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 2014

FINAL RESULTS

The Board of Directors (the "Board") of Ta Yang Group Holdings Limited (the "Company") announces the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 July 2014, together with the audited comparative figures for the year ended 31 July 2013 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 JULY 2014

	Notes	**2014** **HK$'000**	2013 HK$'000
Turnover	3	**467,264**	551,326
Cost of sales		**(471,923)**	(543,210)
Gross (loss) profit		**(4,659)**	8,116
Other operating income	3	**34,589**	48,625
Selling and distribution expenses		**(28,213)**	(31,758)
Administrative expenses		**(130,646)**	(110,204)
Other expenses	5	**(90,819)**	(48,692)
Share of results of joint ventures		**–**	(5,161)
Share of results of associates		**(76)**	37
Finance costs	6	**(814)**	(672)
Loss before tax		**(220,638)**	(139,709)
Income tax credit	7	**280**	7,790
Loss for the year	8	**(220,358)**	(131,919)
Loss for the year attributable to:			
Owners of the Company		**(216,563)**	(131,616)
Non-controlling interests		**(3,795)**	(303)
		(220,358)	(131,919)
Loss per share	10		
Basic and diluted (HK cents)		**(27.82)**	(16.90)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 JULY 2014

	2014	2013
	HK$'000	*HK$'000*
Loss for the year	**(220,358)**	(131,919)
Other comprehensive (expenses) income		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translating foreign operations	**(15,432)**	19,856
Available-for-sale financial assets		
Net loss arising on revaluation of available-for-sale financial assets for the year	**(2,295)**	(10,108)
Reclassification adjustments for (gain) loss included in the consolidated statement of profit or loss		
— gain on disposal	**(202)**	(1,258)
— impairment loss	**752**	710
	(1,745)	(10,656)
Share of other comprehensive income of associates and joint ventures		
Share of exchange difference of associates	**53**	300
Share of exchange difference of joint ventures	**–**	139
	53	439
Other comprehensive (expenses) income for the year	**(17,124)**	9,639
Total comprehensive expenses for the year, net of income tax	**(237,482)**	(122,280)
Total comprehensive expenses for the year, net of income tax, attributable to		
Owners of the Company	**(233,546)**	(122,094)
Non-controlling interests	**(3,936)**	(186)
	(237,482)	(122,280)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 JULY 2014

	Notes	2014 HK$'000	2013 HK$'000
Non-current assets			
Property, plant and equipment		**173,127**	264,638
Intangible assets		**5,478**	–
Construction in progress		**728**	693
Prepaid lease payments		**12,635**	13,213
Investment property		**31,868**	32,382
Available-for-sale financial assets		**27,013**	32,084
Interests in joint ventures		**–**	–
Interests in associates		**2,880**	1,678
Deposits for acquisition of land use rights		**14,260**	17,551
		267,989	362,239
Current assets			
Inventories		**73,391**	153,074
Trade and other receivables	*11*	**170,089**	213,254
Prepaid lease payments		**361**	361
Loan receivable from a joint venture		**7,489**	7,801
Amount due from a joint venture		**5,211**	5,428
Amount due from an associate		**32**	–
Income tax recoverable		**22**	80
Held-to-maturity investments		**–**	10,100
Held-for-trading investments		**15,138**	14,250
Derivative financial instruments		**300**	1,204
Financial asset designated at fair value through profit or loss		**3,688**	36,997
Short-term bank deposits		**71,981**	102,690
Bank balances and cash		**200,111**	104,910
		547,813	650,149
Assets classified as held for sale		**21**	21
		547,834	650,170
Current liabilities			
Trade and other payables	*12*	**86,502**	95,524
Receipt in advance from a venturer		**6,043**	–
Derivative financial instruments		**19,775**	–
Income tax payable		**22,376**	22,244
Secured bank borrowings		**45,666**	20,124
		180,362	137,892
Net current assets		**367,472**	512,278
Total assets less current liabilities		**635,461**	874,517

	2014	2013
	HK$'000	*HK$'000*
Capital and reserves		
Share capital	**77,854**	77,854
Reserves	**551,053**	785,074
Equity attributable to owners of the Company	**628,907**	862,928
Non-controlling interests	**1,519**	4,860
Total equity	**630,426**	867,788
Non-current liabilities		
Deferred income	**3,971**	4,061
Deferred tax liabilities	**1,064**	2,668
	5,035	6,729
	635,461	874,517

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2014

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 addresses of the registered office and principal place of business of the Company are disclosed in the "Corporate Information" section of 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$"). Other than those subsidiaries established in the People's Republic of China ("PRC"), Macau and Indonesia whose functional currencies are Renminbi ("RMB"), Macau Pataca ("MOP") and Indonesian Rupiah ("IDR") respectively, the functional currency of the Company and its other subsidiaries is HK$.

