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 2016

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 2016, together with the audited comparative figures for the year ended 31 July 2015 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 JULY 2016

	Notes	**2016** **HK$'000**	2015 HK$'000
Revenue	*3*	**386,516**	426,242
Cost of sales		**(317,802)**	(376,124)
Gross profit		**68,714**	50,118
Other operating income	*3*	**19,500**	15,528
Selling and distribution expenses		**(27,869)**	(44,807)
Administrative expenses		**(104,660)**	(103,930)
Other expenses	*5*	**(27,495)**	(75,700)
Share of results of joint ventures		**–**	629
Share of results of associates		**(507)**	(468)
Finance costs	*6*	**(701)**	(729)
Loss before tax		**(73,018)**	(159,359)
Income tax credit (expense)	*7*	**768**	(23)
Loss for the year	*8*	**(72,250)**	(159,382)
Loss for the year attributable to:			
Owners of the Company		**(71,304)**	(156,335)
Non-controlling interests		**(946)**	(3,047)
		(72,250)	(159,382)
Loss per share	*10*		
Basic (HK cents)		**(9.12)**	(20.08)
Diluted (HK cents)		**(9.12)**	(20.08)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 JULY 2016

	2016	2015
	HK$'000	*HK$'000*
Loss for the year	**(72,250)**	(159,382)
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss:		
Gain on revaluation of properties	**9,325**	7,684
Gain on revaluation of prepaid lease payments	**8,290**	1,565
	17,615	9,249
Items that may be reclassified subsequently to profit or loss:		
Release of exchange reserves upon deregistration of subsidiaries	**(2,846)**	–
Release of exchange reserves upon disposal of subsidiaries	**59**	–
Exchange differences arising on translating foreign operations	**(19,989)**	(482)
	(22,776)	(482)
Available-for-sale financial assets		
Net gain (loss) arising on revaluation of available-for-sale financial assets for the year	**4,943**	(5,402)
Reclassification adjustments for impairment loss included in the consolidated statement of profit or loss	**667**	3,458
	5,610	(1,944)
Share of other comprehensive expenses of associates and joint ventures		
Share of exchange difference of associates	**(95)**	(71)
Share of exchange difference of a joint venture	**–**	(629)
	(95)	(700)
Other comprehensive income for the year	**354**	6,123
Total comprehensive expense for the year, net of income tax	**(71,896)**	(153,259)
Total comprehensive expense for the year, net of income tax, attributable to		
Owners of the Company	**(70,949)**	(150,231)
Non-controlling interests	**(947)**	(3,028)
	(71,896)	(153,259)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 JULY 2016

	Notes	2016 HK$'000	2015 HK$'000
Non-current assets			
Property, plant and equipment		**68,927**	100,085
Intangible assets		**–**	–
Construction in progress		**–**	–
Prepaid lease payments		**7,107**	10,840
Investment properties		**89,935**	54,647
Available-for-sale financial assets		**24,539**	19,596
Interest in a joint venture		**–**	–
Interests in associates		**2,916**	–
Deposits for acquisition of land use rights		**12,066**	13,163
		205,490	198,331
Current assets			
Deposits for acquisition of properties		**41,469**	–
Inventories		**29,809**	62,172
Trade and other receivables	*11*	**111,014**	150,930
Prepaid lease payments		**232**	321
Amount due from an associate		**65**	–
Income tax recoverable		**4**	–
Held-to-maturity investments		**–**	43,442
Held-for-trading investments		**3,668**	9,120
Structured deposits with banks		**17,261**	–
Short-term bank deposits		**4,640**	86,298
Bank balances and cash		**154,094**	103,556
		362,256	455,839
Current liabilities			
Trade and other payables	*12*	**77,780**	97,612
Derivative financial instruments		**11,753**	17,017
Amount due to a joint venture		**–**	202
Amount due to an associate		**538**	–
Provision for restructuring		**–**	–
Income tax payable		**20,747**	22,376
Secured bank borrowings		**33,282**	33,282
		144,100	170,489
Net current assets		**218,156**	285,350
Total assets less current liabilities		**423,646**	483,681

