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 2015

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 2015, together with the audited comparative figures for the year ended 31 July 2014 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 JULY 2015

	Notes	**2015** *HK$'000*	2014 *HK$'000*
Turnover	3	**426,242**	467,264
Cost of sales		**(376,124)**	(471,923)
Gross profit (loss)		**50,118**	(4,659)
Other operating income	3	**15,528**	34,589
Selling and distribution expenses		**(44,807)**	(28,213)
Administrative expenses		**(103,930)**	(130,646)
Other expenses	5	**(75,700)**	(90,819)
Share of results of joint ventures		**629**	–
Share of results of associates		**(468)**	(76)
Finance costs	6	**(729)**	(814)
Loss before tax		**(159,359)**	(220,638)
Income tax (expense) credit	7	**(23)**	280
Loss for the year	8	**(159,382)**	(220,358)
Loss for the year attributable to:			
Owners of the Company		**(156,335)**	(216,563)
Non-controlling interests		**(3,047)**	(3,795)
		(159,382)	(220,358)
Loss per share	10		
Basic (HK cents)		**(20.08)**	(27.82)
Diluted (HK cents)		**(20.08)**	(27.82)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 JULY 2015

	2015	2014
	HK$'000	*HK$'000*
Loss for the year	**(159,382)**	(220,358)
Other comprehensive income (expenses)		
Items that will not be reclassified subsequently to profit or loss:		
Gain on revaluation of properties	**7,684**	–
Gain on revaluation of prepaid lease payments	**1,565**	–
	9,249	–
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translating foreign operations	**(482)**	(15,432)
Available-for-sale financial assets		
Net loss arising on revaluation of available-for-sale financial assets for the year	**(5,402)**	(2,295)
Reclassification adjustments for loss (gain) included in the consolidated statement of profit or loss		
— gain on disposal	**–**	(202)
— impairment loss	**3,458**	752
	(1,944)	(1,745)
Share of other comprehensive (expenses) income of associates and joint ventures		
Share of exchange difference of associates	**(71)**	53
Share of exchange difference of a joint venture	**(629)**	–
	(700)	53
Other comprehensive income (expenses) for the year	**6,123**	(17,124)
Total comprehensive expenses for the year, net of income tax	**(153,259)**	(237,482)
Total comprehensive expenses for the year, net of income tax, attributable to		
Owners of the Company	**(150,231)**	(233,546)
Non-controlling interests	**(3,028)**	(3,936)
	(153,259)	(237,482)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 JULY 2015

	Notes	2015 HK$'000	2014 HK$'000
Non-current assets			
Property, plant and equipment		**100,085**	173,127
Intangible assets		**–**	5,478
Construction in progress		**–**	728
Prepaid lease payments		**10,840**	12,635
Investment properties		**54,647**	31,868
Available-for-sale financial assets		**19,596**	27,013
Interests in joint ventures		**–**	–
Interests in associates		**–**	2,880
Deposits for acquisition of land use rights		**13,163**	14,260
		198,331	267,989
Current assets			
Inventories		**62,172**	73,391
Trade and other receivables	*11*	**150,930**	170,089
Prepaid lease payments		**321**	361
Loan receivable from a joint venture		**–**	7,489
Amount due from a joint venture		**–**	5,211
Amount due from an associate		**–**	32
Income tax recoverable		**–**	22
Held-to-maturity investments		**43,442**	–
Held-for-trading investments		**9,120**	15,138
Derivative financial instruments		**–**	300
Financial asset designated at fair value through profit or loss		**–**	3,688
Short-term bank deposits		**86,298**	71,981
Bank balances and cash		**103,556**	200,111
		455,839	547,813
Assets classified as held for sale		**–**	21
		455,839	547,834
Current liabilities			
Trade and other payables	*12*	**97,612**	78,991
Receipt in advance from a venturer		**–**	6,043
Derivative financial instruments		**17,017**	19,775
Amount due to a joint venture		**202**	–
Provision for restructuring		**–**	7,511
Income tax payable		**22,376**	22,376
Secured bank borrowings		**33,282**	45,666
		170,489	180,362
Net current assets		**285,350**	367,472
Total assets less current liabilities		**483,681**	635,461