At 31 July 2014, 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 HKFRSs, which include HKFRSs, Hong Kong Accounting Standards ("HKAS(s)") and Interpretations ("Int(s)") issued by the Hong Kong Institute of Certified Public Accountants ("HKCIPA").

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009–2011 Cycle issued in 2012
Amendments to HKFRS 1	First-time Adoption of HKFRSs — Government Loans
Amendments to HKFRS 7	Disclosures — Offsetting Financial Assets and Financial Liabilities
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
HKAS 19 (as revised in 2011)	Employee Benefits
HKAS 27 (as revised in 2011)	Separate Financial Statements
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
HK(IFRIC*)–Int 20	Stripping Costs in the Production Phase of a Surface Mine

* IFRIC represents the International Financial Reporting Interpretations Committee.

Except as described below, the application of these new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

HKFRS 10 Consolidated financial statements

HKFRS 10 replaces the parts of HKAS 27 "Consolidated and Separate Financial Statements" that deal with consolidated financial statements and HK(Standing Interpretations Committee ("SIC"))–Int 12 "Consolidation — Special Purpose Entities". HKFRS 10 changes the definition of control such that an investor has control over an investee when (a) it has power over the investee, (b) it is exposed, or has rights, to variable returns from its involvement with the investee and (c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. The adoption of HKFRS 10 has not had any financial impact on the Group.

HKFRS 11 Joint arrangements

HKFRS 11 replaces HKAS 31 "Interests in Joint Ventures", and the guidance contained in a related interpretation, HK(SIC)–Int 13 "Jointly Controlled Entities — Non-Monetary Contributions by Venturers", has been incorporated in HKAS 28 (as revised in 2011). HKFRS 11 provides guidance on what constitutes a joint arrangement by focusing on the rights and obligations of the arrangements, rather than its legal form. There are two types of joint arrangements: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations for the liabilities relating to the arrangement and are recognised on a line-by-line basis to the extent of the joint operator's interest in the joint operation. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and are required to be accounted for using the equity method in the Group's consolidated financial statements. Proportional consolidation of joint ventures is no longer permitted. The Group has reclassified all jointly controlled entities to joint ventures in the consolidated financial statements. The adoption of HKFRS 11 has not had any material impact on the Group's results and financial position.

HKFRS 12 Disclosure of interests in other entities

HKFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates, and/or unconsolidated structured entities. In general, the application of HKFRS 12 has resulted in more extensive disclosures in the consolidated financial statements.

HKFRS 13 Fair Value Measurement

The Group has applied HKFRS 13 for the first time in the current year. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements. The scope of HKFRS 13 is broad; the fair value measurement requirements of HKFRS 13 apply to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of HKFRS 2 "Share-based Payment", leasing transactions that are within the scope of HKAS 17 "Leases", and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

HKFRS 13 defines the fair value of an asset as the price that would be received to sell an asset (or paid to transfer a liability, in the case of determining the fair value of a liability) in an orderly transaction in the principal (or most advantageous) market between market participants at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

HKFRS 13 has been applied prospectively as of the beginning of the annual period and resulted in additional disclosures to the consolidated financial statements. Other than the additional disclosures, the application of HKFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

New and revised HKFRSs issued but not yet effective

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

Amendments to HKFRSs	Annual Improvements to HKFRSs 2010–2012 Cycle[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011–2013 Cycle[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012–2014 Cycle[3]
HKFRS 9 (2014)	Financial Instruments[5]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[3]
HKFRS 14	Regulatory Deferral Accounts[3]
HKFRS 15	Revenue from Contracts with Customers[4]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[3]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[3]
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions[2]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[3]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets[1]
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting[1]
HK(IFRIC)–Int 21	Levies[1]

1 Effective for annual periods beginning on or after 1 January 2014, with earlier application permitted.
2 Effective for annual periods beginning on or after 1 July 2014, except as disclosed below. Early application is permitted.
3 Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.
4 Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.
5 Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

Annual Improvements to HKFRSs 2010–2012 Cycle

The "Annual Improvements to HKFRSs 2010–2012 Cycle" include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 2 (i) change the definitions of 'vesting condition' and 'market condition'; and (ii) add definitions for 'performance condition' and 'service condition' which were previously included within the definition of 'vesting condition'. The amendments to HKFRS 2 are effective for share-based payment transactions for which the grant date is on or after 1 July 2014.

The amendments to HKFRS 3 clarify that contingent consideration that is classified as an asset or a liability should be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of HKFRS 9 or HKAS 39 or a non-financial asset or liability. Changes in fair value (other than measurement period adjustments) should be recognised in profit and loss. The amendments to HKFRS 3 are effective for business combinations for which the acquisition date is on or after 1 July 2014.

