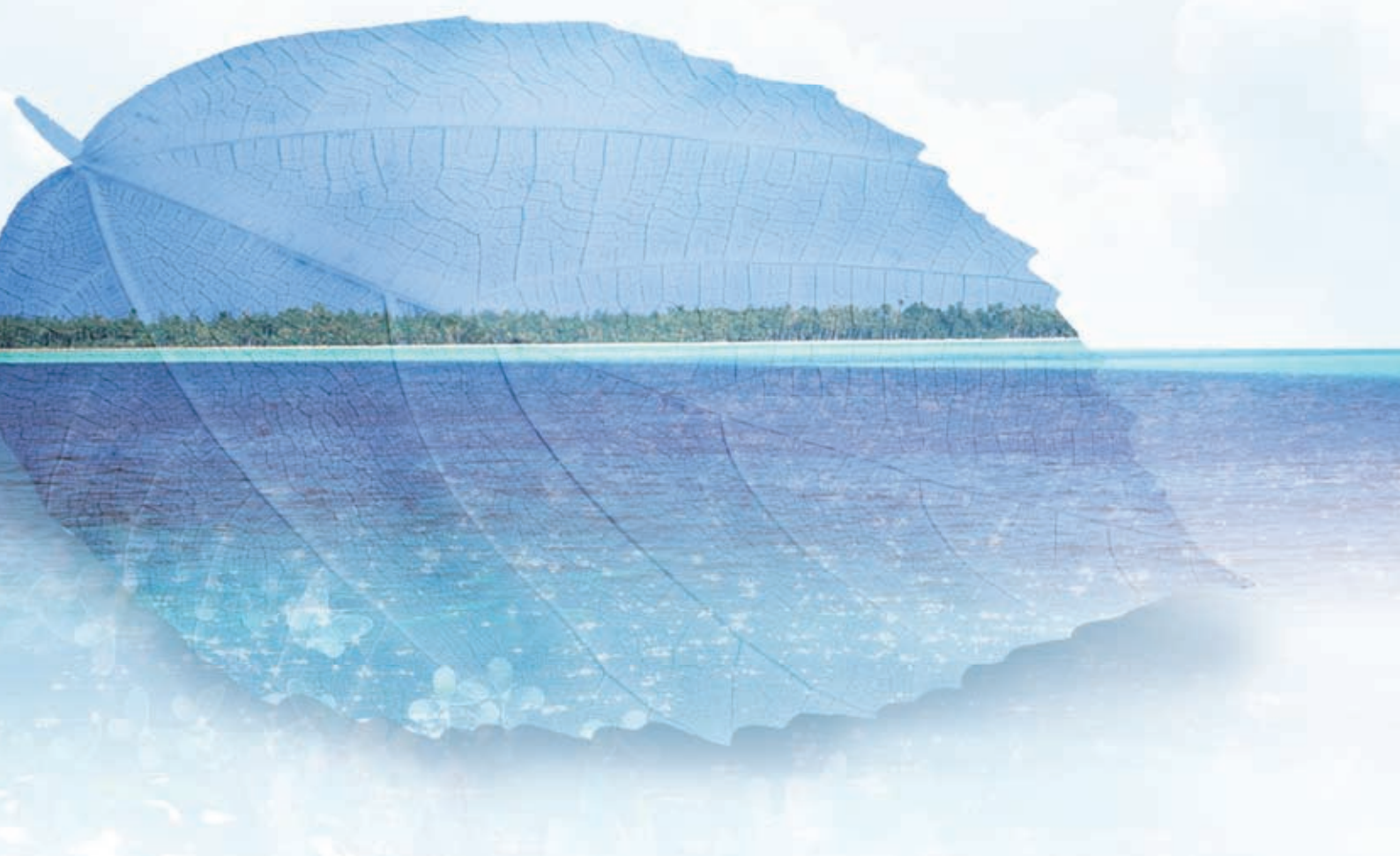




Ta Yang Group Holdings Limited

大洋集團控股有限公司 (Stock Code : 1991)

(incorporated in the Cayman Islands with limited liability)