	2016	2015
	HK$'000	*HK$'000*
Capital and reserves		
Share capital	**78,473**	77,892
Reserves	**332,036**	397,769
Equity attributable to owners of the Company	**410,509**	475,661
Non-controlling interests	**653**	–
Total equity	**411,162**	475,661
Non-current liabilities		
Deferred income	**3,668**	3,946
Deferred tax liabilities	**8,816**	4,074
	12,484	8,020
	423,646	483,681

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2016

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

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

At 31 July 2016, the directors of the Company consider the ultimate holding company of the Company to be Lyton Maison Limited which is incorporated in the British Virgin Islands (the "BVI").

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

The Group has consistently adopted the HKFRSs, which include HKFRSs, Hong Kong Accounting Standards ("HKASs"), amendments and Interpretations ("Ints") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") which are effective for the Group's financial year beginning on 1 August 2015.

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[3]
HKFRS 15	Revenue from Contracts with Customers[3]
HKFRS 16	Leases[4]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012–2014 Cycle[1]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[3]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[1]
Amendments to HKFRS 15	Clarification to HKFRS 15 Revenue from Contracts with Customers[3]
Amendments to HKAS 1	Disclosure Initiative[1]
Amendments to HKAS 7	Disclosure Initiative[2]
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[2]
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[5]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[1]

[1] Effective for annual periods beginning on or after 1 January 2016.
[2] Effective for annual periods beginning on or after 1 January 2017.
[3] Effective for annual periods beginning on or after 1 January 2018.
[4] Effective for annual periods beginning on or after 1 January 2019.
[5] Effective date not yet been determined.

Except as described below, the application of the new and revised HKFRSs will have no material impact on the results and the financial positions 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 was 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 is 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 and financial liabilities, 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.

HKFRS 16 Leases

HKFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessors and lessees.

In respect of the lessee accounting, the standard introduces a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases with the lease term of more than 12 months, unless the underlying asset has a low value.

At the commencement date of the lease, the lessee is required to recognise a right-of-use asset at cost, which consists of the amount of the initial measurement of the lease liability, plus any lease payments made to the lessor at or before the commencement date less any lease incentives received, the initial estimate of restoration costs and any initial direct costs incurred by the lessee. A lease liability is initially recognised at the present value of the lease payments that are not paid at that date.

Subsequently, the right-of-use asset is measured at cost less any accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of the lease liability. Lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payment made, and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. Depreciation and impairment expenses, if any, on the right-of-use asset will be charged to profit or loss following the requirements of HKAS 16 Property, Plant and Equipment, while interest accrual on lease liability will be charged to profit or loss.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

HKFRS 16 will supersede the current lease standards including HKAS 17 Leases and the related Interpretations when it becomes effective.

HKFRS 16 will be effective for annual periods beginning on or after 1 January 2019 with early application permitted provided that the entity has applied HKFRS 15 Revenue from Contracts with Customers at or before the date of initial application of HKFRS 16. The directors of the Company are in the process of assessing their impact on the consolidated financial statements of these requirements. However, it is not practicable to provide a reasonable estimate of the effect until the Group performs a detailed review.

Annual Improvements 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 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 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 contain a list of specific requirements or describe 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 Amendments to HKAS 1 in the future may have a material impact on the disclosures made in the Group's consolidated financial statements.

Amendments to HKAS 7 Disclosure Initiative

The amendments require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The amendments do not prescribe a specific method to fulfill the new disclosure requirements. However, the amendments indicate that one way is to provide a reconciliation between the opening and closing balances for liabilities arising from financing activities.

Amendments to HKAS 7 will become effective for annual periods beginning on or after 1 January 2017 with early application permitted.

The directors of the Company anticipate that the adoption of Amendments to HKAS 7 in the future may have significant impact on presentation and additional disclosure of the Group's consolidated statement of cash flows. However, it is not practicable to provide a reasonable estimate of the effect of Amendments to HKAS 7 until the Group performs a detailed review.