	2015	2014
	HK$'000	*HK$'000*
Capital and reserves		
Share capital	**77,892**	77,854
Reserves	**397,769**	551,053
Equity attributable to owners of the Company	**475,661**	628,907
Non-controlling interests	**–**	1,519
Total equity	**475,661**	630,426
Non-current liabilities		
Deferred income	**3,946**	3,971
Deferred tax liabilities	**4,074**	1,064
	8,020	5,035
	483,681	635,461

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 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 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$"). Other than those subsidiaries established in the People's Republic of China (the "PRC"), Macau and Indonesia whose functional currencies are Renminbi, Macau Pataca and Indonesian Rupiah respectively, the functional currency of the Company and its other subsidiaries is HK$.

At 31 July 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. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS(s)") AND NEW HONG KONG COMPANIES ORDINANCE

In the current year, the Group has applied the following new and revised HKFRSs, which include HKFRSs, Hong Kong Accounting Standards ("HKAS(s)"), amendments and Interpretations ("Int(s)"), issued by the Hong Kong Institute of Certified Public Accountants (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 (IFRS Interpretations Committee) ("HK(IFRIC)")-Int 21	Levies

Except as described below, the application of the 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.

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

The Group has applied amendments to HKFRS 10, HKFRS 12 and HKAS 27 Investment Entities for the first time in the current year. The amendments to HKFRS 10 define an investment entity and introduce an exception to consolidating subsidiaries for an investment entity, except where the subsidiaries provide services that relate to the investment entity's investment activities. Under the amendments to HKFRS 10, an investment entity is required to measure its interests in subsidiaries at fair value through profit or loss.

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;

— Commit to its investor(s) 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.

As the Company is not an investment entity, the directors of the Company consider that the application of the amendments has had no impact on the disclosures or the amounts recognised in the Group's consolidated financial statements.

Amendments to HKAS 32 Offsetting Financial Assets and Financial Liabilities

The Group has applied amendments to HKAS 32 Offsetting Financial Assets and Financial Liabilities for the first time in the current year. 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 amendments have been applied retrospectively. The Group has assessed whether certain of its financial assets and financial liabilities qualify for offset based on the criteria set out in the amendments and concluded that the application of the amendments has had no impact on the amounts recognised in the Group's consolidated financial statements.

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

The Group has applied amendments to HKAS 36 Recoverable Amount Disclosures for Non-Financial Assets for the first time in the current year. The amendments to HKAS 36 require disclosures on additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal. If the recoverable amount is fair value less costs of disposal, an entity shall disclose the level of the fair value hierarchy within which the fair value measurement of the asset or cash generating unit is categorised in its entirety. The Group is required to make additional disclosures for Level 2 and Level 3 of the fair value hierarchy:

— A description of the valuation techniques used to measure the fair value less costs of disposals. If there is any change in valuation techniques, the fact and the reason should also be disclosed;

— Each key assumption on which management has based its determination of fair value less costs of disposal;

— The discount rates used in the current and previous measurement if fair value less costs of disposal is measured using a present value technique.

The amendments have been applied retrospectively. The directors of the Company consider that the application of the amendments to HKAS 36 has had no material impact on the disclosures in the Group's consolidated financial statements.

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 do 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 considered that the application of the amendments included in the Annual Improvements to HKFRSs 2010–2012 Cycle has had no 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 considered that the application of the amendments included in the Annual Improvements to HKFRSs 2011–2013 Cycle has had no material effect on the Group's consolidated financial statements.

Part 9 of Hong Kong Companies Ordinance (Cap. 622)

In addition, the annual report requirements of Part 9 "Accounts and Audit" of the Hong Kong Companies Ordinance (Cap. 622) come into operation during the financial year. As a result, there are changes to presentation and disclosures of certain information 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:

HKFRS 9 (2014)	Financial Instruments[2]
HKFRS 15	Revenue from Contracts with Customers[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012–2014 Cycle[1]
Amendments to HKAS 1	Disclosure Initiative[1]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[1]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[1]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[1]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[1]

[1] Effective for annual periods beginning on or after 1 January 2016.
[2] Effective for annual periods beginning on or after 1 January 2018.