Interim Report 2010/11

TaYang

CONTENTS

	Pages
Corporate Information	2-3
Condensed Consolidated Income Statement	4
Condensed Consolidated Statement of Comprehensive Income	5
Condensed Consolidated Statement of Financial Position	6-7
Condensed Consolidated Statement of Changes in Equity	8-9
Condensed Consolidated Statement of Cash Flows	10
Notes to the Condensed Consolidated Interim Financial Information	11-25
Independent Review Report	26
Management Discussion and Analysis	27-30
Other Information	31-44

CORPORATE INFORMATION

DIRECTORS

Executive Directors

Huang Sheng-Shun
Huang Te-Wei
Lin Hung-Ming
Wong Tak Leung

Non-Executive Directors

Wu Ih Chen
Kirk Yang

Independent Non-Executive Directors

Hsieh Yu
Jou Yow-Jen
Yeung Chi Tat

COMMITTEES

Audit Committee

Yeung Chi Tat*
Hsieh Yu
Jou Yow-Jen

Remuneration Committee

Yeung Chi Tat*
Hsieh Yu
Jou Yow-Jen

Nomination Committee

Yeung Chi Tat*
Hsieh Yu
Jou Yow-Jen

Executive Committee

Huang Sheng-Shun*
Huang Te-Wei
Chan Oi Fat
Li Yung-Ming

Compliance Committee

Yeung Chi Tat*
Huang Te-Wei
Lin Hung-Ming
Chan Oi Fat

* Committee Chairman

CORPORATE INFORMATION

Company Secretary	Chan Oi Fat
Financial Controller	Chan Oi Fat
Auditors	SHINEWING (HK) CPA Limited
Principle Share Registrar and Transfer Office	Butterfield Fulcrum Group (Cayman) Limited Butterfield House 68 Fort Street, P.O. Box 705 Grand Cayman, KY1-1107 Cayman Islands
Hong Kong Branch Share Registrar and Transfer Office	Tricor Investor Services Limited 26/F., Tesbury Centre 28 Queen's Road East Wanchai Hong Kong
Principal Place of Business in Hong Kong	Flat 28, 23rd Floor, Metro Centre II 21 Lam Hing Street Kowloon Bay, Kowloon Hong Kong
Stock Code	1991
Website	http://www.tayang.com

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 31 January 2011

	Notes	Six months ended 31 January	
		2011 HK\$'000 (Unaudited)	2010 HK\$'000 (Unaudited)
Turnover	4	406,917	397,661
Cost of sales		(320,490)	(295,710)
Gross profit		86,427	101,951
Other operating income		9,559	7,787
Selling and distribution expenses		(13,026)	(12,259)
Administrative expenses		(54,407)	(46,697)
Other net expenses		(5,856)	(1,847)
Share of results of an associate		24	291
Profit before taxation		22,721	49,226
Income tax expense	6	(1,224)	(3,903)
Profit for the period attributable to owners of the Company	7	21,497	45,323
Earnings per share	8		
Basic		HK2.77cents	HK5.67cents
Diluted		HK2.76cents	HK5.66cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 31 January 2011

	Six months ended 31 January	
	2011 HK\$'000 (Unaudited)	2010 HK\$'000 (Unaudited)
Profit for the period	21,497	45,323
Other comprehensive income		
Exchange differences on translation of foreign operations	19,159	–
Share of exchange reserve of an associate	58	162
Fair value gain on available-for-sale investments	24,626	4,623
Other comprehensive income for the period	43,843	4,785
Total comprehensive income for the period attributable to owners of the Company	65,340	50,108

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 January 2011

	Notes	31/1/2011 HK\$'000 (Unaudited)	31/7/2010 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment	10	333,279	320,309
Construction in progress	11	2,990	1,916
Prepaid lease payments	12	62,960	57,106
Available-for-sale investments		85,160	44,892
Held-to-maturity investment		11,610	11,610
Interest in an associate		1,424	1,528
Deposits paid	13	16,858	5,171
		514,281	442,532
Current assets			
Inventories		173,218	165,127
Trade and other receivables	14	260,162	302,050
Prepaid lease payments	12	1,416	1,301
Income tax recoverable		211	–
Held-for-trading investments		244	47
Derivative financial instrument		19	2,938
Short-term bank deposits with original maturity more than three months		90,816	–
Bank balances and cash		185,999	333,789
		712,085	805,252
Assets classified as held for sale	15	16,424	–
		728,509	805,252