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 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, 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 HKFRS 10 and HKAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments provide guidance on addressing the acknowledged inconsistency between the requirements in HKFRS 10 and those in HKAS 28, in dealing with the sale or contribution of assets between an investor and its joint venture and associate. An investing entity is required to recognise the gain or loss arising from selling or contributing assets that constitutes or contains a business to a joint venture or associate in full. An investing entity is required to recognise the gain or loss arising from selling or contributing assets that does not constitute or contain a business to a joint venture or associate only to the extent of the unrelated investors' interests in that joint venture or associate.

The effective date of amendments to HKFRS 10 and HKAS 28 has not yet been determined. However, earlier application is permitted. The amendments should be applied prospectively.

The directors of the Company anticipate that the application of the amendments 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 the amendments until the Group performs a detailed review.

3. REVENUE AND OTHER OPERATING INCOME

Revenue 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.

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

	2016	2015
	HK$'000	*HK$'000*
Revenue		
Sales of goods	**386,516**	426,242
Other operating income		
Interest income		
— Bank deposits	**3,493**	5,026
— Held-to-maturity investments	**1,244**	674
— Structured deposits with banks	**107**	–
Total interest income	**4,844**	5,700
Dividend income	**902**	806
Fair value gain on derivative financial instruments	**–**	2,458
Forfeiture of deposits from customers	**–**	251
Gain on deregistration of subsidiaries	**2,846**	–
Gain on disposal of financial asset designated at fair value through profit or loss	**–**	70
Gain on disposal of held-for-trading investments	**–**	2,672
Gain on disposal of subsidiaries	**1,534**	–
Government grants		
— Amortisation of deferred income for the year	**24**	25
— Grants related to expenses recognised as other operating income *(Note b)*	**124**	271
Net rental income *(Note a)*	**7,110**	2,417
Sundry income	**1,914**	858
Waiver of amount due to a joint venture	**202**	–
	19,500	15,528

Notes:

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

	2016	2015
	HK$'000	*HK$'000*
Gross rental income	**8,086**	2,642
Less: Outgoings incurred for investment properties that generated rental income during the year	**(976)**	(225)
Net rental income	**7,110**	2,417

(b) For the years ended 31 July 2016 and 2015, the amounts represent unconditional grants from government for subsidising the operations of 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.

Revenue from major products

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

	2016	2015
	HK$'000	*HK$'000*
Consumer electronic devices peripheral products	**175,054**	222,581
Keypads for computers and notebooks	**58,828**	88,057
Lifestyle products	**37,799**	38,321
Mobile phone peripheral products	**9,948**	7,855
Automotive peripheral products	**31,509**	34,589
Chemical products	**43,487**	–
Other products	**29,891**	34,839
	386,516	426,242

Geographical information

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

Information about the Group's revenue 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:

	Revenue from external customers		**Non-current assets**	
	2016	2015	**2016**	2015
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
The PRC (excluding Hong Kong)	**176,541**	212,843	**159,301**	155,208
Hong Kong	**71,492**	98,457	**8,825**	9,021
Other Asian countries	**73,670**	39,225	**12,825**	14,506
America	**43,519**	67,565	**–**	–
Europe	**21,294**	8,152	**–**	–
	386,516	426,242	**180,951**	178,735

Non-current assets exclude available-for-sale financial assets.

Information about major customers

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

	2016	2015
	HK$'000	*HK$'000*
Customer A	**43,487[1]**	N/A[2]
Customer B	**N/A[2]**	59,411[3]
Customer C	**N/A[2]**	53,376[4]