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

HKFRS 9 (2014) Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was amended in 2010 and includes the requirements for the classification and measurement of financial liabilities and for derecognition. In 2013, HKFRS 9 was further amended to bring into effect a substantial overhaul of hedge accounting that will allow entities to better reflect their risk management activities in the financial statements. A finalised version of HKFRS 9 was issued in 2014 to incorporate all the requirements of HKFRS 9 that were issued in previous years with limited amendments to the classification and measurement by introducing a "fair value through other comprehensive income" ("FVTOCI") measurement category for certain financial assets. The finalised version of HKFRS 9 also introduces an "expected credit loss" model for impairment assessments.

Key requirements of HKFRS 9 (2014) are described as follows:

— All recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. 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 (2014), 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, HKFRS 9 (2014) 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 of financial liabilities attributable to changes in the financial liabilities' 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 fair value through profit or loss is presented in profit or loss.

— In the aspect of impairment assessments, the impairment requirements relating to the accounting for an entity's expected credit losses on its financial assets and commitments to extend credit were added. Those requirements eliminate the threshold that was in HKAS 39 for the recognition of credit losses. Under the impairment approach in HKFRS 9 (2014), it is no longer necessary for a credit event to have occurred before credit losses are recognised. Instead, expected credit losses and changes in those expected credit losses should always be accounted for. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition and, consequently, more timely information is provided about expected credit losses.

— HKFRS 9 (2014) introduces a new model which more closely aligns hedge accounting with risk management activities undertaken by companies when hedging their financial and non-financial risk exposures. As a principle-based approach, HKFRS 9 (2014) looks at whether a risk component can be identified and measured and does not distinguish between financial items and non-financial items. The new model also enables an entity to use information produced internally for risk management purposes as a basis for hedge accounting. Under HKAS 39, it is necessary to exhibit eligibility and compliance with the requirements in HKAS 39 using metrics that are designed solely for accounting purposes. The new model also includes eligibility criteria but these are based on an economic assessment of the strength of the hedging relationship. This can be determined using risk management data. This should reduce the costs of implementation compared with those for HKAS 39 hedge accounting because it reduces the amount of analysis that is required to be undertaken only for accounting purposes.

HKFRS 9 (2014) will become effective for annual periods beginning on or after 1 January 2018 with early application permitted.

The directors of the Company anticipate that the adoption of HKFRS 9 (2014) in the future may have significant impact on amounts reported in respect of the Group's financial assets and financial liabilities.

Regarding the Group's financial assets, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

HKFRS 15 Revenue from Contracts with Customers

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. Thus, HKFRS 15 introduces a model that applies to contracts with customers, featuring a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised. The five steps are as follows:

(i) Identify the contract with the customer;

(ii) Identify the performance obligations in the contract;

(iii) Determine the transaction price;

(iv) Allocate the transaction price to the performance obligations; and

(v) Recognise revenue when (or as) the entity satisfies a performance obligation.

HKFRS 15 also introduces extensive qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows 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.

HKFRS 15 will become effective for annual periods beginning on or after 1 January 2018 with early application permitted. 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.

Annual Improvement to HKFRSs 2012–2014 Cycle

The Annual Improvements to HKFRSs 2012–2014 Cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 5 clarify that changing from one of the disposal methods (i.e. disposal through sale or disposal through distribution to owners) to the other should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is therefore no interruption of the application of the requirements in HKFRS 5. Besides, the amendments also clarify that changing the disposal method does not change the date of classification.

The amendments to HKFRS 7 clarify that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance for continuing involvement in HKFRS 7 in order to assess whether the additional disclosures for any continuing involvement in a transferred asset that is derecognised in its entirety are required. Besides, the amendments to HKFRS 7 also clarify that disclosures in relation to offsetting financial assets and financial liabilities are not required in the condensed interim financial report, unless the disclosures provide a significant update to the information reported in the most recent annual report.

The amendments to HKAS 19 clarify that the market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.

HKAS 34 requires entities to disclose information in the notes to the interim financial statements 'if not disclosed elsewhere in the interim financial report'. The amendments to HKAS 34 clarify that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report. The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. If users do not have access to the other information in this manner, then the interim financial report is incomplete.

