclosed as follows:

– 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.

– The first profit-making year of Dongguan Tay Yang is 2005. Accordingly, Dongguan Tay Yang is exempted from PRC income tax from 1 January 2005 to 31 December 2006 and is entitled to a 50% exemption of income tax from 1 January 2007 to 31 December 2009. From 1 January 2010 onwards, provision for PRC Enterprise Income Tax for Dongguan Tay Yang is calculated at 25% of its estimated assessable profits.

– In September 2008, Huzhou Ta Yang is recognised as an approved technology enterprise and is eligible to a preferential tax rate of 15% from 1 January 2009 to 31 December 2011.

– The first profit-making year of Dongguan Tai Yang is 2008. Accordingly, Dongguan Tai Yang is exempted from PRC Enterprise Income Tax from 1 January 2008 to 31 December 2009 and is entitled to a 50% exemption of income tax from 1 January 2010 to 31 December 2012.

The income tax (credit) expenses for the year can be reconciled to the profit before tax per the consolidated income statement as follows:

	2011	2010
	HK$'000	*HK$'000*
Profit before tax	**40,990**	70,720
Tax expense at rates applicable to profits in the jurisdictions concerned	**7,034**	26,560
Tax effect of income not subject to tax	**(1,160)**	(2,482)
Tax effect of expenses not deductible for tax purposes	**1,721**	1,574
Tax effect of share of result of an associate	**14**	(63)
Tax effect of share of result of a jointly controlled entity	**88**	–
Overprovision in prior years	**(9,267)**	(10,355)
Tax effect of tax losses not recognised	**1,576**	120
Effect of tax exemptions granted to PRC subsidiaries	**(1,660)**	(5,475)
Utilisation of previously unrecognised tax losses	**–**	(6,425)
Income tax (credit) expenses for the year	**(1,654)**	3,454

7. PROFIT FOR THE YEAR

	2011	2010
	HK$'000	*HK$'000*
Profit for the year has been arrived at after charging (crediting):		
Auditor's remuneration	**1,180**	1,118
Amortisation of prepaid lease payments	**1,393**	1,298
Costs of inventories sold *(Note a)*	**637,390**	635,052
Allowance for inventories (included in cost of sales)	**228**	390
Reversal of allowance for inventories (included in cost of sales)	**–**	(3,895)
Share of taxation of an associate	**–**	426
Depreciation of property, plant and equipment	**44,515**	41,415
Directors' emoluments	**8,402**	10,536
Impairment losses recognised in respect of trade and other receivables *(Note 10)*	**508**	355
Research and development costs *(Note b)*	**6,941**	10,028
Payments under operating leases in respect of land and buildings	**8,597**	8,090
Staff costs (excluding directors' emoluments)	**320,023**	293,126

Notes:

(a) Cost of inventories sold included approximately HK$302,903,000 (2010: HK$282,633,000) relating to staff costs, depreciation expenses and operating lease charges which amount is also included in the respective total amounts disclosed separately above.

(b) During the year ended 31 July 2011, research and development costs included staff costs of approximately HK$2,561,000 (2010: HK$5,643,000) for the Group's employees engaged in research and development activities, which are also included in staff costs.

8. DIVIDENDS RECOGNISED AS DISTRIBUTION DURING THE YEAR

	2011	2010
	HK$'000	*HK$'000*
Dividend recognised as distribution during the year:		
2010 final dividend declared and paid of HK$0.06 (2009: HK$0.06) per share	**46,707**	48,000

The directors of the Company recommend the payment of a final dividend of HK$0.06 (2010: HK$0.06) per share for the year ended 31 July 2011. The proposed final dividend will be paid on or before 28 December 2011 to those shareholders whose names appear on the Company's register of members on 14 December 2011.

This proposed dividend is subject to approval by the shareholders at the forthcoming annual general meeting.

9. EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during both years.

	2011	2010
Profit for the year attributable to owners of the Company (HK$'000)	**42,644**	67,266
Weighted average number of ordinary shares in issue ('000)	**777,863**	790,610
Basic earnings per share (HK cents)	**5.48**	8.51

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has one category of dilutive potential ordinary shares: share options.