1 Sales are derived from the sale of chemical products.

2 The corresponding revenue did not contribute over 10% of the total revenue of the Group.

3 Sales are derived from the sale of consumer electronic devices peripheral products and automotive peripheral products.

4 Sales are derived from the sale of keypads for computer and notebooks.

5. OTHER EXPENSES

	2016	2015
	HK$'000	*HK$'000*
Exchange losses	**2,321**	1,329
Fair value loss on derivative financial instruments	**4,052**	–
Fair value loss on held-for-trading investments	**1,076**	7,533
Fair value loss on investment properties	**601**	2,246
Impairment losses recognised in respect of:		
— amount due from an associate	**–**	178
— available-for-sale financial assets	**667**	3,458
— intangible assets	**–**	5,155
— interest in an associate	**–**	580
— property, plant and equipment	**4,097**	34,138
Investment loss from derivative financial instruments	**10,333**	6,236
Loss on disposal of available-for-sale financial assets	**–**	125
Loss on disposal of held-for-trading investments	**1,130**	–
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	**3,218**	13,396
Others	**–**	402
	27,495	75,700

6. FINANCE COSTS

	2016	2015
	HK$'000	*HK$'000*
Interest on secured bank borrowings	**701**	729

7. INCOME TAX (CREDIT) EXPENSE

	2016	2015
	HK$'000	*HK$'000*
Current tax		
PRC Enterprise Income Tax	**8**	29
(Over) under provision in prior years		
PRC Enterprise Income Tax	**(4)**	65
Deferred taxation		
Current year	**(772)**	(71)
	(768)	23

Hong Kong Profits Tax has not been provided for in the consolidated financial statements for the years ended 31 July 2016 and 2015 as the Group did not derive any assessable profits.

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

No provision for Indonesia Income Tax for the years ended 31 July 2016 and 2015 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 Profit-Seeking Enterprise Income Tax for the years ended 31 July 2016 and 2015 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 (credit) expense for the year can be reconciled to the loss before tax per the consolidated statement of profit or loss as follows:

	2016	2015
	HK$'000	*HK$'000*
Loss before tax	**(73,018)**	(159,359)
Tax credit at rates applicable to loss in the jurisdictions concerned	**(8,727)**	(20,304)
Tax effect of income not taxable for tax purposes	**(3,260)**	(3,018)
Tax effect of expenses not deductible for tax purposes	**3,033**	10,404
Tax effect of share of results of associates	**84**	77
Utilisation of tax losses previously not recognised	**(301)**	(7)
(Over) under provision in prior years	**(4)**	65
Tax effect of tax losses not recognised	**8,407**	12,806
Income tax (credit) expense for the year	**(768)**	23

8. LOSS FOR THE YEAR

	2016	2015
	HK$'000	*HK$'000*
Loss for the year has been arrived at after charging (crediting):		
Auditor's remuneration		
Current year	**1,270**	1,260
Over provision for prior year	**–**	(213)
Allowance for inventories (included in cost of sales)	**1,967**	380
Amortisation of intangible assets	**–**	359
Amortisation of prepaid lease payments	**243**	351
Costs of inventories sold *(Note)*	**320,248**	382,649
Depreciation of property, plant and equipment	**13,817**	17,218
Directors' emoluments	**5,292**	4,650
Impairment loss recognised in respect of other receivables	**–**	3,710
Impairment loss recognised in respect of trade receivables	**1,059**	560
Payments under operating leases in respect of land and buildings	**9,968**	7,216
Research and development costs	**2,195**	4,380
Reversal of allowance for inventories (included in cost of sales)	**(5,221)**	(6,905)
Reversal of impairment loss in respect of other receivables	**(1,116)**	–
Reversal of impairment loss in respect of trade receivables	**–**	(902)
Share of taxation of an associate (included in share of results of associates)	**–**	(46)
Staff costs (excluding directors' emoluments)	**154,590**	196,502
Write-down of inventories (included in cost of sales)	**808**	–
Write-off of trade receivables	**4,877**	–

Note:

Cost of inventories sold includes approximately HK$112,239,000 (2015: HK$148,869,000) relating to staff costs, depreciation expenses and operating lease charges which amounts are also included in the respective total amounts disclosed separately above.

9. DIVIDENDS

No dividend was paid or proposed during the year ended 31 July 2016, nor has any dividend been proposed since the end of the reporting period (2015: 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.