The directors of the Company do not anticipate that the application of the amendments included in the Annual Improvements to HKFRSs 2012–2014 Cycle will have a material effect on the Group's consolidated financial statements.

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

The amendments to HKAS 16 prohibit the use of revenue-based depreciation methods for property, plant and equipment under HKAS 16. The amendments to HKAS 38 introduce a rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate. This presumption can be rebutted only in the following limited circumstances:

(i) when the intangible asset is expressed as a measure of revenue;

(ii) when a high correlation between revenue and the consumption of the economic benefits of the intangible assets could be demonstrated.

The amendments to HKAS 16 and HKAS 38 will become effective for financial statements with annual periods beginning on or after 1 January 2016. Earlier application is permitted. The amendments should be applied prospectively.

As the Group uses straight-line method for depreciation of property, plant and equipment and intangible assets, the directors of the Company do not anticipate that the application of the amendments to HKAS 16 and HKAS 38 will have a material impact on the Group's consolidated financial statements.

Amendments to HKAS 1 Disclosure Initiative

The amendments clarify that companies should use professional judgement in determining what information as well as where and in what order information is presented in the financial statements. Specifically, an entity should decide, taking into consideration all relevant facts and circumstances, how it aggregates information in the financial statements, which include the notes. An entity does not require to provide a specific disclosure required by a HKFRS if the information resulting from that disclosure is not material. This is the case even if the HKFRS contains a list of specific requirements or describes them as minimum requirements.

Besides, the amendments provide some additional requirements for presenting additional line items, headings and subtotals when their presentation is relevant to an understanding of the entity's financial position and financial performance respectively. Entities, in which they have investments in associates or joint ventures, are required to present the share of other comprehensive income of associates and joint ventures accounted for using the equity method, separated into the share of items that (i) will not be reclassified subsequently to profit or loss; and (ii) will be reclassified subsequently to profit or loss when specific conditions are met.

Furthermore, the amendments clarify that:

(i) an entity should consider the effect on the understandability and comparability of its financial statements when determining the order of the notes; and

(ii) significant accounting policies are not required to be disclosed in one note, but instead can be included with related information in other notes.

The amendments will become effective for financial statements with annual periods beginning on or after 1 January 2016. Earlier application is permitted. The directors of the Company anticipate that the application of the amendments to HKAS 1 in the future may have a material impact on the disclosures made in the Group's 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 taxes.

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

	2015	2014
	HK$'000	*HK$'000*
Turnover		
Sales of goods	**426,242**	467,264
Other operating income		
Interest income		
— Bank deposits	**5,026**	5,833
— Held-to-maturity investments	**674**	154
Total interest income	**5,700**	5,987
Dividend income	**806**	1,726
Forfeiture of deposits from customers	**251**	3,875
Fair value gain on derivative financial instruments	**2,458**	–
Gain on disposal of available-for-sale financial assets	**–**	2,889
Gain on disposal of financial asset designated at FVTPL	**70**	2,943
Gain on disposal of held-for-trading investments	**2,672**	3,457
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)*	**271**	1,980
Gross rental income *(Note a)*	**2,417**	1,914
Sundry income	**858**	2,353
	15,528	34,589

Notes:

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

	2015	2014
	HK$'000	*HK$'000*
Gross rental income	**2,417**	1,914
Less: Outgoings incurred for investment properties that generated rental income during the year (included in administrative expenses)	**(158)**	(171)
Net rental income	**2,259**	1,743

(b) For the years ended 31 July 2015 and 2014, the amounts represent 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:

	2015	2014
	HK$'000	*HK$'000*
Consumer electronic devices peripheral products	**222,581**	218,864
Keypads for computers and notebooks	**88,057**	106,544
Lifestyle products	**38,321**	46,414
Mobile phone peripheral products	**7,855**	26,177
Automotive peripheral products	**34,589**	30,926
Other products	**34,839**	38,339
	426,242	467,264

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**	
	2015	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
The PRC (excluding Hong Kong)	**212,843**	233,079	**155,208**	209,674
Hong Kong	**98,457**	89,663	**9,021**	8,634
Other Asian countries	**39,225**	72,560	**14,506**	20,755
America	**67,565**	64,173	**–**	–
Europe	**8,152**	7,789	**–**	1,913
	426,242	467,264	**178,735**	240,976