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 January 2011

	Notes	31/1/2011 HK\$'000 (Unaudited)	31/7/2010 HK\$'000 (Audited)
Current liabilities			
Trade and other payables	16	92,341	118,909
Income tax payable		44,295	44,997
		136,636	163,906
Liabilities associated with assets classified as held for sale	15	5,433	–
		142,069	163,906
Net current assets		586,440	641,346
Total assets less current liabilities		1,100,721	1,083,878
Capital and reserves			
Share capital	17	77,854	77,801
Reserves		1,019,277	1,002,449
Total equity		1,097,131	1,080,250
Non-current liabilities			
Deferred income		1,026	1,014
Deferred tax liabilities		2,564	2,614
		3,590	3,628
		1,100,721	1,083,878

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 January 2011

	Share capital	Share premium	Share option reserve	Retained profits	Exchange reserve	Investments revaluation reserve	Share repurchase reserve	Capital redemption reserve	Statutory surplus reserve	Legal reserve	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000 (Note 1)	HK\$'000 (Note 2)	HK\$'000 (Note 3)	HK\$'000 (Note 4)	HK\$'000
At 1 August 2009 (audited)	80,000	659,945	8,702	203,668	86,309	7,380	-	-	24,872	49	1,070,925
Total comprehensive income for the period	-	-	-	45,323	162	4,623	-	-	-	-	50,108
Transfer to reserve for value of share option lapsed	-	-	(412)	412	-	-	-	-	-	-	-
Equity-settled share based transactions	-	-	1,455	-	-	-	-	-	-	-	1,455
Repurchase of own shares pending for cancellation	-	-	-	-	-	-	(13,414)	-	-	-	(13,414)
Dividend declared and paid during the period	-	-	-	(48,000)	-	-	-	-	-	-	(48,000)
At 31 January 2010 (unaudited)	80,000	659,945	9,745	201,403	86,471	12,003	(13,414)	-	24,872	49	1,061,074
Total comprehensive income for the period	-	-	-	21,943	9,128	2,168	-	-	-	-	33,239
Exercises of share options	2	23	(6)	-	-	-	-	-	-	-	19
Transfer to reserve for value of share option lapsed	-	-	(214)	214	-	-	-	-	-	-	-
Equity-settled share based transactions	-	-	2,930	-	-	-	-	-	-	-	2,930
Appropriation to reserves	-	-	-	(4,832)	-	-	-	-	4,832	-	-
Shares repurchased and cancelled	(2,201)	(27,006)	-	(2,201)	-	-	13,414	2,201	-	-	(15,793)
Repurchase of own shares pending for cancellation	-	-	-	-	-	-	(1,219)	-	-	-	(1,219)
At 31 July 2010 (audited)	77,801	632,962	12,455	216,527	95,599	14,171	(1,219)	2,201	29,704	49	1,080,250

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 January 2011

	Share capital	Share premium	Share option reserve	Retained profits	Exchange reserve	Investments revaluation reserve	Share repurchase reserve	Capital redemption reserve	Statutory surplus reserve	Legal reserve	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000 (Note 1)	HK\$'000 (Note 2)	HK\$'000 (Note 3)	HK\$'000 (Note 4)	HK\$'000
At 31 July 2010 (audited)	77,801	632,962	12,455	216,527	95,599	14,171	(1,219)	2,201	29,704	49	1,080,250
Total comprehensive income for the period	-	-	-	21,497	19,217	24,626	-	-	-	-	65,340
Transfer to profit or loss for gain on disposal on available-for-sale investments	-	-	-	-	-	(4,331)	-	-	-	-	(4,331)
Exercises of share options	272	3,188	(848)	-	-	-	-	-	-	-	2,612
Transfer to reserve for value of share option lapsed	-	-	(525)	525	-	-	-	-	-	-	-
Equity settled share-based transactions	-	-	1,331	-	-	-	-	-	-	-	1,331
Appropriation to reserves	-	-	-	(2,935)	-	-	-	-	2,935	-	-
Share repurchased and cancelled	(219)	(2,364)	-	(219)	-	-	1,219	219	-	-	(1,364)
Dividend declared and paid during the period	-	-	-	(46,707)	-	-	-	-	-	-	(46,707)
At 31 January 2011 (unaudited)	77,854	633,786	12,413	188,688	114,816	34,466	-	2,420	32,639	49	1,097,131

Notes:

1. Share repurchase reserve

Share repurchase reserve represents the amount paid on the repurchase of shares during the period but the shares were not yet cancelled as at the date of the reporting period.