	2011	2010
Profit for the year attributable to owners of the Company (HK$'000)	**42,644**	67,266
Weighted average number of ordinary shares in issue ('000)	**777,863**	790,610
Effect of dilutive potential ordinary shares ('000)	**421**	1,183
Weighted average number of ordinary shares for diluted earnings per share ('000)	**778,284**	791,793
Diluted earnings per share (HK cents)	**5.48**	8.50

10. TRADE AND OTHER RECEIVABLES

(a)

	2011	2010
	HK$'000	*HK$'000*
Trade and bills receivables		
– from third parties	**250,144**	277,682
– from an associate	**2,130**	1,868
Less: Impairment losses recognised in respect of trade and bills receivables from third parties	**(778)**	(373)
	251,496	279,177
Prepayments, deposits and other receivables	**35,464**	23,017
Less: Impairment losses recognised in respect of other receivables	**–**	(144)
	286,960	302,050

The Group normally grants to its customers credit periods ranging from 30 days to 135 days which are subject to periodic review by the management.

An aged analysis of trade and bills receivables, net of impairment losses recognised, presented based on the invoice date at the reporting date is as follows:

	2011	2010
	HK$'000	*HK$'000*
Within 1 month or on demand	**137,959**	122,850
More than 1 month but less than 3 months	**81,063**	113,904
More than 3 months but less than 12 months	**31,767**	41,630
More than 12 months	**707**	793
	251,496	279,177

(b) The movement on impairment losses of trade and bills receivables is as follows:

	2011	2010
	HK$'000	*HK$'000*
At 1 August	**373**	406
Exchange realignment	**25**	3
Impairment losses recognised	**508**	213
Impairment losses reversed	**(119)**	(190)
Amounts written off as uncollectible	**(9)**	(59)
At 31 July	**778**	373

Included in the impairment losses recognised are individually impaired trade and bills receivables with an aggregate balance of approximately HK$778,000 (2010: HK$373,000) over which the Group does not hold any collateral. The individually impaired receivables mainly relate to customers that are in financial difficulty or of poor credit history.

(c) The movement on impairment losses of other receivables is as follows:

	2011	2010
	HK$'000	*HK$'000*
At 1 August	**144**	–
Exchange realignment	**2**	2
Impairment losses recognised	**–**	142
Written off	**(146)**	–
At 31 July	**–**	144

As at 31 July 2010, included in the impairment losses recognised were individually impaired other receivables with an aggregate balance of approximately HK$144,000 (2011: Nil) which were due to long outstanding. The Group does not hold any collateral over these balances.

(d) At 31 July 2011 and 2010, the analysis of trade and bills receivables that were past due but not impaired are as follows:

			Past due but not impaired		
	Total	**Neither past due nor impaired**	**Less than 90 days**	**Over 90 days but less than 1 year**	**Over 1 year but less than 2 years**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
31 July 2011	251,496	208,745	39,000	3,055	696
31 July 2010	279,177	263,664	13,903	1,479	131

Trade and bills receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default. The Group does not hold any collateral over these balances.

Trade and bills receivables that were past due but not impaired relate to a number of independent customers that have a good track payment record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

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

	2011	2010
	'000	*'000*
United States Dollars ("USD")	**24,423**	28,548
New Taiwan Dollars ("NTD")	**24,095**	2,100
Euro	**206**	178

11. HELD-FOR-TRADING INVESTMENTS

	2011	2010
	HK$'000	*HK$'000*
Equity securities at quoted market price		
– listed in Hong Kong	**75**	–
– listed outside Hong Kong	**911**	47
	986	47

Included in held-for-trading investments are the following amounts denominated in a currency other than the functional currency of the entity to which they relate:

	2011	2010
	'000	*'000*
NTD	**3,328**	187

12. DERIVATIVE FINANCIAL INSTRUMENTS

Derivatives not under hedge accounting:

		2011	2010
	Note	***HK$'000***	*HK$'000*
Derivative financial assets			
Investment in warrants		**418**	4
Currency structured forward contracts	(a)	**3,754**	2,934
		4,172	2,938

Note:

(a) *For the year ended 31 July 2011*

During the year ended 31 July 2011, the Group entered into three non-deliverable net settled RMB/USD structured forward contracts with a bank. The total notional amount of the RMB/USD structured forward contracts is USD5,000,000 with 24 monthly settlement amounts. On each settlement day, if the exchange rate of USD to RMB is at or depreciates below the contracted rate, fixed amounts ranging from USD4,500 to USD6,000 would be receivable from the bank. If the exchange rate of USD to RMB appreciates above the contracted rate at the settlement date, amounts would be payable by the Group. The amounts payable by the Group would be a function of the settlement amount and the difference between the contracted rate and the exchange rate of USD to RMB at the settlement date.

