Ta Yang Group Holdings Limited
大洋集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1991)

INTERIM FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 31 JANUARY 2015

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE SIX MONTHS ENDED 31 JANUARY 2015

		Six months ended 31 January	
		2015	2014
	Notes	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
Turnover	*4*	**231,567**	261,426
Cost of sales		**(203,904)**	(259,641)
Gross profit		**27,663**	1,785
Other operating income		**6,143**	19,149
Selling and distribution expenses		**(16,206)**	(14,855)
Administrative expenses		**(47,664)**	(63,186)
Other expenses		**(23,260)**	(3,804)
Share of results of associates		**(472)**	384
Share of results of joint ventures		**629**	(23)
Finance costs	*6*	**(374)**	(215)
Loss before tax		**(53,541)**	(60,765)
Income tax credit	*7*	**253**	1,274
Loss for the period	*8*	**(53,288)**	(59,491)
Loss for the period attributable to:			
Owners of the Company		**(52,971)**	(58,247)
Non-controlling interests		**(317)**	(1,244)
		(53,288)	(59,491)
Loss per share	*9*		
Basic and diluted		**(HK 6.80 cents)**	(HK7.48 cents)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 31 JANUARY 2015

	Six months ended 31 January	
	2015	2014
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Loss for the period	**(53,288)**	(59,491)
Other comprehensive income (expenses)		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translating foreign operations	**3,620**	(2,347)
Available-for-sale financial assets		
Net loss arising on revaluation of available-for-sale financial assets for the period	**(3,872)**	(1,975)
Reclassification adjustments for loss (gain) included in the condensed consolidated statement of profit or loss		
— gain on disposal	**–**	(203)
— impairment loss	**1,686**	672
	(2,186)	(1,506)
Share of other comprehensive (expenses) income of associates and joint ventures		
Share of exchange difference of associates	**(244)**	96
Share of exchange difference of joint ventures	**(629)**	23
	(873)	119
Other comprehensive income (expenses) for the period, net of tax	**561**	(3,734)
Total comprehensive expenses for the period, net of tax	**(52,727)**	(63,225)
Total comprehensive expenses for the period, net of tax, attributable to:		
Owners of the Company	**(52,420)**	(62,066)
Non-controlling interests	**(307)**	(1,159)
	(52,727)	(63,225)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 JANUARY 2015

	Notes	**31/1/2015** ***HK$'000*** **(Unaudited)**	31/7/2014 *HK$'000* (Audited)
Non-current assets			
Property, plant and equipment	*11*	**158,924**	173,127
Intangible assets		**5,343**	5,478
Construction in progress	*12*	**675**	728
Prepaid lease payments		**12,558**	12,635
Investment property		**32,125**	31,868
Available-for-sale financial assets		**21,126**	27,013
Interests in joint ventures		**–**	–
Interests in associates		**2,164**	2,880
Deposits for acquisition of land use rights	*13*	**14,260**	14,260
		247,175	267,989
Current assets			
Inventories		**69,832**	73,391
Trade and other receivables	*14*	**180,874**	170,089
Prepaid lease payments		**361**	361
Loan receivable from a joint venture		**7,489**	7,489
Amounts due from joint ventures		**5,261**	5,211
Amount due from an associate		**148**	32
Income tax recoverable		**21**	22
Held-to-maturity investments	*15*	**45,326**	–
Held-for-trading investments		**14,543**	15,138
Derivative financial instruments		**–**	300
Financial assets designated at fair value through profit or loss		**1,220**	3,688
Short-term bank deposits		**66,682**	71,981
Bank balances and cash		**134,282**	200,111
		526,039	547,813
Assets classified as held for sale		**21**	21
		526,060	547,834
Current liabilities			
Trade and other payables	*16*	**96,148**	86,502
Receipt in advance from a venturer		**9,686**	6,043
Derivative financial instruments		**29,186**	19,775
Income tax payable		**22,523**	22,376
Secured bank borrowings	*17*	**33,282**	45,666
		190,825	180,362
Net current assets		**335,235**	367,472
Total assets less current liabilities		**582,410**	635,461

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 JANUARY 2015

	Notes	31/1/2015 HK$'000 (Unaudited)	31/7/2014 HK$'000 (Audited)
Capital and reserves			
Share capital	18	**77,854**	77,854
Reserves		**498,570**	551,053
Equity attributable to owners of the Company		**576,424**	628,907
Non-controlling interests		**1,275**	1,519
Total equity		**577,699**	630,426
Non-current liabilities			
Deferred income		**3,978**	3,971
Deferred tax liabilities		**733**	1,064
		4,711	5,035
		582,410	635,461

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 31 JANUARY 2015

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 of the interim report.