2. Capital redemption reserve

Capital redemption reserve represents the nominal value of the shares repurchased which has been paid out of the distributable reserves of the Company.

3. Statutory surplus reserve

As stipulated by regulations in the People's Republic of China (the "PRC"), the Company's subsidiaries established and operated in the PRC are required to appropriate 10% of their after-tax-profit (after offsetting prior year losses) as determined in accordance with the PRC accounting rules and regulations, to statutory surplus reserve until the reserve balance reaches 50% of the registered capital. The transfer to this reserve must be made before distribution of dividends to equity owners.

4. Legal reserve

In accordance with the Macau Commercial Code, the Company's subsidiary incorporated in Macau is required to appropriate 25% of its net profit to the legal reserve until the balance of the reserve reaches 50% of the subsidiary's registered capital. Legal reserve is not distributable to shareholders.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 January 2011

	Six months ended 31 January	
	2011 HK\$'000 (Unaudited)	2010 HK\$'000 (Unaudited)
Net cash from operating activities	55,052	49,868
Net cash used in investing activities	(158,426)	(89,239)
Net cash used in financing activities	(44,463)	(60,057)
Net decrease in cash and cash equivalents	(147,837)	(99,428)
Cash and cash equivalents at 1 August	333,789	458,000
Effect of foreign exchange rate changes	3,328	–
Cash and cash equivalents at 31 January, representing bank balances and cash	189,280	358,572

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 31 January 2011

1. GENERAL

Ta Yang Group Holdings Limited (the "Company") is incorporated in the Cayman Islands with limited liability and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The addresses of the registered office and principal place of business of the Company are disclosed in the "Corporate Information" section of the interim report.

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

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

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

On 29 December 2010, the Company announced the application to the Taiwan Stock Exchange and the Taiwan Central Bank for the offering and listing of Taiwan Depository Receipt (the "TDR") on the Taiwan Stock Exchange. The issue of the TDR is subject to approval by the Taiwan Securities and Futures Bureau, application for which will be made after the grant of approvals by the Taiwan Stock Exchange and the Taiwan Central Bank. The Company will also apply to the Stock Exchange for the listing of, and permission to deal in, the new shares on the Stock Exchange. The directors of the Company have not yet finalised whether and when the TDR issue will be launched. Details of the application for the proposed offering and listing of the TDR are set out in the announcement dated 29 December 2010.

2. BASIS OF PREPARATION

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 31 January 2011

3. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies adopted in the preparation of the condensed consolidated interim financial information are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 July 2010, except as described below.

In the current period, the Group has applied the following new and revised standards, amendments to standards and interpretations ("new and revised HKFRSs") issued by the HKICPA.

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

Amendment to HKAS 17 Leases

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

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

The application of the other new and revised HKFRSs had no material effect on the condensed consolidated interim financial information of the Group for the current or prior accounting periods.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 31 January 2011

3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Standards or interpretations issued but not yet effective

The Group has not early applied the following new and revised standards, amendments and interpretations that have been issued but are not yet effective:

HKFRSs (Amendments)	Improvements to HKFRSs 2010 ¹
HKFRS 1 (Amendment)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters ³
HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets ³
HKFRS 9	Financial Instruments ⁵
HKAS 12 (Amendment)	Deferred Tax: Recovery of Underlying Assets ⁴
HKAS 24 (Revised)	Related Party Disclosures ²
HK(IFRIC)-Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement ²

¹ Amendments that are effective for annual periods beginning on or after 1 January 2011

² Effective for annual periods beginning on or after 1 January 2011

³ Effective for annual periods beginning on or after 1 July 2011

⁴ Effective for annual periods beginning on or after 1 January 2012

⁵ Effective for annual periods beginning on or after 1 January 2013

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

- HKFRS 9 requires all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.
- The most significant effect of HKFRS 9 regarding the classification and measurement of financial liabilities relates to the accounting for changes in fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was recognised in profit or loss.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 31 January 2011

3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Standards or interpretations issued but not yet effective (continued)

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

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

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

HKAS 24 Related Party Disclosures (as revised in 2009) modifies the definition of a related party and simplifies disclosures for government-related entities. The disclosure exemptions introduced in HKAS 24 (as revised in 2009) do not affect the Group because the Group is not a government-related entity.