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:

	2015	2014
	HK$'000	*HK$'000*
Customer A	**N/A**[1]	52,676[3]
Customer B	**59,411**[4]	47,974[4]
Customer C	**53,376**[2]	47,164[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

	2015	2014
	HK$'000	*HK$'000*
Exchange losses	**1,329**	3,763
Fair value loss on derivative financial instruments	**–**	20,679
Fair value loss on financial asset designated at FVTPL	**–**	32
Fair value loss on held-for-trading investments	**7,533**	2,259
Fair value loss on investment properties	**2,246**	–
Impairment losses recognised in respect of:		
— amount due from an associate	**178**	–
— available-for-sale financial assets	**3,458**	752
— intangible assets	**5,155**	1,565
— interest in an associate	**580**	–
— property, plant and equipment	**34,138**	54,709
Investment loss from derivative financial instruments	**6,236**	689
Loss on disposal of available-for-sale financial assets	**125**	–
Loss on disposal of interest in a joint venture	**63**	–
Loss on disposal of interest in an associate	**861**	–
Loss on disposal of property, plant and equipment	**13,396**	6,371
Others	**402**	–
	75,700	90,819

6. FINANCE COSTS

	2015	2014
	HK$'000	*HK$'000*
Interest on secured bank borrowings wholly repayable within five years	**729**	814

7. INCOME TAX EXPENSE (CREDIT)

	2015	2014
	HK$'000	*HK$'000*
Current tax		
Hong Kong Profits Tax	**–**	480
PRC Enterprise Income Tax	**29**	49
	29	529
Under provision in prior years		
PRC Enterprise Income Tax	**65**	738
Taiwan Profit-Seeking Enterprise Income Tax ("Taiwan Income Tax")	**–**	42
	65	780
Deferred taxation		
Current year	**(71)**	(1,589)
	23	(280)

Hong Kong Profits Tax has not been provided for in the consolidated financial statements for the year ended 31 July 2015 as the Group did not derive any assessable profits.

During the year ended 31 July 2014, Hong Kong Profits Tax was calculated at 16.5% of the estimated 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 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 years ended 31 July 2015 and 2014 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.

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

	2015	2014
	HK$'000	*HK$'000*
Loss before tax	**(159,359)**	(220,638)
Tax credit at rates applicable to loss in the jurisdictions concerned	**(20,304)**	(55,329)
Tax effect of income not taxable for tax purposes	**(3,018)**	(3,814)
Tax effect of expenses not deductible for tax purposes	**10,404**	19,647
Tax effect of share of results of associates	**77**	13
Utilisation of tax losses previously not recognised	**(7)**	(11)
Underprovision in prior years	**65**	780
Tax effect of tax losses not recognised	**12,806**	38,434
Income tax expense (credit) for the year	**23**	(280)

8. LOSS FOR THE YEAR

	2015	2014
	HK$'000	*HK$'000*
Loss for the year has been arrived at after charging (crediting):		
Auditor's remuneration		
Current year	**1,260**	1,240
Over provision for prior year	**(213)**	–
Amortisation of prepaid lease payments	**351**	367
Amortisation of intangible assets	**359**	422
Costs of inventories sold	**382,649**	466,023
Allowance for inventories (included in cost of sales)	**380**	5,900
Share of taxation of an associate (included in share of results of associates)	**(46)**	50
Depreciation of property, plant and equipment	**17,218**	35,429
Directors' emoluments	**4,650**	4,714
Impairment loss recognised in respect of trade receivables	**560**	316
Impairment loss recognised in respect of other receivables	**3,710**	–
Payments under operating leases in respect of land and buildings	**7,216**	7,310
Research and development costs	**4,380**	4,500
Reversal of impairment loss recognised in respect of trade receivables	**(902)**	(107)
Reversal of allowance for inventories (included in cost of sales)	**(6,905)**	–
Staff costs (excluding directors' emoluments)	**196,502**	249,397

9. DIVIDENDS

No dividend was paid or proposed during the year ended 31 July 2015, nor has any dividend been proposed since the end of the reporting period (2014: 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.