	2016	2015
Loss for the year attributable to owners of the Company (HK$'000)	**(71,304)**	(156,335)
Weighted average number of ordinary shares in issue ('000)	**781,747**	778,546
Loss per share (HK cents)	**(9.12)**	(20.08)

(b) Diluted

	2016	2015
Loss for the year attributable to owners of the Company (HK$'000)	**(71,304)**	(156,335)
Weighted average number of ordinary shares in issue ('000)	**781,747**	778,546
Effect of dilutive potential ordinary shares derived from exercising of share options	**360**	127
	782,107	778,673
Loss per share (HK cents)	**(9.12)**	(20.08)

11. TRADE AND OTHER RECEIVABLES

	2016 *HK$'000*	2015 *HK$'000*
Trade and bills receivables		
— from third parties	**98,234**	131,750
Less: Allowance for doubtful debts recognised in respect of trade and bills receivables from third parties	**(1,748)**	(947)
	96,486	130,803
Deposits and prepayments	**7,555**	14,762
Other receivables *(Note)*	**6,973**	5,365
	111,014	150,930

Note:

As at 31 July 2016, the carrying amount of other receivables has been netted off with accumulated impairment loss of approximately HK$2,594,000 (2015: HK$3,710,000). The amount impaired relates to value-added tax receivables and miscellaneous other receivables. The directors of the Company assessed the recoverability of these other receivables is remote and impairment loss has been recognised accordingly. During the year, the Group recognised a reversal of impairment loss of approximately HK$1,116,000 (2015: nil) relates to the recovery of other receivables.

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.

	2016	2015
	HK$'000	*HK$'000*
0–90 days	**82,240**	99,786
91 days to 1 year	**14,246**	31,004
Over 1 year to 2 years	**–**	13
	96,486	130,803

12. TRADE AND OTHER PAYABLES

	2016	2015
	HK$'000	*HK$'000*
Trade and bills payables	**27,734**	31,952
Accrued expenses	**31,725**	39,150
Other payables *(Note)*	**1,988**	12,698
Other tax payables	**7,456**	7,442
Deposits received	**8,877**	6,370
	50,046	65,660
	77,780	97,612

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:

	2016	2015
	HK$'000	*HK$'000*
Within 1 month or on demand	**11,238**	15,144
More than 1 month but less than 3 months	**13,551**	13,567
More than 3 months but less than 12 months	**1,463**	1,473
More than 12 months	**1,482**	1,768
	27,734	31,952

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.

13. EVENTS AFTER THE REPORTING PERIOD

(a) Acquisition of four hotel buildings at Sanya Yalong Bay, the PRC

Pursuant to the Company's announcement dated 20 June 2016, the Group has entered into a sale and purchase agreement to acquire four hotel buildings at Sanya Yalong Bay, the PRC on 20 June 2016. Based on the amount of RMB21,500 (equivalent to approximately HK$25,370) per square meter, the total consideration for the acquisition of four hotel buildings is RMB357,488,000 (equivalent to approximately HK$421,836,000), which will be paid by the Group's internal resources, equity financing and bank borrowings. The substantial shareholder of the Company believes it can help the Group's long term development and can diversify the income stream of the Group into different business areas. Details are set out in the circular of the Company dated 12 August 2016.

On 26 August 2016, the Group successfully signed a bank borrowing agreement and received RMB238,000,000 (equivalent to approximately HK$276,080,000) on 9 September 2016 to support the acquisition.

As at the date of issuance of these consolidated financial statements, the acquisition has not yet completed and the Group has not obtained the title of the four hotel buildings.

(b) Completion of placing of shares

The Company and the placing agent, Zhongtai International Securities Limited, entered into the placing agreement on 16 August 2016 pursuant to which the Company has conditionally agreed to place up to 86,450,000 placing shares through the placing agent on a best effort basis, at a price of HK$1.31 per placing share to not less than six placees who and whose ultimate beneficial owners are independent third parties.