In addition, the Group entered into two gross settled HK$/USD structured forward contracts which give the Group the options to receive fixed USD or variable HK$ amounts per month if the market exchange rate is at or appreciates above the reference rate on the fixing date. However, the Group is obliged to buy USD/sell HK$ at a fixed exchange rate if the market exchange rate falls below the level specified under the respective contracts for amounts of HK$7,744,000 or HK$7,745,000 per month for the relevant contract.

For the year ended 31 July 2010

During the year ended 31 July 2010, the Group entered into a RMB/USD non-deliverable net-settled structured forward contract with a bank. The notional amount of the RMB/USD non-deliverable net settled structured forward contract is USD5,000,000 with 24 monthly settlement amounts commencing from April 2010. On each settlement day, if the exchange rate of USD to RMB falls with a stated range, a fixed amount of USD20,000 would be receivable from the bank. If the exchange rate of USD to RMB appreciates above the contracted rate at the settlement date, an amount would be payable by the Group. The amount payable by the Group would be a function of the settlement amount and the difference between the contracted rate and the exchange rate of USD to RMB at the settlement date.

At 31 July 2011 and 2010, the fair values of currency structured forward contracts were determined based on the estimated discount cash flow valuation provided by the independent valuer, BMI Appraisals Limited.

Subsequent to the reporting period, one of the currency structured forward contracts, with nil fair value as at 31 July 2011 was terminated, no further gain/loss was resulted upon termination.

Included in derivative financial assets are the following amounts denominated in a currency other than the functional currency of the entity to which they relate:

	2011	2010
	'000	*'000*
USD	**485**	379

13. TRADE AND OTHER PAYABLES

	2011	2010
	HK$'000	*HK$'000*
Trade and bills payables	**48,164**	65,576
Other payables	**52,343**	53,333
	100,507	118,909

An aged analysis of trade and bills payables based on the invoice date at the end of the reporting period is as follows:

	2011	2010
	HK$'000	*HK$'000*
Within 1 month or on demand	**16,773**	26,083
More than 1 month but less than 3 months	**27,836**	33,844
More than 3 months but less than 12 months	**1,745**	3,986
More than 12 months	**1,810**	1,663
	48,164	65,576

The average credit period on purchases of goods is ranging from 30 to 90 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

Included in other payables are amounts in total of approximately HK$2,000,000 (2010: HK$3,000,000) representing accrued directors' emoluments.

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

	2011	2010
	'000	*'000*
USD	**3,037**	4,381
Japanese Yen	**–**	41,006
NTD	**150**	4,317

14. DEFERRED INCOME

	2011	2010
	HK$'000	*HK$'000*
At 1 August	**1,014**	1,026
Exchange realignment	**50**	11
Credited to consolidated income statement	**(24)**	(23)
At 31 July	**1,040**	1,014

In prior year, the Group received a government grant of approximately HK$1,049,000 from 浙江湖州經濟開發區管理委員會 for the acquisition of prepaid lease payments. The amount will be recognised as other operating income over the unexpired lease term of prepaid lease payments. During the year, deferred income of approximately HK$24,000 (2010: HK$23,000) has been recognised in the consolidated income statement.

15. CAPITAL COMMITMENTS

	2011	2010
	HK$'000	*HK$'000*
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of:		
– Acquisition of property, plant and equipment	**1,516**	7,482
– Acquisition of land use right	**17,957**	1,081
	19,473	8,563

16. COMMITMENTS UNDER OPERATING LEASES

The Group as lessor

Property rental income earned during the year was approximately HK$592,000 (2010: nil). The investment property is expected to generate rental yield of 4.5% (2010: nil) on an ongoing basis. The investment property held has committed tenants for the next year.