	2015	2014
Loss for the year attributable to owners of the Company (HK$'000)	**(156,335)**	(216,563)
Weighted average number of ordinary shares in issue ('000)	**778,546**	778,541
Loss per share (HK cents)	**(20.08)**	(27.82)

(b) Diluted

	2015	2014
Loss for the year attributable to owners of the Company (HK$'000)	**(156,335)**	(216,563)
Weighted average number of ordinary shares in issue ('000)	**778,546**	778,541
Effect of dilutive potential ordinary shares derived from exercising of share options *(Note)*	**127**	–
	778,673	778,541
Loss per share (HK cents)	**(20.08)**	(27.82)

Note: For the year ended 31 July 2014, the computation of diluted loss per share did not assume the exercise of the Company's outstanding share options as the exercise prices of those options were higher than the average market price for shares.

11. TRADE AND OTHER RECEIVABLES

	2015	2014
	HK$'000	*HK$'000*
Trade and bills receivables		
— from third parties	**131,750**	148,982
— from an associate	**–**	1,488
Less: Allowance for doubtful debts recognised in respect of trade and bills receivables from third parties	**(947)**	(2,092)
	130,803	148,378
Deposits and prepayments	**14,762**	13,454
Other receivables	**5,365**	8,257
	150,930	170,089

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 the reporting period, which approximated the respective revenue recognition date.

	2015	2014
	HK$'000	*HK$'000*
0–90 days	**99,786**	120,341
91 days to 1 year	**31,004**	27,947
Over 1 year to 2 years	**13**	90
	130,803	148,378

12. TRADE AND OTHER PAYABLES

	2015	2014
	HK$'000	*HK$'000*
Trade and bills payables	**31,952**	31,752
Accrued expenses	**39,150**	32,560
Other payables *(Note)*	**12,698**	2,885
Other tax payables	**7,442**	8,025
Deposits received	**6,370**	3,769
	65,660	47,239
	97,612	78,991

Note: Included in the amount as at 31 July 2015, approximately RMB5,685,000 (equivalent to approximately HK$7,050,000) represents part of consideration received from an independent third party for disposal of certain property, plant and equipment. In August 2015, the buyer terminated the sales transaction and the Group refunded the received deposit in full amount accordingly.

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

	2015	2014
	HK$'000	*HK$'000*
Within 1 month or on demand	**15,144**	16,905
More than 1 month but less than 3 months	**13,567**	11,517
More than 3 months but less than 12 months	**1,473**	1,273
More than 12 months	**1,768**	2,057
	31,952	31,752

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 financial year, worldwide conditions were remained uncertain due to sovereign debt crisis in Eurozone and expectation of interest rate hikes in the U.S. Besides, under the influence of strong U.S. dollars and majority of the final products of our customers were priced in U.S. dollars, consumers now are more conscious on expenditure to replace their electronic products except for those innovative products. At the same time, the PRC economic growth and domestic manufacturing industry experienced a slowdown resulting in sluggish domestic consumption. All these factors ultimately deteriorated the performance of our customers. Meanwhile, 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. In order to cope with this, the Group has explored to produce the peripheral products in the consumer electronic device markets and develop application ability of silicone materials.

Business Review

Company's Overall Performance

With the market consolidation still severe, most of our customers was facing downwards pressure on sales orders during the year. This has inevitably affected their sales performance as well as the Group's. The turnover for the financial year ended 31 July 2015, decreased by 8.8% as compared to last year. The primary source of income of the Group still derived from sales of consumer electronic devices peripheral products, and keypads for computers and notebooks, and its percentage to total turnover were 52.2% and 20.7% 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. According to latest market research, the global computers market during the year performed slightly below expectation. The notebooks and computers shipments have recorded a decrease for the year. Moreover, as Microsoft's Window 10 recently released, consumers maintained wait-and-see attitude in the market, and the customers reduced their inventory. As a result, these adversely affected the demand for traditional products with keypads and hence the Group's turnover.