The completion date of the placing took place on 25 August 2016. Details are set out in the announcements of the Company dated 16 August 2016 and 25 August 2016.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review & Outlook

Market Review

During the financial year, worldwide conditions were remained uncertain. On the one hand, economy of U.S.A continued to rebound slowly but gradually, prompting the Federal Reserve to raise interest rates for the first time since 2006. On the other hand, high unemployment rate in Western Europe remained untamed, forcing the European Central Bank to move into negative interest territory to rescue the weak economies. This led to a severe volatility on global economies which in return weaken the consumer sentiment on electronic products and ultimately deteriorated the performance of the Group's customers. Apart from that, China has transited to the "New Normal" state — i.e. Gross Domestic Product ("GDP") growth rate of 7%, the lowest in 25 years. The China's official PMI (Purchasing Managers' Index) measure was rapidly falling since dipping below 50 in July 2015. These clearly showed the difficult operating environment faced by all manufacturers in China.

Business Review

Company's Overall Performance

With the continuous market contraction on conventional electronic products, most of our customers were facing downwards pressure on sales orders during the year. This has inevitably affected their sales performance as well as the Group's. The revenue for the financial year ended 31 July 2016, decreased by 9.3% as compared to last year. The primary source of revenue of the Group still derived from sales of consumer electronic devices peripheral products and computers, and its percentage to total revenue were 45.3% and 15.2% respectively.

According to latest market research, the global computers shipments have lost some momentum and have been resulting in a continuous decrease for the year. Therefore, the Group has suffered a strong hit from the sluggish market, resulting in reduced revenue in keypads of notebook and computers segment.

To cope with the shrink of keypads products market, the Group has continued exploring 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 more 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 the application of silicone materials, it is believed it will become the new driving force to growth of revenue.

The operating environment in the PRC was still tough during the year. Fortunately, the production costs have been decreasing following the continuous depreciation of the RMB starting from August last year. Together with the tight cost controls measure and improvement in operational efficiency, the gross profit margins recorded an obvious improvement for the consecutive year.

Outlook

U.S. economy is forecasted to grow mildly in the coming year, but will continue to hamper economies in countries which had initiated QE, such as the Eurozone and Japan, under the gloom of impending interest rate hike by the U.S. Federal Reserve. The looming Brexit and political turmoil would also cast uncertainty to the already gloomy economy. On the other hand, the GDP growth rate in China will experience a continued slowdown in the coming years, although the government of China is likely to take measures to maintain growth. The Group foresees the business operating environment will face constant fluctuation. At the same time, 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.

With the Group's long term business strategies to explore other business opportunities and diversify the income stream of the Group into different areas, the Group has acquired hotel properties located at Sanya Yalong Bay, Hainan Province, PRC which will be developed into a high-ended healthcare holiday resort, providing a one-stop shop for medical and healthcare-related services with world class technologies. We believed that it is an attractive investment opportunity for the Group to enter into the medical and healthcare business, which has a substantial growth potential.

Looking ahead, the global economy is not only full of uncertainties but also opportunities. The Group adopts prudent and positive attitude in keeping track with market change closely in order to manage its future development and to seek for attractive business opportunities.

FINANCIAL REVIEW

Revenue

Revenue represents gross revenue generated from the sales of our products, net of sales tax and other similar taxes. Our revenue is affected by the volume of total products sold and the product mix because our product lines have different selling prices.

The consolidated revenue for the year ended 31 July 2016 was decreased by 9.3% to HK$386.5 million (2015: HK$426.2 million) while our loss attributable to equity shareholders was HK$71.3 million (2015: HK$156.3 million).

Basic loss per share of the Company was HK9.12 cents (2015: HK20.08 cents) per share based on the weighted average number of 781,747,000 ordinary shares of the Company ("Shares") (2015: 778,546,000 Shares) in issue during the year.

Consumer electronic devices peripheral products

Revenue for the consumer electronic devices peripheral products decreased by approximately 21.4% to HK$175.1 million in 2016 from HK$222.6 million in 2015.