The condensed consolidated interim financial information are presented in Hong Kong dollars ("HK$"). Other than those subsidiaries established in the People's Republic of China (the "PRC"), Macau and Indonesia whose functional currencies are Renminbi, Macau Pataca and Indonesian Ruplah respectively, the functional currency of the Company and its subsidiaries is HK$.

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

The Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in manufacturing and sale of silicone rubber and related products.

At 31 January 2015, the directors of the Company consider the ultimate holding company of the Company to be Sunny Stars Investments Limited, which is incorporated in the British Virgin Islands (the "BVI").

2. BASIS OF PREPARATION

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

3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated interim financial information has been prepared on the historical cost basis, except for certain financial instruments and an investment property, which are measured at fair values.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 31 January 2015 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 July 2014.

In the current interim period, the Group has applied, for the first time, the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2010–2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011–2013 Cycle
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
Hong Kong (IFRIC*) — Interpretation 21	Levies

* IFRIC represents the International Financial Reporting Interpretations Committee.

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

4. TURNOVER

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

5. SEGMENT INFORMATION

The Group's turnover, 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. Accordingly, no reportable segment information is presented.

6. FINANCE COSTS

	Six months ended 31 January	
	2015	2014
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Interest on secured bank borrowings wholly repayable within one year	**374**	215

7. INCOME TAX CREDIT

	Six months ended 31 January	
	2015	2014
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Current tax		
— PRC Enterprise Income Tax	**(85)**	(39)
— Taiwan Profit-Seeking Enterprise Income Tax ("Taiwan Income Tax")	**–**	(42)
Deferred taxation		
— Current period	**338**	1,355
	253	1,274

Hong Kong Profits Tax has not been provided for in the condensed consolidated interim financial information as the Group did not derive any assessable profits in both periods.

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

No provision for Indonesia Income Tax for the six months ended 31 January 2015 and 2014 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 Macau Complementary Income Tax.

No provision for Taiwan Income Tax for the six months ended 31 January 2015 has been made as the Group did not generate any assessable profits in Taiwan. Taiwan Income Tax was calculated at 17% of the estimated assessable profits for the six months ended 31 January 2014.

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:

— 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.

8. LOSS FOR THE PERIOD

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

	Six months ended 31 January	
	2015	2014
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
(Reversal of) allowance for inventories (included in cost of sales)	**(7,195)**	2,716
Amortisation of prepaid lease payments	**181**	184
Amortisation of intangible assets	**178**	192
Cost of inventories recognised as expenses	**211,099**	256,925
Share of taxation of an associate	**(1)**	42
Depreciation of property, plant and equipment	**9,168**	20,948
Exchange loss, net	**1,403**	2,308
Interest income	**(2,710)**	(2,685)
Dividend income	**(747)**	(1,544)
Government grants		
— Amortisation of deferred income	**(25)**	(25)
— Grants related to expenses recognised as other operating income	**–**	(1,974)
Loss on derivative financial instruments	**9,711**	500
Gain on held-for-trading investments	**(320)**	(1,261)
Gain on financial assets designated at fair value through profit or loss	**(40)**	–
Impairment loss recognised in respect of trade receivables	**–**	156
Reversal of impairment loss recognised in respect of trade receivables	**(820)**	–
Loss on disposal of property, plant and equipment	**7,506**	322
Loss (gain) on disposal of available-for-sale financial assets	**125**	(2,889)
Research and development costs	**2,191**	2,302

9. LOSS PER SHARE

Basic and diluted

Basic and diluted 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 the periods.

	Six months ended 31 January	
	2015	2014
	(Unaudited)	(Unaudited)
Loss attributable to owners of the Company *(HK$'000)*	**(52,971)**	(58,247)
Weighted average number of ordinary shares in issue *('000)*	**778,541**	778,541
Basic and diluted loss per share *(HK cents)*	**(6.80)**	(7.48)

Both basic and diluted loss per share are the same as the effect of exercise of the Company's outstanding share options was anti-dilutive.