At the end of reporting period, the Group had contracted with tenants for the following future minimum lease payments:

	2011	2010
	HK$'000	*HK$'000*
Within one year	**660**	–

The Group as lessee

The Group leases a number of properties under operating leases for its factories, offices and staff quarters. The leases were negotiated for terms ranging from one to five years, with the options to renew the leases when all terms are renegotiated. None of the leases includes contingent rentals.

At the end of reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2011	2010
	HK$'000	*HK$'000*
Land and buildings:		
Within one year	**5,366**	6,713
In the second to fifth year inclusive	**6,613**	9,291
	11,979	16,004

17. EVENTS AFTER THE REPORTING PERIOD

On 1 August 2011, the Group entered into an agreement with an independent third party pursuant to which the acquisition of land use rights in Indonesia would be cancelled and replaced by another land use rights in Indonesia. The deposits for acquisition of original land use rights in amount of approximately HK$6,811,000 has been fully refunded on 22 September 2011.

MANAGEMENT DISCUSSION AND ANALYSIS

Market Review

Since the financial tsunami in 2008, the global economic recovery remains sluggish. U.S economy remained weak while the European soverign debt crisis was deepening.

Consumer confidence and spending have been contracted, leading to a drop in the demand for traditional products.

In addition, the immense popularity achieved by tablet PCs and 3G smartphones has slowed down the demand for conventional notebooks, computers and mobile phones. As a result, it brought huge challenges to the consumer electronic device market.

At the same time, a new opportunity emerged as consumers were willing to pay for innovative products and the use of silicone material for daily living products became popular. During the year, the Group was able to capture the opportunity of the surging demand for, and in turn sales of, non keypad products. The initial success of expanding our customer base in this market has helped to offset the drop of business from original customers. As a result, the Group's turnover has maintained at a similar level as last year.

Business Review

Company's Overall Performance

With the stimulus package launched by governments worldwide, the market condition was still tough especially after the emergence of European sovereign debt crisis. The operating environment for manufacturing industries continued to be vulnerable. During the year, the turnover for the financial year ended 31 July 2011 decreased by 3% as compared to last year. The primary income source of the Group was still derived from sales of consumer electronic devices and computers, but its percentage to total turnover decreased from 44% to 42% and 32% to 31% respectively.

Portable devices with touch-screen panel, such as smartphones and tablet computers, became popular. Inevitably, this trend adversely affected the demand for traditional products with keypads and hence the Group's turnover.

Besides, the initial success of expanding our business to sales of non keypad products has contributed to the total turnover, offsetting the drop of business from original customers. Therefore, the Group's turnover has maintained at a similar level as last year. The gradual popularity of daily living products made of silicone rubber posted the sales of non keypad products as a new driving force of the Group.

Although the Group implemented prudent management strategies in controlling operating and production costs, the gross profit margin was deteriorated by a significant increase in costs of material and labour in the PRC. This was compounded with the appreciation of Renminbi. With the recent Western Development Program of China, fewer migrant workers were willing to leave their western hometowns to seek for works in coastal areas. As a result, many factories had to increase the wages to attract workers. In addition, the PRC government continued to increase the statutory minimum wages which further boosted the total labour costs. On the material sides, most commodities and raw materials were seeing substantial price uptrend. With all these unfavorable impacts, the Group's profit decreased during the year.

In response to labour shortages in the coastal region, the Group commenced construction of a new production plant in Guangxi Province, where labour supply with relatively lower wages was available. It is believed it will help to improve the gross profit after the completion of plant.

During the year, the owned brand "SIPALS" was able to maintain steady growth by providing a wide range of new lifestyle products with environmental friendly features and cultural concepts. During the year, SIPALS continued to explore the PRC market apart from the Taiwan market. Thanked to the increase in popularity for fancy daily living products with silicone rubber, the operation was seeing encouraging improvement. To sustain its growth, the Group will continue to maintain high-margin products and focus on marketing these products to broaden its customer base and explore business opportunities.