The global economy remained sluggish because of sovereign debt crisis in Eurozone and Brexit. Besides, continuous 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. At the same time, intense competition and market consolidation still persisted in the industry. As a result, the sales of keypads for the consumer electronic devices dropped during the year.

Keypads for computers and notebooks

Revenue for the sales of keypads for computers and notebooks decreased by approximately 33.2% to HK$58.8 million in 2016 from HK$88.1 million in 2015. The worldwide PC shipments recorded a further contraction during the year especially for the performance of traditional notebooks and computers. Therefore, it caused the Group to suffer a strong hit from the sluggish market for the consecutive years.

Lifestyle products

Revenue for sales of lifestyle products decreased by 1.4% to HK$37.8 million in 2016 from HK$38.3 million in 2015. With market competition still keen in lifestyle products, the revenue has decreased slightly 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.

Mobile phone peripheral products

Revenue for the sales of mobile phone peripheral products increased by approximately 26.6% to HK$9.9 million in 2016 from HK$7.9 million in 2015. 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. However, the Group has succeed to explore the mobile phone market of non-keypad products. This caused the revenue in this segment to rebound during the year.

Automotive peripheral products

Revenue for the sales of automotive peripheral products decreased by approximately 8.9% to HK$31.5 million in 2016 from HK$34.6 million in 2015. Under the gloom of impending interest rate hike by the U.S. Federal which weaken the consumer sentiment on the automotive market. This led the sales orders for automotive peripheral products decreased accordingly.

Chemical products

Revenue for sales of chemical products was HK$43.4 million in 2016. With the close relationship with our suppliers which specialised in application of chemicals, the Group succeeded to develop the business of sales of chemical products.

Although the contribution was not significant to the Group, the Group will put more resources on this market to broaden the product mix.

Cost of Sales

Cost structure

The overall cost of sales decreased by approximately 15.5% from HK$376.1 million in 2015 to HK$317.8 million in 2016.

The operating environment is still very tough for all PRC based manufacturers. The Group had to face the increasing production cost. Besides, despite of the drop in the revenue, the fixed overhead cannot be eliminated which cause the average cost of sales to increase materially. On the other hand, the depreciation of RMB decelerated the growth rate of the production cost. Together with effort of tight cost control and operational efficiency, the rate of decrease in cost of sales is much higher than that of revenue.

Gross Profit

The gross profit of the Group for the year increased by approximately 37.1% to HK$68.7 million in 2016 from HK$50.1 million in 2015. Despite of the contraction of revenue, the Group managed to improve gross profit by consolidation of production process and cost control together with the depreciation of RMB.

Other Operating Income

Other operating income increased by approximately 25.6% to HK$19.5 million in 2016 from HK$15.5 million in 2015. The increase was primarily due to gain on disposal of certain subsidiaries which are not related to the core business and the increase in rental income because of the increased premises for lease.

Selling and Distribution Expenses

Selling and distribution expenses decreased by approximately 37.8% to HK$27.9 million in 2016 from HK$44.8 million in 2015. When counted as a percentage of revenue, the total amount was 7.2% (2015: 10.5%). The decrease was due to the decline in sales volume and the depreciation of RMB.

Administrative Expenses

Administrative expenses increased slightly by approximately 0.7% to HK$104.7 million in 2016 from HK$103.9 million in 2015. Despite of the cost control measures and the result of operation efficiency improvement, the reason for the increase in amount was due to additional cost incurred to explore the investment opportunity in other business areas together with the acquisition of the hotel properties in Hainan Province which aimed at the development of medical and healthcare business.

Loss attributable to Shareholders

Loss attributable to shareholder for the year ended 31 July 2016 was HK$72.3 million (2015: HK$159.4 million). The net loss margin of our Group decreased from 37.4% for the year ended 31 July 2015 to 18.7% for the year ended 31 July 2016.