10. DIVIDENDS

The directors of the Company do not recommend the payment of an interim dividend for the six months ended 31 January 2015 and 2014.

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 31 January 2015, the Group acquired items of property, plant and equipment with a cost of approximately HK$3,271,000 (unaudited) (six months ended 31 January 2014 (unaudited): approximately HK$6,223,000) for the expansion of production facilities. Items of property, plant and equipment with a carrying amount of approximately HK$9,549,000 (unaudited) were disposed of during the six months ended 31 January 2015 (six months ended 31 January 2014 (unaudited): approximately HK$507,000), with approximately HK$7,506,000 (unaudited) loss on disposal (six months ended 31 January 2014 (unaudited): HK$322,000).

12. CONSTRUCTION IN PROGRESS

During the six months ended 31 January 2015, the Group acquired items of construction in progress with a cost of approximately HK$4,000 (unaudited) (six months ended 31 January 2014 (unaudited): approximately HK$128,000). Items of construction in progress with a carrying amount of approximately HK$62,000 (unaudited) were transferred to property, plant and equipment during the six months ended 31 January 2015 (six months ended 31 January 2014 (unaudited): approximately HK$13,000).

13. DEPOSITS PAID

At the end of each reporting period, deposits are paid for acquisition of the following asset:

	31/1/2015	31/7/2014
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Land use right in Indonesia	**14,260**	14,260

14. TRADE AND OTHER RECEIVABLES

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 receivables, net of impairment losses recognised, presented based on the invoice date at the reporting date is as follows:

	31/1/2015	31/7/2014
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
0–90 days	**121,034**	120,341
91 days to 1 year	**34,195**	27,947
Over 1 year to 2 years	**–**	90
	155,229	148,378

As at 31 January 2015, included in trade receivables is an amount of approximately HK$687,000 (unaudited) (31 July 2014 (audited): approximately HK$1,488,000) due from an associate.

15. HELD-TO-MATURITY INVESTMENTS

Held-to-maturity investments comprise:

	31/1/2015	31/7/2014
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Unlisted debt securities		
— Fixed rate	**45,326**	–

As at 31 January 2015, the fixed-rate unlisted debt securities carried interest at 3% per annum, payable at maturity date in July 2015.

16. TRADE AND OTHER PAYABLES

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period.

	31/1/2015	31/7/2014
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within 1 month or on demand	**19,184**	16,905
More than 1 month but less than 3 months	**23,785**	11,517
More than 3 months but less than 12 months	**1,599**	1,273
More than 12 months	**2,189**	2,057
	46,757	31,752

17. SECURED BANK BORROWINGS

During the six months ended 31 January 2015 (unaudited), no new bank loan was obtained (six months ended 31 January 2014 (unaudited): HK$25,542,000). During the six months ended 31 January 2015 and 2014, the loans carried variable interest rate at 1.75% to 2.00% (unaudited) per annum over Hong Kong Inter-bank Offered Rate/London Inter-bank Offered Rate or the Lender's Cost of Funds, whichever is higher and is repayable on demand. The effective interest rate on the borrowings is 1.94% (unaudited) (six months ended 31 January 2014 (unaudited): 2.03%) per annum.

18. SHARE CAPITAL

Authorised and issued share capital

	Number of shares *'000*	Amount *HK$'000*
Ordinary shares of HK$0.1 each		
Authorised:		
At 1 August 2013 (audited), 31 July 2014 (audited) and 31 January 2015 (unaudited)	20,000,000	2,000,000
Issued and fully paid:		
At 1 August 2013 (audited), 31 July 2014 (audited) and 31 January 2015 (unaudited)	778,541	77,854

19. SHARE OPTION SCHEMES

The Company has share option schemes for the directors and eligible employees/participants of the Group. Details of the share options outstanding are as follows:

	Six months ended 31 January	
Number of share options	**2015**	2014
Outstanding at 1 August (audited)	**14,638,000**	18,340,000
Forfeited during the period	**(1,634,000)**	(346,000)
Outstanding at 31 January (unaudited)	**13,004,000**	17,994,000

No share option was granted during the six months ended 31 January 2015 and 2014 (unaudited).