To cope with the shrink of keypads products market, the Group has continued explore 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 was placing the effort towards the introduction of application of silicone material and demonstrated the ability to meet the customers' specific requirement. The success in expansion in customer base caused the proportion of non-keypad sales continue to increase. With the increase of awareness in silicone products, it is believed it will have obvious contribution to the Group.

The operating environment in the PRC was still tough during the year. The consecutive years of mandatory labour cost increase in the PRC, increasing Consumer Price Index (CPI) and high absorption rate due to lower turnover. To withstand these unfavorable factors, the Group continued its tight cost controls and improvement in operational efficiency to minimize the adverse impact on profit margins. This brought the Group to obvious improvement in gross profit margins.

Outlook

The ongoing impact of uncertainties in global economy, especially Europe and the PRC, will continue to constrain overall customer demand in the coming year. With consumer sentiment remain weak, the Group is expected to consequently operate in an unfavorable business environment. At the same time, rising costs in the PRC operation will continue to adversely affect the Group's performance. Although the recent depreciation of RMB can slightly release the pressure of increasing cost, it brings more uncertainties to many manufacturers in the PRC. The management will remain cautious of the Group's outlook.

As the use of silicone rubber are becoming more and more common in daily life, the Group will continue to put more efforts on research and development to improve product quality, develop application ability of raw material and broaden its product mix. This proactive strategy will enable the Group to convert to a silicone rubber producer from a keypad producer, which can have a broader mix in customer portfolio.

To continue improve the performance, the Group will take extra measures on cost control and enhancement of operational efficiency. During the year, the Group has started the consolidation of the production plants so as to reduce the fixed overhead costs. It is anticipated the profit margin will improve in the near future.

We believed that these forward-looking efforts will strengthen the leading position of the Group and pave 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 2015 was decreased by 8.8% to HK$426.2 million (2014: HK$467.3 million) while our loss attributable to equity shareholders was HK$159.4 million (2014: HK$220.4 million).

Basic loss per share of the Company was HK20.08 cents (2014: HK27.82 cents) per share based on the weighted average number of 778,546,000 shares in issue during the year.

Consumer electronic devices peripheral products

Turnover for the consumer electronic devices peripheral products increased by approximately 1.7% to HK$222.6 million in 2015 from HK$218.9 million in 2014.

The global economy remained very volatile as sovereign debt crisis in Eurozone persisted interest rate hikes in U.S. is predicted. The recent disappointing PRC economic indicators also showed the unclear prospects in the PRC economy. All these are weakening to consumer sentiment. As a result, the sales of keypads for the consumer electronic devices dropped slightly during the year. With popularity of the use of silicone, the turnover of those non-keypad peripheral products 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 70.0% to HK$7.9 million in 2015 from HK$26.2 million in 2014. 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 17.4% to HK$88.1 million in 2015 from HK$106.5 million in 2014. The immense popularity achieved by tablet computers has continued to deprive of the demand for traditional notebooks and netbooks. Therefore, the Group has recorded a decline in turnover for the consecutive years.

Automotive peripheral products

Turnover for the sales of automotive peripheral products increased by approximately 11.8% to HK$34.6 million in 2015 from HK$30.9 million in 2014. The U.S. economy has recovered mildly during the year, so consumer sentiment on the automotive market has improved slightly. In addition, with the view to explore the market, Group has succeeded to expand its customer base globally. This led the sales orders for automotive peripheral products increased accordingly.

Lifestyle products

Turnover for sales of lifestyle products decreased by 17.4% to HK$38.3 million in 2015 from HK$46.4 million in 2014. With market competition still keen in lifestyle products, the turnover has decreased during the year. The Group will continue to put more effort to explore the market and work with our customers to develop more unique products to protect and elevate their position in the market.

Cost of Sales

Cost structure

The overall cost of sales decreased by approximately 20.3% from HK$471.9 million in 2014 to HK$376.1 million in 2015. The operating environment still very tough for all PRC based manufacturers. The Group had to face the 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. With effort of tight cost control and operational efficiency, the rate of decrease in cost of sales in much higher than that of turnover.

Gross Profit

The gross profit of the Group for the year was HK$50.1 million while there was gross loss of HK$4.7 million in 2014. Despite of the contraction of turnover, the Group managed to improve gross profit by consolidation of production process and cost control.