DIVIDEND POLICY

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

FINANCIAL MANAGEMENT AND TREASURY POLICY

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

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

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

In respect of the RMB, as the Group's production plants are located in the PRC, most of our labour costs, manufacturing overheads, selling and administrative expenses were denominated in RMB. Therefore, the appreciation of RMB will adversely affect the Group's profitability.

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

LIQUIDITY AND FINANCIAL RESOURCES

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

	As at 31 July 2016 *HK$'000*	As at 31 July 2015 *HK$'000*
Cash and cash equivalents	**154,094**	103,556
Net cash inflow (outflow)	**54,781**	(97,502)
Current ratio	**2.5**	2.7
Quick ratio	**2.3**	2.3

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

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATES

The Group had no material acquisition or disposal of any subsidiaries and associated companies for the year ended 31 July 2016.

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 2016 are as follows:

Particular	**Planned amount** *HK$ million*	**Utilised amount** *HK$ million*
Expansion of production facilities for silicone rubber based products	468	(344)
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	(434)

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

CAPITAL COMMITMENTS, CONTINGENCIES AND CHARGES ON ASSETS

Capital commitments contracted by the Group but not yet provided for in the consolidated financial statements as at 31 July 2016 were approximately HK$379.6 million (2015: HK$6.1 million), which was mainly related to the acquisition of land use right in Indonesia and acquisition of properties and expansion of production capacity in the PRC. Such capital commitments will be financed by the internal sources of funding, share placing and bank borrowings.

As at 31 July 2016, the Group had no material contingent liabilities.

As at 31 July 2016, certain properties of the Group of HK$7.9 million (2015: HK$8.1 million) were pledged to secure banking facilities granted to the Group.

HUMAN RESOURCES AND REMUNERATION POLICIES

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

We offer competitive remuneration package, including quality staff quarters, trainings, medical, insurance coverage and retirement benefits, to all employees in Hong Kong and in the PRC. As at 31 July 2016, the Group has 1,370 permanent and temporary employees (2015: 1,995). The total salaries and related costs for the year ended 31 July 2016 amounted to approximately HK$154.6 million (2015: HK$196.5 million).

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 15 December 2016, the register of members of the Company will be closed from Tuesday, 13 December 2016 to Thursday, 15 December 2016, 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 Suites 3301–04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong, not later than 4:30 p.m. on Monday, 12 December 2016.

FINAL DIVIDEND

The directors of the Company do not recommend the payment of final dividend for the year ended 31 July 2016 (2015: Nil).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 July 2016, 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 2016, except:

(i) the code provision A.2.1 which requires the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. However, Ms. Shi Qi is acting as both the chairman of the Board (the "Chairman") and the Chief Executive Officer (the "CEO").

The Board believes that vesting the roles of both the Chairman and the CEO in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board further believes that the balance of power and authority for the present arrangement will not be impaired since the responsibilities of the Chairman and the CEO have been clearly established and set out in writing. It is also adequately ensured by the current Board which comprises experienced and high caliber individuals with sufficient number thereof being independent non-executive Directors.

(ii) 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, 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 to all Directors (including non-executive Directors and independent non-executive Directors) quarterly updates giving a balanced and understandable assessment of the Company's performance, position and prospects in sufficient detail prior to the regular board meetings of the Company.

In addition, the management of the Company 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 systems of the Group, and to review the Company's annual report and half-yearly reports to provide advice and comments thereon to the Board. Currently, the Audit Committee comprises of Mr. Pak Wai Keung, Martin (Chairman), Ms. Zheng Lijuan and Mr. Yeung Chi Tat, 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 2016 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
Shi Qi
Chairman & Chief Executive Officer

Hong Kong, 21 October 2016

As at the date hereof, the Board consists of four executive Directors, namely Ms. Shi Qi, Ms. Xu Chendi, Mr. Qiu Yonghao and Mr. Huang Te-Wei, two non-executive Directors, namely Mr. Gao Feng and Mr. Han Lei and three independent non-executive Directors, namely Ms. Zheng Lijuan, Mr. Pak Wai Keung, Martin and Mr. Yeung Chi Tat. 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 2016 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.