The amendments to HKFRS 8 (i) require an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have 'similar economic characteristics'; and (ii) clarify that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segment assets are regularly provided to the chief operating decision-maker.

The amendments to the basis for conclusions of HKFRS 13 clarify that the issue of HKFRS 13 and consequential amendments to HKAS 39 and HKFRS 9 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of discounting is immaterial.

The amendments to HKAS 16 and HKAS 38 remove perceived inconsistencies in the accounting for accumulated depreciation/amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amended standards clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

The amendments to HKAS 24 clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

The directors of the Company do not anticipate that the application of the amendments included in the "Annual Improvements to HKFRSs 2010–2012 Cycle" will have a material effect on the Group's consolidated financial statements.

Annual Improvements to HKFRSs 2011–2013 Cycle

The "Annual Improvements to HKFRSs 2011–2013 Cycle" include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 3 clarify that the standard does not apply to the accounting for the formation of all types of joint arrangement in the financial statements of the joint arrangement itself.

The amendments to HKFRS 13 clarify that the scope of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with, HKAS 39 or HKFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within HKAS 32.

The amendments to HKAS 40 clarify that HKAS 40 and HKFRS 3 are not mutually exclusive and application of both standards may be required. Consequently, an entity acquiring investment property must determine whether:

(a) the property meets the definition of investment property in terms of HKAS 40; and

(b) the transaction meets the definition of a business combination under HKFRS 3.

The directors of the Company do not anticipate that the application of the amendments included in the "Annual Improvements to HKFRSs 2011–2013 Cycle" will have a material effect on the Group's consolidated financial statements.

HKFRS 9 (2014) Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include the requirements for the classification and measurement of financial liabilities and for derecognition and further amended in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include (a) impairment requirements for financial assets and (b) limited amendments to the classification and measurement requirements by introducing a "fair value through other comprehensive income" ("FVTOCI") measurement category for certain simple debt instruments.

Key requirements of HKFRS 9 are described below:

- all recognised financial assets that are within the scope of HKAS 39 "Financial Instruments: Recognition and Measurement" are required 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. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held-for-trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- with regard to the measurement of financial liabilities designated as at fair value through profit or loss ("FVTPL"), HKFRS 9 requires that 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 presented 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. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as FVTPL was presented in profit or loss.

- in relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- the new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in HKAS 39. Under HKFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an "economic relationship". Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The directors of the Company anticipate that the adoption of HKFRS 9 in the future may have 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 the effect of HKFRS 9 until the Group undertakes a detailed review.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 Investment Entities

The amendments to HKFRS 10 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at FVTPL in its financial statements.

To qualify as an investment entity, certain criteria have to be met. Specifically, an entity is required to:

- obtain funds from one or more investors for the purpose of providing them with professional investment management services;

- commit to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and

- measure and evaluate performance of substantially all of its investments on a fair value basis.

Consequential amendments to HKFRS 12 and HKAS 27 have been made to introduce new disclosure requirements for investment entities.

The directors of the Company do not anticipate that the investment entities amendments will have any effect on the Group's consolidated financial statements as the Company is not an investment entity.

Amendments to HKAS 32 Offsetting Financial Assets and Financial Liabilities

The amendments to HKAS 32 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realisation and settlement'.

The directors of the Company do not anticipate that the application of these amendments to HKAS 32 will have a significant impact on the Group's consolidated financial statements as the Group does not have any financial assets and financial liabilities that qualify for offset.

Amendments to HKAS 36 Recoverable Amount Disclosures for Non-Financial Assets

The amendments to HKAS 36 remove the requirement to disclose the recoverable amount of a cash-generating unit ("CGU") to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements regarding the fair value hierarchy, key assumptions and valuation techniques used when the recoverable amount of an asset or CGU was determined based on its fair value less cost of disposal.

The directors of the Company anticipate that the application of the amendments to HKAS 36 may result in additional disclosures being made with regard to the impairment assessment on non-financial assets.

Amendments to HKAS 16 and HKAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments to HKAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to HKAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. The presumption can only be rebutted in the following two limited circumstances:

(a) When the intangible asset is expressed as a measure of revenue; or

(b) When it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

The amendments apply prospectively for annual periods beginning on or after 1 January 2016.

The directors do not anticipate that the application of the amendments to HKAS 16 and HKAS 38 will have a material effect on the Group's consolidated financial statements.

HKFRS 15 Revenue from Contracts with Customers

In 2014, HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The directors of the Company anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

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

New Hong Kong Companies Ordinance

In addition, the requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) (the "New Companies Ordinance") come into operation as from the Group's first financial year commencing on or after 3 March 2014 in accordance with section 358 of the New Companies Ordinance. The Group is in the process of making an assessment of expected impact of the changes in the New Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9 of the New Companies Ordinance. So far it has concluded that the impact is unlikely to be significant and will primarily only affect the presentation and disclosure of information in the consolidated financial statements.