Outlook

Looking forward to the future, the economy of the United States of America and Europe will not see much improvement or even deteriorate. It is believed that the macro environment will continue to be challenging. The management will remain cautious about the Group's business outlook.

In light of the very tough environment in the industry, the management noticed that some competitors had started to exit from the industry, which is beneficial to the Group's further advancement. With the advantage of economies of scales and reputation in the industry, the Group is determined to achieve higher market share in the coming years.

The Group will continue to put more efforts on research and development to improve product quality, develop application scopes of raw materials as well as broaden our product variety. This proactive strategy will enable the Group to have a broader mix in customer portfolio which in return can provide a more stable income stream and more sustainable growth in turnover.

The continuous increase in production costs in the PRC and the resumption of appreciation of RMB will threaten the Group's overall performance. Apart from the enhancement of operational efficiency, the Group has started the plan to relocate certain production procedures to the western part of the PRC or even Southeast Asia to lower our production cost.

We believed that these forward-looking efforts will strength the leading position of the Group and paving the foundation in the future.

FINANCIAL REVIEW

Turnover

Turnover represents the gross revenue generated from sales of our products, net of discounts, sales tax and value added tax taxes. Our turnover is affected by the volume of total products sold and the product mix because our product lines have different selling prices.

The consolidated turnover for the year ended 31 July 2011 was decreased by 3% to HK$787.3 million (2010: HK$812.1 million) while our profit attributable to owners of the Company was HK$42.6 million (2010: HK$67.3 million).

Basic earnings per share of the Company was HK5.48 cents based on the weighted average number of 777,863,000 shares in issue during the year (2010: HK8.51 cents based on the weighted average number of 790,610,000 shares).

Keypads for consumer electronic devices

Turnover for the sales of keypads for consumer electronic devices decreased by approximately 8.0% to HK$327.6 million in 2011 from HK$355.9 million in 2010.

Since the global economy remained sluggish and the debt crisis in the Eurozone extended to many European countries, all those uncertainties undermined the consumers' confidence. This led to a decrease in our turnover accordingly.

Keypads for mobile phones

Turnover for the sales of mobile phone keypads decreased by approximately 52.1% to HK$58.8 million in 2011 from HK$122.7 million in 2010.

During the year, the huge demand for the Smartphones with touch-screen panels has speeded up the replacement of traditional mobile phones with keypads by Smartphones. Hence, less sales orders were received in this segment and caused the turnover to decrease significantly.

Keypads for computers and notebooks

Turnover for the sales of keypads for computers and notebooks decreased by approximately 6.9% to HK$240.6 million in 2011 from HK$258.5 million in 2010.

The immense popularity achieved by tablet computers has slowed down the demand for notebooks and netbooks. Although it has been believed the tablet computers could not fully replace traditional computers, they took up part of the demand for traditional computers. Therefore, the Group has recorded a decline in turnover under this rapid changing market.

Automotive peripheral products

Turnover for the sales of automotive peripheral products decreased by approximately 11.7% to HK$32.3 million in 2011 from HK$36.6 million in 2010. The U.S economy remained weak while the Europe sovereign debt crisis was deepening, so the demand for automobiles especially in these two regions was decreased. As a result, sales order for automotive peripheral products also decreased accordingly.

Lifestyle products

Turnover for the sales of lifestyle products increased by 430.9% to HK$74.9 million in 2011 from HK$14.1 million in 2010.

With the emerge of new market for innovative lifestyle products, and immense popularity of the use of silicone material for lifestyle products, the sales in this segment have dramatically increased during the year.

Cost of Sales

Cost structure

The overall cost of sales increased by approximately 0.96% from HK$631.5 million in 2010 to HK$637.6 million in 2011. Since the operation environment of the industry in the PRC continued to be tough, such as shortage of labour and RMB appreciation, cost of sales recorded an increase notwithstanding the decrease in turnover. The implementation of effective cost control measures could only setoff part of the increase in production costs.

Gross profit

The gross profit of the Group for 2011 was HK$149.7 million, representing a decrease of approximately 17.1% from HK$180.5 million for 2010. By the contraction of turnover together with the boost in production costs, our gross profit decreased under the extremely challenging environment.

As the Group is now in the progress of relocating the production base to western China, it is unavoidable to incur additional costs during the process. This further deteriorated the gross profit during the year.