20. RELATED PARTY TRANSACTIONS

(a) Other than disclosed elsewhere in the condensed consolidated interim financial information, the Group entered into the following material transactions with related parties:

Name of company	Nature of transactions	Six months ended 31 January **2015** *HK$'000* **(Unaudited)**	2014 *HK$'000* (Unaudited)
SiTY Silcum & Ta Yang International GmbH ("SiTY") *(Note i)*	Sales of rubber keypads	**2,031**	3,294
Formosan Union Chemical Corp. ("Formosan") *(Note ii)*	Dividend income	**493**	197
Huzhou Ri Jun Electronic Technology Company Limited ("Huzhou Ri Jun") *(Note iii)*	Sub-contracting income	**–**	65

Notes:

(i) SiTY is an associate company of the Group.

(ii) Formosan is a company listed on Taiwan Stock Exchange and Mr. Huang Sheng-Shun is the common director of the Company and Formosan.

(iii) Huzhou Ri Jun is a joint venture of the Group.

(b) Compensation of key management personnel

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

	Six months ended 31 January **2015** *HK$'000* **(Unaudited)**	2014 *HK$'000* (Unaudited)
Short-term benefits	**2,625**	3,032
Post-employment benefits	**61**	69
	2,686	3,101

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

21. CAPITAL COMMITMENTS

	31/1/2015	31/7/2014
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Capital expenditure contracted for but not provided in the condensed consolidated interim financial information in respect of the acquisition of:		
— Property, plant and equipment	**1,102**	1,691
— Land use rights	**4,775**	4,775
	5,877	6,466

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

With the global macroeconomic environment gradually stabilizing during the period, economies such as United States showed more perceivability of recovery. Meanwhile, the People's Republic of China (the "PRC") has entered into a period of transformations emphasizing balanced progresses with stability and concerns remain about the Federal Reserve's reduction of stimulus measures on the recovery. Evidence of these concerns in the consumer electronic devices and computer markets have been decrease of sales orders by certain customers, wary of possible weakening in consumption sentiment. With the domination over the market by the portable devices with the touch-screen panels, the demand for conventional mobile phones and computers was gradually phased out. The Group is devoted to explore the new market, but it is now still in the transition period to move to the market of non-keypad products. It is unavoidably to affect the Group's turnover at this stage.

For the operating side, the environment in the PRC was still vastly unfavorable to manufacturing sector. The manufacturing costs kept on surging in the PRC. During the period, the efforts to soliciting new customers' businesses and streamlining the operations start to show positive impact to the Group and the gross profit has improved dramatically. Understand that the total capacity was still over the demand level, the Group is still in the process of restructuring in order to keep our size to be flexible to deal with any sudden economical challenges.

Outlook

It is believed the challenging PRC operating environment will continue to have an impact on the Group's performance in the future. The Group's performance has been, and is expected to continue to be, affected by increases in operating costs such as increase in labour costs and inflation. In order to improve its operational performance, the Group will continue to take various proactive measures to mitigate the negative impact of increasing operating costs such as restructuring and tight cost controls over the PRC factories. The Group will put more efforts on research and development to improve the products quality, develop application of raw material and products variety and expand customer base and further co-operate with existing customer to develop non-keypad products. These competitive edges will enable the Group to serve the customers better and may eventually expand the Group's market share.

Financial Review

Turnover

During the period, the Group has recorded a revenue of HK$231.6 million, representing a decrease of 11.4% compared with the corresponding period in 2014. The major contributors of the revenue were still from consumer electronic devices peripheral products, keypads for computers and notebooks which accounted for approximately 75.9% of total turnover. The demand on traditional electronic devices continue to shrink which cause the overall turnover to decrease. Meanwhile, with effort on diversification of products mix, the portion of non-keypad products continue to increase. With the recent popularity of the use of silicone material on wide range of products, the Group will endeavor to explore the market of non-keypad products.

Gross Profit

The gross profit was HK$27.7 million, an increase of HK$25.9 million as compared with the corresponding period in 2014. The overall profit margin for the period increased from 0.7% to 11.9%. The increase in profit margin was due to the decrease in the number of labours and the disposal of certain plant and machineries which cause the rise in utilization rate. It led the average unit cost to decrease and hence the profit margins to increase.