3. TURNOVER AND OTHER OPERATING INCOME

Turnover represents fair value of the consideration received or receivable and for goods sold in the normal course of business to customers, net of discounts and sales related tax.

Turnover and other operating income recognised for the year are as follows:

	2014	2013
	HK$'000	*HK$'000*
Turnover		
Sale of goods	**467,264**	551,326
Other operating income		
Interest income		
— Bank deposits	**5,833**	3,432
— Entrusted loan receivable	**–**	210
— Held-to-maturity investments	**154**	630
— Loan receivable from a joint venture	**–**	199
Total interest income	**5,987**	4,471
Agency income from trading of biodiesel	**–**	9,499
Dividend income	**1,726**	2,838
Forfeiture of deposit from customers	**3,875**	1,849
Gain on disposal of available-for-sale ("AFS") financial assets	**2,889**	7,826
Gain on disposal of financial asset designated at FVTPL	**2,943**	–
Gain on disposal of held-for-trading investments	**3,457**	2,532
Gain on disposal of prepaid lease payments	**–**	10,858
Gain on profit guarantee	**7,440**	–
Government grants		
— Amortisation of deferred income for the year	**25**	25
— Grants related to expenses recognised as other operating income *(Note b)*	**1,980**	1,635
Gross rental income *(Note a)*	**1,914**	1,049
Increase in fair value of investment property	**–**	160
Investment gain from derivative financial instruments	**–**	3,255
Sundry income	**2,353**	2,628
	34,589	48,625

Notes:

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

	2014	2013
	HK$'000	*HK$'000*
Gross rental income	**1,914**	1,049
Less: Outgoings incurred for investment property that generated rental income during the year (included in administrative expenses)	**(171)**	(171)
Net rental income	**1,743**	878

(b) For the years ended 31 July 2014 and 2013, the amount represented unconditional grants from government for subsidising the operations of high technology enterprises in the PRC.

4. SEGMENT INFORMATION

HKFRS 8 "Operating Segments" requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker ("CODM") (the chief executive officer) in order to allocate resources to segments and to assess their performance.

The Group's operating activities are attributable to a single operating segment focusing on the manufacture and sale of silicone rubber and related products. This operating segment has been identified on the basis of internal management reports prepared in accordance with accounting policies which conform to HKFRSs, that are regularly reviewed by the CODM. The CODM monitors the revenue from manufacture and sale of silicone rubber and related products for the purpose of making decisions about resources allocation and performance assessment. However, other than revenue analysis, no operating results and other discrete financial information are available for the resource allocation and performance assessment. The CODM reviews the profit for the year of the Group as a whole for performance assessment. No analysis of segment assets or segment liabilities is presented as they are not regularly provided to the CODM.

Turnover from major products

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

	2014	2013
	HK$'000	*HK$'000*
Consumer electronic devices peripheral products	**218,864**	213,101
Keypads for computers and notebooks	**106,544**	169,774
Lifestyle products	**46,414**	55,808
Mobile phone peripheral products	**26,177**	35,379
Automotive peripheral products	**30,926**	35,692
Other products	**38,339**	41,572
	467,264	551,326

Geographical information

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

Information about the Group's turnover from external customers based on the location of the customers and information about its non-current assets by geographical location of the assets are detailed below:

	Turnover from external customers		**Non-current assets**	
	2014	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
The PRC (excluding Hong Kong)	**233,079**	327,781	**209,674**	297,231
Hong Kong	**89,663**	97,985	**8,634**	8,953
Other Asian countries	**72,560**	99,340	**20,755**	22,293
America	**64,173**	19,161	**–**	–
Europe	**7,789**	7,059	**1,913**	1,678
	467,264	551,326	**240,976**	330,155

Non-current assets exclude AFS financial assets.

Information about major customers

Turnover from customers contributing over 10% of the total sales of the Group in both years are as follows:

	2014	2013
	HK$'000	*HK$'000*
Customer A	**N/A** [1,2]	100,036[2]
Customer B	**52,676**[3]	71,992[3]
Customer C	**47,974**[4]	N/A[1,4]
Customer D	**47,164**[2]	N/A[1,2]

1 The corresponding revenue did not contribute over 10% of the total revenue of the Group.
2 Sales are derived from the sale of keypads for computer and notebooks.
3 Sales are derived from the sale of consumer electronic devices peripheral products.
4 Sales are derived from the sale of consumer electronic devices peripheral products and automotive peripheral products.