The directors of the Company anticipate that the application of the other new and revised HKFRSs will have no material impact on the condensed consolidated interim financial information.

4. TURNOVER

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

5. SEGMENT INFORMATION

The Group's revenues, results and assets are primarily attributable to the manufacturing and sale of silicone rubber related products, of which information is regularly reviewed by the chief operating decision maker, chief executive officer, for the purposes of resources allocation and performance assessment. The directors of the Company consider that there is only one operating and reportable segment for the Group. Accordingly, no reportable segment information is presented.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 31 January 2011

6. INCOME TAX EXPENSE

	Six months ended 31 January	
	2011 HK\$'000 (Unaudited)	2010 HK\$'000 (Unaudited)
Current tax		
– PRC Enterprise Income Tax	1,274	2,837
Deferred taxation		
– Current period	(50)	1,066
	1,224	3,903

Hong Kong Profits Tax has not been provided for in the condensed consolidated interim financial information as there was no estimated assessable profit in both periods.

Pursuant to the rules and regulations of the Cayman Islands and British Virgin Islands (“BVI”), the Group is not subject to any income tax in the Cayman Islands and BVI.

Ta Yang Group (Macau Commercial Offshore) Limited (“MCO”) was incorporated as a commercial offshore entity in Macau and is exempt from Macau Complementary Tax.

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

- Dongguan Tay Yang Rubber Plastic Industrial Company Limited (“Dongguan Tay Yang”) and Dongguan Tai Yang Rubber Plastic Industrial Company Limited (“Dongguan Tai Yang”) are foreign investment enterprises and are entitled to tax concessions whereby the profit for the first two financial years beginning with the first profit-making year is exempted from income tax in the PRC and the profit for each of the subsequent three years is taxed at 50% of the prevailing tax rate.
- The first profit-making year of Dongguan Tay Yang is 2005. Accordingly, Dongguan Tay Yang is exempted from PRC income tax from 1 January 2005 to 31 December 2006 and is entitled to a 50% exemption of income tax from 1 January 2007 to 31 December 2009. From 1 January 2010 onwards, provision for PRC Enterprise Income Tax for Dongguan Tay Yang is calculated at 25% of its estimated assessable profits.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 31 January 2011

6. INCOME TAX EXPENSE (CONTINUED)

- The first profit-making year of Dongguan Tai Yang is 2008. Accordingly, Dongguan Tai Yang is exempted from PRC Enterprise Income Tax from 1 January 2008 to 31 December 2009 and is entitled to a 50% exemption of income tax from 1 January 2010 to 31 December 2012.
- In September 2008, Huzhou Ta Yang Electronic Technology Company Limited is recognised as an approved technology enterprise and is eligible to a preferential tax rate of 15% from 1 January 2009 to 31 December 2010.

7. PROFIT FOR THE PERIOD

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

	Six months ended 31 January	
	2011 HK\$'000 (Unaudited)	2010 HK\$'000 (Unaudited)
Allowance for inventories (included in cost of sales)	238	-
Amortisation of prepaid lease payments	708	643
Cost of inventories recognised as expenses	320,252	295,710
Depreciation of property, plant and equipment	22,535	20,263
Impairment losses recognised (reversal) in respect of trade receivables	260	(2)
Bad debt written-off	122	-
Exchange loss (gain)	3,367	(2,751)
Interest income	(1,284)	(2,495)
Government grants		
- Amortisation of deferred income	(12)	(12)
- Grants related to expenses recognised as other operating income	(996)	(154)
Loss from derivative financial instruments	2,640	1,611
Loss on disposal of property, plant and equipment	-	91
Gain on disposal of available-for-sale investments	(4,805)	-
Gain on disposal of held-for-trading investments	-	(32)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 31 January 2011

8. EARNINGS PER SHARE

(a) Basic

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

	Six months ended 31 January	
	2011 (Unaudited)	2010 (Unaudited)
Profit attributable to owners of the Company (HK\$'000)	21,497	45,323
Weighted average number of ordinary shares in issue ('000)	777,197	800,000
Basic earnings per share (HK\$ per share)	2.77cents	5.67cents