Other operating income

Other operating income increased by approximately 51.5% to HK$26.5 million in 2011 from HK$17.5 million in 2010, primarily due to the gain on disposals of some available-for-sale investments during the year.

Selling and distribution expenses

Selling and distribution expenses decreased by approximately 5.2% to HK$26.6 million in 2011 from HK$28.1 million in 2010. When counted as a percentage of the turnover, the total amount was 3.4% (2010: 3.5%). The slight decrease was due to the contracted sales volume.

Administrative expenses

Administrative expenses increased by approximately 10.8% to HK$104.8 million in 2011 from HK$94.5 million in 2010. Apart from the continuous increase in operation costs in the PRC and appreciation of RMB, addition management and administrative costs had been incurred in the process of relocating the production base to western China.

Profit for the year

Profit for the year ended 31 July 2011 decreased from HK$67.3 million to HK$42.6 million, representing a decrease of approximately 36.6%. The net profit margin of our Group decreased to 5.4% for the year ended 31 July 2011 (2010: 8.3%).

DIVIDEND POLICY

Our Directors expect that dividends will be paid as interim and/or final dividends. We currently intend to pay annual cash dividends of not less than 30% of our Group's audited consolidated profits after taxation to our shareholders for the applicable year. However, the determination to pay such dividends will be made at the discretion of our Board and will be based upon our operating results, cash flows, financial positions, capital requirements and other relevant circumstances that the Board deems relevant. The payment of dividends may be limited by legal restrictions and by agreements that we may enter into in the future. Our Directors are of the view that our dividend policy will not affect the sufficiency of our working capital in the coming years.

FINANCIAL MANAGEMENT AND TREASURY POLICY

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

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

In respect of US dollar, the management regards that the foreign exchange risk for Hong Kong dollar to US dollar is not material because: (i) Hong Kong dollar remains pegged to US dollar; and (ii) most of the Group's purchases are denominated in US dollar, which will be settled by sales receipts in US dollar.

In respect of RMB, as the Group's production plants are located in the PRC, most of our labour costs, manufacturing overheads, selling and administrative expenses are denominated in RMB. Therefore, the appreciation of RMB will adversely affect the Group's profitability. The Group will closely monitor foreign exchange exposure for RMB and consider hedging significant exposure when necessary.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's source of fund was cash generated from net proceeds of the international offering and operating activities.

	As at 31 July 2011	As at 31 July 2010
	HK$'000	*HK$'000*
Cash and cash equivalents	**262,248**	333,789
Net cash outflow	**(80,154)**	(126,982)
Current ratio	**5.5**	4.9
Quick ratio	**4.2**	3.9

With our strong financial background upon listing on the Stock Exchange, we expect we will have sufficient cash to meet future capital expenditure requirements.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATES

The Group had no material acquisition or disposal of any subsidiaries and associated companies for the year ended 31 July 2011.

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 31 July 2011 are as follows:

Particular	**Planned amount** *HK$ million*	**Utilised amount** *HK$ million*
Expansion of production facilities for silicone rubber based products	468	(262)
Upgrade and expansion of upstream production facilities	56	–
Strengthening research and development capabilities	39	(38)
Implementation of resources planning system	22	(1)
General working capital	50	(50)
Total	635	(351)

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

CAPITAL COMMITMENTS, CONTINGENCIES AND CHARGES ON ASSETS

Capital commitments contracted by the Group but not yet provided for in the consolidated financial statements as at 31 July 2011 were approximately HK$19.5 million, which was mainly related to the expansion of production capacity in Dongguan and Huzhou in the PRC and the acquisition of land use right in Indonesia. Such capital commitments will be financed by the net proceeds from the international offering.

As at 31 July 2011, the Group had no material contingent liabilities and the Group's assets were free from any charge.

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 31 July 2011, the Group has 7,424 permanent and temporary employees (2010: 9,076). The total salaries and related costs for the year ended 31 July 2011 amounted to approximately HK$320.0 million (2010: HK$293.1 million).