5. OTHER EXPENSES

	2014	2013
	HK$'000	*HK$'000*
Exchange losses	**3,763**	4,649
Fair value loss on derivative financial instruments	**20,679**	1,025
Fair value loss on financial asset designated at FVTPL	**32**	803
Fair value loss on held-for-trading investments	**2,259**	1,947
Impairment losses recognised in respect of:		
— property, plant and equipment	**54,709**	19,940
— intangible assets	**1,565**	–
— prepaid lease payments	**–**	2,010
— AFS financial assets	**752**	12,320
— interests in joint ventures	**–**	629
— amount due from a joint venture	**–**	3,669
Investment loss from derivative financial instruments	**689**	–
Loss on disposal of property, plant and equipment	**6,371**	1,700
	90,819	48,692

6. FINANCE COSTS

	2014	2013
	HK$'000	*HK$'000*
Interest on secured bank borrowings wholly repayable within five years	**814**	672

7. INCOME TAX CREDIT

	2014	2013
	HK$'000	*HK$'000*
Current tax		
Hong Kong Profits Tax	**480**	–
PRC Enterprise Income Tax	**49**	1,617
	529	1,617
Under (over) provision in prior years		
PRC Enterprise Income Tax	**738**	32
Taiwan Profit-Seeking Enterprise Income Tax (“Taiwan Income Tax”)	**42**	–
Hong Kong Profits Tax	**–**	43
Macau Complementary Income Tax (“MCIT”) *(Note)*	**–**	(9,342)
	780	(9,267)
Deferred taxation		
Current year	**(1,589)**	(140)
	(280)	(7,790)

Note: Due to no formal tax assessment notice had been issued by the Macau tax authority and the expiry of five years time-barred period in accordance with the MCIT (Decree Law 21/78/M) Article 55, the management of the Company assessed that the overprovision for MCIT in prior years of approximately HK$9,342,000 was written back and credited to the consolidated statement of profit or loss during the year ended 31 July 2013. No written back of MCIT is required during the year ended 31 July 2014.

During the year ended 31 July 2014, Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits.

Hong Kong Profits Tax had not been provided for in the consolidated financial statements for the year ended 31 July 2013 as the Group did not derive any assessable profits.

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.

No provision for Indonesia Income Tax for the years ended 31 July 2014 and 2013 has been made as the subsidiary operating in Indonesia did not generate any assessable profits in Indonesia.

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

No provision for Taiwan Income Tax for the years ended 31 July 2014 and 2013 has been made as the Group did not generate any assessable profits in Taiwan.

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 years, except disclosed as follows:

- In September 2008, Huzhou Ta Yang Electronic Technology Company Limited was recognised as an approved technology enterprise and was eligible to a preferential tax rate of 15% from 1 January 2009 to 31 December 2013.

The income tax credit for the year can be reconciled to the loss before tax per the consolidated statement of profit or loss as follows:

	2014	2013
	HK$'000	*HK$'000*
Loss before tax	**(220,638)**	(139,709)
Tax credit at rates applicable to loss in the jurisdictions concerned	**(55,329)**	(18,731)
Tax effect of income not taxable for tax purposes	**(3,814)**	(4,991)
Tax effect of expenses not deductible for tax purposes	**19,647**	9,361
Tax effect of share of results of associates	**13**	(6)
Tax effect of share of results of joint ventures	**–**	296
Utilisation of tax losses previously not recognised	**(11)**	(12)
Under (over) provision in prior years	**780**	(9,267)
Tax effect of tax losses not recognised	**38,434**	15,560
Income tax credit for the year	**(280)**	(7,790)

8. LOSS FOR THE YEAR

	2014	2013
	HK$'000	*HK$'000*
Loss for the year has been arrived at after charging (crediting):		
Auditor's remuneration	**1,240**	1,210
Amortisation of prepaid lease payments	**367**	868
Amortisation of intangible assets	**422**	–
Costs of inventories sold *(Note)*	**466,023**	535,779
Allowance for inventories (included in cost of sales)	**5,900**	7,431
Share of taxation of an associate (included in share of results of associates)	**50**	18
Depreciation of property, plant and equipment	**35,429**	40,049
Directors' emoluments	**4,714**	5,074
Impairment loss recognised in respect of trade receivables (included in administrative expenses)	**316**	1,158
Reversal of impairment loss in respect of trade receivables (included in administrative expenses)	**(107)**	–
Research and development costs	**4,500**	5,049
Payments under operating leases in respect of land and buildings	**7,310**	7,577
Staff costs (excluding directors' emoluments)	**249,397**	291,935

Note: Cost of inventories sold included approximately HK$194,586,000 (2013: HK$267,940,000) relating to staff costs, depreciation expenses and operating lease charges which amounts are also included in the respective total amounts disclosed separately above.