Other Operating Income

Other operating income decreased by approximately 55.1% to HK$15.5 million in 2015 from HK$34.6 million in 2014. The decrease was primarily due to gain on disposal of available-for-sale financial assets and gain on profit guarantee in 2014 but no such items in 2015.

Selling and Distribution Expenses

Selling and distribution expenses increased by approximately 58.8% to HK$44.8 million in 2015 from HK$28.2 million in 2014. When counted as a percentage of turnover, the total amount was 10.5% (2014: 6.0%). The increase was due to inflation and increase in labour cost in the PRC together with the compensation to customers during the year even though the sales volume slightly declined.

Administrative Expenses

Administrative expenses decreased by approximately 20.4% to HK$103.9 million in 2015 from HK$130.6 million in 2014. Apart from the cost control measures and the result of operation efficiency improvement, the reason for the decrease in amount was due to the fact that there was more layoff compensation cost in 2014.

Loss for the Year

Loss for the year ended 31 July 2015 was HK$159.4 million (2014: HK$220.4 million). The net loss margin of our Group decreased from 47.2% for the year ended 31 July 2014 to 37.4% for the year ended 31 July 2015.

DIVIDEND POLICY

The Group's dividend policy is that the Company will 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 2015 ***HK$'000***	As at 31 July 2014 *HK$'000*
Cash and cash equivalents	**103,556**	200,111
Net cash (outflow) inflow	**(97,502)**	98,582
Current ratio	**2.7**	3.0
Quick ratio	**2.3**	2.6

With our strong financial background upon Listing on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), we expect we will have sufficient cash to cover future capital expenditure requirements.

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 2015 are as follows:

Particular	**Planned amount** *HK$ million*	**Utilised amount** *HK$ million*
Expansion of production facilities for silicone rubber based products	468	(330)
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	(420)

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 2015 were approximately HK$6.1 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 2015, the Group had no material contingent liabilities.

As at 31 July 2015, certain properties of the Group of approximately HK$8.1 million (2014: HK$8.3 million) were pledged to secure banking facilities granted to the Group.

HUMAN RESOURCES AND REMUNERATION POLICIES

As the Group is committed to develop high value-added products, such as lifestyle products and consumer electronic devices peripheral products, experienced workers, engineers and professionals are the most important assets to the Group. We offer on-the-job trainings and encourage staff to attend continuous professional trainings 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 2015, the Group has 1,995 permanent and temporary employees (2014: 3,001). The total salaries and related costs for the year ended 31 July 2015 amounted to approximately HK$196.5 million (2014: HK$249.4 million).

The Company 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 2015, 4,025,000 share options were still outstanding under the Pre-IPO Share Option Scheme, of which 2,515,000 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 2015, for share options granted under the Post-IPO Share Option Scheme on 24 December 2009, 4,196,000 share options were still outstanding, of which 2,245,000 share options are held by employees of the Group.

As at 31 July 2015, for share options granted under the Post-IPO Share Option Scheme on 11 January 2011, 3,349,000 share options were still outstanding, of which 2,031,000 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 11 December 2015, the register of members of the Company will be closed from Wednesday, 9 December 2015 to Friday, 11 December 2015, 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 Hong Kong Branch Share Registrar, Union Registrars Limited at A18/F., Asia Orient Tower, Town Place, 33 Lockhart Road, Wanchai, Hong Kong, not later than 4:30 p.m. on Tuesday, 8 December 2015.

FINAL DIVIDEND

The directors of the Company do not recommend the payment of final dividend for the year ended 31 July 2015 (31 July 2014: Nil).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 July 2015, 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 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 (the "Listing Rules") throughout the year ended 31 July 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 year ended 31 July 2015, 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.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of the Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as the Company's code of conduct regarding Directors' 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 during the year.

AUDIT COMMITTEE

The Company has established an audit committee (the "Audit Committee") with written terms of reference in compliance with the 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 (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 the Group's annual results for the year ended 31 July 2015 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 websites of the Stock Exchange and the Company (www.tayang.com) in due course.

By Order of the Board
Huang Sheng-Shun
Chairman

Hong Kong, 16 October 2015

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 2015 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.