The Group adopted a Pre-IPO Share Option Scheme on 16 May 2007 for the purpose of recognition of employees' contribution before the Listing. As at 31 July 2011, 6,240,000 share options were still outstanding under the Pre-IPO Share Option Scheme, of which 4,410,000 options are held by employees of the Group. The Company also adopted a Post-IPO Share Option Scheme on 16 May 2007. During the year, a total of 5,994,000 were granted to the eligible grantee. As at 31 July 2011, a total of 13,130,000 share options were still outstanding under the Post IPO Share Option Scheme of which 4,176,000 share options are held by employees of the Group.

CLOSURE OF REGISTER OF MEMBERS

In order to determine members who are entitled to attend the annual general meeting of the Company to be held on Thursday, 8 December 2011, the register of members of the Company will be closed from Tuesday, 6 December 2011 to Thursday, 8 December 2011, both days inclusive, during which period no transfer of shares can be registered. All transfers accompanied by the relevant share certificates must be lodged with the Company's Share Registrar, Tricor Investor Services Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Monday, 5 December 2011.

In order to qualify for the approved final dividend, the register of members of the Company will be closed from Thursday, 15 December 2011 to Friday, 16 December 2011 (both days inclusive). All transfers accompanied by the relevant share certificates must be lodged with the Company's Share Registrar, Tricor Investor Services Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Wednesday, 14 December 2011.

FINAL DIVIDEND

The directors of the Company are pleased to recommend the payment of a final dividend of HK6 cents (2010: HK6 cents) per share for the year ended 31 July 2011, totaling HK$46.7 million (2010: HK$46.7 million) which is expected to be paid on or before 28 December 2011 to its shareholders per its register of members at the close of business on 14 December 2011 subject to the final approval in the annual general meeting to be held on 8 December 2011.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 July 2011, the Company had repurchased a total of 1,104,000 shares of HK$0.10 each of the Company on the Stock Exchange at an aggregate HK$1,364,000, all the shares repurchased (including those repurchased shares not yet cancelled in the previous year) had been cancelled. Details of the repurchases are set out below:

Period	Number of shares repurchased	Purchase price per share		Aggregate purchase price
		Highest	Lowest	
	'000	*HK$*	*HK$*	*HK$'000*
3-17 August 2010	1,104	HK$1.29	HK$1.19	HK$1,364

The repurchases were made by the Directors, pursuant to the mandate granted by the shareholders, with a view to benefit the Company and the shareholders as a whole in the enhancement of the net assets per share and earnings per share.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

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 Listing Rules during the year.

The Company's corporate governance practices are set out in Corporate Governance Report on page 35 of its annual report.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions, by Director of the Listed Issuers as set out in Appendix 10 of the Listing Rules as the code for directors' securities transactions (the "Model Code"). All the Directors have confirmed their compliance with the required standards set out in the Model Code during the year.

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference in compliance with Listing Rules. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control system of the Group, and to review the Company's annual report and half-yearly reports to provide advice and comments thereon to the Board. The audit committee comprises of Mr. Yeung Chi Tat, Mr. Hsieh Yu and Professor Jou Yow-Jen, all of whom are independent non-executive Directors of the Company.

The Audit Committee has reviewed the Group's annual results for the year ended 31 July 2011 in conjunction with the Company's auditors.

PUBLICATION ON ANNUAL RESULTS ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

All the financial and other related information required by Appendix 16 of the Listing Rules will be published on the website of the Stock Exchange and on the website of the Company (www.tayang.com) in due course.

By Order of the Board
Huang Sheng-Shun
Chairman

Hong Kong, 28 October 2011

As at the date hereof, the Board consists of four executive Directors namely Mr. Huang Sheng-Shun, Mr. Huang Te-Wei, Mr. Lin Hung-Ming and Mr. Wong Tak Leung, two non-executive Directors namely Mr. Wu Ih Chen and Mr. Kirk Yang and three independent non-executive Directors namely Professor Jou Yow-Jen, Mr. Hsieh Yu and Mr. Yeung Chi Tat.

The figures in respect of the preliminary announcement of the Group's consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 July 2011 have been agreed by the Group's auditor, SHINEWING (HK) CPA Limited, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by SHINEWING (HK) CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by SHINEWING (HK) CPA Limited on the preliminary announcement.