9. DIVIDENDS

	2014	2013
	HK$'000	*HK$'000*
Dividend recognised as distribution during the year:		
2012 final dividend declared and paid of HK$0.03 per share	**–**	23,356

No dividend was paid or proposed during the year ended 31 July 2014, nor has any dividend been proposed since the end of the reporting period (2013: nil).

10. LOSS PER SHARE

(a) Basic

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

	2014	2013
Loss for the year attributable to owners of the Company (HK$'000)	**(216,563)**	(131,616)
Weighted average number of ordinary shares in issue ('000)	**778,541**	778,541
Loss per share (HK cents)	**(27.82)**	(16.90)

(b) Diluted

The computation of diluted loss per share does not assume the exercise of the Company's outstanding share options for the years ended 31 July 2014 and 2013 as the exercise prices of those options are higher than the average market price for shares.

11. TRADE AND OTHER RECEIVABLES

	2014	2013
	HK$'000	*HK$'000*
Trade and bills receivables		
— from third parties	**148,982**	184,750
— from an associate	**1,488**	2,761
Less: Allowance for doubtful debts recognised in respect of trade receivables from third parties	**(2,092)**	(1,913)
	148,378	185,598
Deposits and prepayment	**13,454**	16,230
Other receivables	**8,257**	11,426
	21,711	27,656
	170,089	213,254

The Group did not hold any collateral over these balances.

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

The following is an aged analysis of trade and bills receivables, net of allowance for doubtful debts presented based on the invoice date at the end of reporting period, which approximated the respective revenue recognition date.

	2014	2013
	HK$'000	*HK$'000*
0–90 days	**120,341**	156,775
91 days to 1 year	**27,947**	28,823
Over 1 year to 2 years	**90**	–
	148,378	185,598

12. TRADE AND OTHER PAYABLES

	2014	2013
	HK$'000	*HK$'000*
Trade and bills payables	**31,752**	36,339
Accrued expenses	**40,071**	44,287
Other payables	**2,885**	7,294
Other tax payables	**8,025**	6,801
Deposits received	**3,769**	803
	54,750	59,185
	86,502	95,524

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

	2014	2013
	HK$'000	*HK$'000*
Within 1 month or on demand	**16,905**	20,097
More than 1 month but less than 3 months	**11,517**	13,048
More than 3 months but less than 12 months	**1,273**	1,491
More than 12 months	**2,057**	1,703
	31,752	36,339

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.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review & Outlook

Market Review

During the year, economic indicators point towards a gradual yet sustained economic recovery in the U.S. However, concerns remain about the Federal Reserve's reduction of stimulus measures, such as quantitative easing, on the recovery. Evidence of these concerns in the consumer electronic devices and computers market have been the decrease of sales orders by certain customers, wary of a possible weakening in consumption sentiment. Customers now are more conscious on expenditure to replace their electronic products except for those innovative products. The immense popularity achieved by tablet PC and smartphones with touch screen panels has slowed down the demand for the conventional notebooks, computers and mobile phones. As a result, in order to reduce the impact from the decrease in demand for the keypad products, the Group has explored to produce the peripheral products in the consumer electronic device markets. The tough business environment caused the Group to record a decrease in turnover during the year.

Business Review

Company's Overall Performance

During the year, the market has become crowded with new and old competitors alike resulting in consolidation of the industry. Market saturation has strained the growth of some customers of the Group. They experienced sales declines, while others gained the market share by cutting the sales price to maintain the competitiveness. This has inevitably affected their sales performance as well as the Group's. The turnover for the financial year ended 31 July 2014, decreased by 15% as compared to last year. The primary source of income of the Group still derived from sales of consumer electronic devices peripheral products and computers, and its percentage to total turnover were 47% and 23% respectively.

The portable devices with touch-screen panel such as smartphones and tablet computers have continued to dominate the market while the traditional ones accelerate to be phased out. Inevitably, this trend has adversely affected the demand for traditional products with keypads and hence the Group's turnover.

In order to compensate the decrease in sales of keypads products, the Group has strategically explored the market of non-keypad products. With the nature of more environmental friendly and fancy design, the daily living products made of silicone rubber become more common. This trend also extended to those peripheral products of consumer electronic devices. During the year, the Group has succeeded to expand the customer base in this market. However, the demand for such products is still not so significant at the moment. With the increase of awareness in silicone products, it is believed it will have obvious contribution to the Group.

On the operating side, the manufacturing costs kept on surging in the PRC were still vastly unfavorable to the manufacturing sector. The consecutive years of mandatory labour cost increase in the PRC, increasing Consumer Price Index (CPI) and high absorption rate due to lower turnover. While the Group was trying hard to pass the cost increment to the customers, but the sluggish economy has caused severe resistance in the market and only a small part of the increased cost transfer can be realised. With all these unfavorable impacts, Group has reported significant loss for the year.