Other Operating Income

Other operating income decreased by HK$13.0 million or 67.9% to HK$6.1 million as compared with the corresponding period in 2014. The decrease was mainly due to the decrease in gain on disposal of available-for-sale investments and dividend income.

Selling and Distribution Expenses

Selling and distribution expenses increased by 9.1% to HK$16.2 million as compared with the corresponding period in 2014. The increase was a result of inflation in expenses. When counted as a percentage of the Group's turnover, the total amount of selling and distribution expenses was 7.0%, 1.3% increase as compared with the corresponding period in 2014.

Administrative Expenses

Administrative expenses decreased from HK$63.2 million to HK$47.7 million as compared with the corresponding period in 2014. When counted as a percentage of the Group's turnover, the total amount of administrative expenses was 20.6%, 3.6% decreased compared with the corresponding period in 2014. The decrease was a result of the restructuring plan last year and tight cost control.

Loss for the Period

Loss for the period decreased from HK$59.5 million to HK$53.3 million as compared with the corresponding period in 2014.

Liquidity and Financial Resources

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

	As at 31 January 2015 *HK$'000*	As at 31 July 2014 *HK$'000*
Cash and cash equivalents	**134,282**	200,111
Net current assets	**335,235**	367,472
Current Ratio	**2.8**	3.0
Quick Ratio	**2.4**	2.6

Financial Management and Treasury Policy

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

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

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

Use of Proceeds

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

The usage of net proceeds until 31 January 2015 are as follows:

Particular	Planned amount *HK$ million*	Utilised amount *HK$ million*
Expansion of production facilities for silicone rubber based products	468	(325)
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	(415)

Human Resources and Remuneration Policies

As the Group is committed to develop high value-added products with excellent quality, 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 January 2015, the Group employed about 2,460 employees.

The Group adopted a Pre-IPO Share Option Scheme on 16 May 2007 for the purpose of recognition of employees' contribution before the listing of the Company's shares. As at 31 January 2015, 4,385,000 share options were still outstanding under the Pre-IPO Share Option Scheme, of which 2,875,000 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 January 2015, for share options granted under Post-IPO Share Option Scheme on 24 December 2009, 4,864,000 share options were still outstanding, of which 2,913,000 options are held by employees of the Group.

As at 31 January 2015, for share options granted under Post-IPO Share Option Scheme on 11 January 2011, 3,755,000 share options were still outstanding, of which 2,437,000 options are held by employees of the Group.

INTERIM DIVIDEND

The Board does not recommend the payment of interim dividend for the six months ended 31 January 2015 (31 January 2014: Nil).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the six months ended 31 January 2015, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has complied with the applicable 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 of Hong Kong Limited (the "Listing Rules") throughout the six months ended 31 January 2015, except the code provision C.1.2 which requires the management of 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 to enable the Board as a whole and each Director to discharge their duties.

During the review period, the management of the Company did not provide monthly updates to all members of the Board as required by the code provision 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 all Directors (including non-executive Director and independent non-executive Directors) quarterly updates giving a balanced and understandable assessment of the Company's performance, position and prospects in sufficient detail prior to 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.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as the Company's code of conduct regarding Director's securities transactions. In response to the specific enquiry by the Company, all the Directors confirmed that they have complied with the required standard as set out in the Model Code throughout the six months ended 31 January 2015.

AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENTS

The Audit Committee of the Company comprises Mr. Yeung Chi Tat (chairman), 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 with the management the accounting principles and practices adopted by the Company and discussed internal controls and financial reporting matters.

The Company's unaudited condensed consolidated interim financial information for the six months ended 31 January 2015 has been reviewed by the Audit Committee.

PUBLICATION OF INTERIM RESULTS AND DESPATCH OF INTERIM REPORT

This results announcement is published on the websites of The Stock Exchange of Hong Kong Limited (www.hkex.com.hk) and the Company (www.tayang.com). The interim report 2014/15 containing all the information required by the Listing Rules will be dispatched to the Company's shareholders and available on the above websites before the end of April 2015.

On behalf of the Board
Ta Yang Group Holdings Limited
Huang Sheng-Shun
Chairman

Hong Kong, 27 March 2015

As at the date hereof, the Board of the Company comprises 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, Mr. Hsieh Yu, Professor Jou Yow-Jen, Mr. Yeung Chi Tat and Mr. Kirk Yang.