Outlook

The fluctuating global economic environment will impact on the consumer electronics industry in the near term. Besides, demand of keypad products is expected to shrink gradually. At the same time, the tough operating environment is expected to continue to affect Group's performance adversely.

As the use of silicone rubber are becoming more and more common in daily life, it is believed that this emerging markets will show steady growth momentum and provide a business opportunity to the Group. In order to capture this opportunity, the Group has formulated a new set of strategies for the coming years to equip well itself. Firstly, the Group will continue to put more efforts on research and development to explore the product quality, develop application ability of raw material and product variety. Secondly, the Group will expand the customer base with focus on credibility and scalability and to further co-operate with existing customer to develop non-keypad products. The last but not the least is to continue on with the cost control and improvement in operating efficiency.

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 gross revenue generated from the sales of our products, net of sales tax and other similar 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 2014 was decreased by 15.2% to HK$467.3 million (2013: HK$551.3 million) while our loss attributable to equity shareholders was HK$220.4 million (2013: HK$131.9 million).

Basic loss per share of the Company was HK27.82 cents (2013: HK16.90 cents) per share based on the weighted average number of 778,541,000 shares in issue during the year.

Consumer electronic devices peripheral products

Turnover for the consumer electronics devices peripheral products increased by approximately 2.7% to HK$218.9 million in 2014 from HK$213.1 million in 2013.

The improving economic conditions in the USA have led to conflicting concerns of the Federal Reserve gradually winding down of the economic stimulus. As a result, a small fraction of the consumer electronic products has adopted a more defensive posture, wary of a possible weakening in consumer sentiment. The turnover of the keypads for the consumer electronic devices continued to drop during the year. However, thanks to the dedication of the sales team for past years, the turnover of those non-keypad peripheral products with silicon rubber for consumer electronics devices succeed to compensate the drop in turnover of keypads products during the year. It is expected those non-keypad products will become the new driving force of the Group.

Mobile phone peripheral products

Turnover for the sales of mobile phone peripheral products decreased by approximately 26.0% to HK$26.2 million in 2014 from HK$35.4 million in 2013. The smartphones with touch-screen panels has received mainstream attention in the market from consumers, so the demand for the conventional mobile phones with keypads was gradually phased out. This caused the turnover in this segment to decrease significantly.

Keypads for computers and notebooks

Turnover for the sales of keypads for computers and notebooks decreased by approximately 37.2% to HK$106.5 million in 2014 from HK$169.8 million in 2013. The immense popularity achieved by tablet computers has continued to deprive of the demand for traditional notebooks and netbooks. In addition, the trends of large screens on smartphones also further dilute the demand and the market continued to shrink for the year. 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 13.4% to HK$30.9 million in 2014 from HK$35.7 million in 2013. With the concerns of the Federal Reserve gradually winding down of the economic stimulus which weaken the consumer sentiment on the automotive market. This led the sales orders for automotive peripheral products decreased accordingly.

Lifestyle products

Turnover for sales of lifestyle products decreased by 16.8% to HK$46.4 million in 2014 from HK$55.8 million in 2013. Although the turnover has decreased during the year, the Group is able to expand the customer base in this segment. The Group will continue to put more effort to explore the market to capture the immense popularity of silicone made products.

Cost of Sales

Cost structure

The overall cost of sales decreased by approximately 13.1% from HK$543.2 million in 2013 to HK$471.9 million in 2014. The operating environment was still very tough for all PRC based manufacturers. The Group had to face the rapidly increasing production costs that were induced by increased labour wages and material costs. Besides, despite of the drop in the turnover, the fixed overhead cannot be eliminated which cause the average cost of sales to increase materially. Certain amount of stock made during the year has been written off because of the cut of sales orders from customers. As a result, the rate of decrease in cost of sales is much lower than that of turnover.

Gross profit

The Group had recorded a gross loss of HK$4.7 million which represented a decrease of HK$12.8 million while there was gross profit of HK$8.1 million for the year 2013. By the contraction of turnover and the boost in the production costs together with certain non-recurring expenses. It caused a gross loss during the year under the current extremely challenging environment.

Other operating income

Other operating income decreased by approximately 28.9% to HK$34.6 million in 2014 from HK$48.6 million in 2013. The decrease was primarily due to gain on disposal of land in Huizhou in 2013.

Other expenses

Other expenses increased by HK$42.1 million to HK$90.8 million in 2014 from HK$48.7 million in 2013. The increase is mainly because of the impairment loss of property, plant and equipment.

Selling and distribution expenses

Selling and distribution expenses decreased by approximately 11.2% to HK$28.2 million in 2014 from HK$31.8 million in 2013. When counted as a percentage of turnover, the total amount was 6.0% (2013: 5.8%). The decrease was due to lower sales volume but slightly offset by inflation and increase in labour cost in the PRC.

Administrative expenses

Administrative expenses increased by approximately 18.5% to HK$130.6 million in 2014 from HK$110.2 million in 2013. The rise is mainly because of the continuous increase in operation cost in PRC. Besides, as part of cost control measures and the result of operation efficiency improvement, the Group intended to decrease the numbers of labours and this result in a one-off compensation cost.

Loss for the year

Loss for the year ended 31 July 2014 was HK$220.4 million (2013: HK$131.9 million). The net loss margin of our Group increased from 23.9% for the year ended 31 July 2013 to 47.2% for the year ended 31 July 2014.

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 views 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 on uncommitted funds. The net proceeds from the international offering (as defined in the Prospectus) have mainly been placed on short-term deposits with authorised 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 the 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 the US dollar and (ii) most of the Group's purchases are denominated in US dollars, which are to be settled by sales receipts in US dollars.

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.

During the year, the Group has entered into some RMB/USD structured forward contracts to partly hedge the risk exposure. The Group will continue to closely monitor foreign exchange exposure for RMB and consider hedging significant exposure should the need arises.

LIQUIDITY AND FINANCIAL RESOURCES

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

	As at 31 July 2014 *HK$'000*	As at 31 July 2013 *HK$'000*
Cash and cash equivalents	**200,111**	104,910
Net cash inflow	**98,582**	25,747
Current ratio	**3.0**	4.7
Quick ratio	**2.6**	3.6

With our strong financial background upon Listing on the Stock Exchange, we expect we will have sufficient cash to cover 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 2014.

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 2014 are as follows:

Particular	**Planned amount** *HK$ million*	**Utilised amount** *HK$ million*
Expansion of production facilities for silicone rubber based products	468	(322)
Upgrade and expansion of upstream production facilities	56	–
Strengthening research and development capabilities	39	(39)
Implementation of resources planning system	22	(1)
General working capital	50	(50)
Total	635	(412)

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 financial statements as at 31 July 2014 were approximately HK$6.5 million, which was mainly related to the acquisition of land use right in Indonesia and expansion of production capacity in the PRC. Such capital commitments will be financed by the net proceeds from the international offering.

As at 31 July 2014, the Group had no material contingent liabilities.

As at 31 July 2014, certain properties of the Group of HK$8.3 million (2013: HK$8.6 million) were pledged to secure banking facilities granted to the Group.

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 2014, the Group has 3,001 permanent and temporary employees (2013: 5,436). The total salaries and related costs for the year ended 31 July 2014 amounted to approximately HK$249.4 million (2013: HK$291.9 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 2014, 5,045,000 share options were still outstanding under the Pre-IPO Share Option Scheme, of which 3,535,000 options are held by employees of the Group. The Company also adopted a Post-IPO Share Option Scheme on 16 May 2007. As at 31 July 2014, a total of 9,593,000 share options were still outstanding under the Post IPO Share Option Scheme of which 6,324,000 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 12 December 2014, the register of members of the Company will be closed from Wednesday, 10 December 2014 to Friday, 12 December 2014, 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, Union Registrars Limited at 18/F., Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong, not later than 4:30 p.m. on Tuesday, 9 December 2014.

FINAL DIVIDEND

The directors of the Company do not recommend the payment of final dividend for the year ended 31 July 2014 (31 July 2013: Nil).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 July 2014, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with all the code provisions set out in the Corporate Governance Code ("CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") throughout the year ended 31 July 2014, except C.1.2 which requires the Company to provide all members of the Board with monthly updates giving a balanced and understandable assessment of the Company's performance, position and prospects in sufficient detail.

During the year ended 31 July 2014, the management of the Company did not provide monthly updates to all members of the Board as required by C.1.2, as all the Executive Directors were involved in the daily operation of the Group and were fully aware of the performance, position and prospects of the Company, and the management has provided to all Directors (including Non-Executive Directors and Independent Non-Executive Directors) quarterly updates giving a balanced and understandable assessment of the Company's performance, position and prospects in sufficient detail during the regular board meetings of the Company.

In addition, the management has provided all members of the Board, in a timely manner, updates on any material changes to the performance, position and prospects of the Company and sufficient background or explanatory information for matters brought before the Board.

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, Professor Jou Yow-Jen and Mr. Kirk Yang, 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 2014 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, 27 October 2014

As at the date hereof, the Board consists of four executive Directors, namely Mr. Huang Sheng-Shun, Mr. Huang Te-Wei, Mr. Wong Tak Leung and Mr. Kwok Yiu Kai, one non-executive Director, namely Mr. Wu Ih Chen and four independent non-executive Directors, namely Professor Jou Yow-Jen, Mr. Hsieh Yu, Mr. Yeung Chi Tat and Mr. Kirk Yang. The figures in respect of the preliminary announcement of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 July 2014 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.