(b) Diluted

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

	Six months ended 31 January	
	2011 (unaudited)	2010 (unaudited)
Profit attributable to owners of the Company (HK\$'000)	21,497	45,323
Weighted average number of ordinary shares in issue ('000)	777,197	800,000
Effect of dilutive potential ordinary shares ('000)	1,580	512
Weighted average number of ordinary shares for diluted earnings per share ('000)	778,777	800,512
Diluted earnings per share (HK\$ per share)	2.76cents	5.66cents

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 31 January 2011

9. DIVIDENDS

	Six months ended 31 January	
	2011 HK\$'000 (Unaudited)	2010 HK\$'000 (Unaudited)
2010 final dividend of HK\$0.06 per share (2009: final dividend of HK\$0.06 per share)	46,707	48,000

The directors of the Company do not recommend the payment of an interim dividend for the six months ended 31 January 2011 and 2010.

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 31 January 2011, the Group acquired items of property, plant and equipment with a cost of approximately HK\$17,463,000 (six months ended 31 January 2010: approximately HK\$18,011,000) for the expansion of production facilities. Items of property, plant and equipment with a carrying amount of approximately HK\$724,000 were disposed of during the six months ended 31 January 2011 (six months ended 31 January 2010: approximately HK\$1,328,000), with no gain or loss on disposal (six months ended 31 January 2010: loss on disposal of approximately HK\$91,000).

11. CONSTRUCTION IN PROGRESS

During the six months ended 31 January 2011, the Group acquired items of construction in progress with a cost of approximately HK\$22,851,000 (six months ended 31 January 2010: approximately HK\$1,597,000). Items of construction in progress with a carrying amount of approximately HK\$21,802,000 were transferred to property, plant and equipment during the six months ended 31 January 2011 (six months ended 31 January 2010: approximately HK\$19,618,000).

12. PREPAID LEASE PAYMENTS

During the six months ended 31 January 2011, the Group spent approximately HK\$5,881,000 (six months ended 31 January 2010: nil) for the acquisition of prepaid lease payments on land use rights.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 31 January 2011

13. DEPOSITS PAID

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

	31/1/2011 HK\$'000 (Unaudited)	31/7/2010 HK\$'000 (Audited)
Equity interest in a private company in Malaysia (Note)	10,047	–
Land use rights	–	5,171
Land in Indonesia	6,811	–
	16,858	5,171

Note: During the period, the Group has entered into an agreement to subscribe for 5,010,000 additional shares in Ta Yang Agricode Sdn. Bhd., a company incorporated in Malaysia at cash consideration of Ringgit Malaysia 5,010,000 (equivalent to approximately HK\$12,601,000). After the subscription, the Group will hold 50.1% equity interests in the company.

14. TRADE AND OTHER RECEIVABLES

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

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

	31/1/2011 HK\$'000 (Unaudited)	31/7/2010 HK\$'000 (Audited)
Within 1 month or on demand	110,088	122,850
More than 1 month but less than 3 months	99,279	113,904
More than 3 months but less than 12 months	29,746	41,630
More than 12 months	–	793
	239,113	279,177

As at 31 January 2011, included in trade receivables is an amount of approximately HK\$1,553,000 (31 July 2010: approximately HK\$1,868,000) due from an associate.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 31 January 2011

15. ASSETS CLASSIFIED AS HELD FOR SALE

During the period, the Group entered into an agreement with Sunviewtec Inc., an independent third party to subscribe for new shares in a subsidiary of the Group, Ocean Genius Group Limited ("Ocean Genius"). After the subscription, the Group and Sunviewtec Inc. will each hold 50% equity interests in Ocean Genius and its subsidiary and Ocean Genius will be jointly controlled by the Group and Sunviewtec Inc.. The subscription constitutes a deemed disposal. As at 31 January 2011, the transaction has not yet been completed.

The assets and liabilities attributable to the subsidiaries that are expected and deemed to be sold within twelve months have been classified as assets held for sale and are separately presented in the condensed consolidated statement of financial position (see below).

Major classes of assets and liabilities of the subsidiaries as at 31 January 2011 are as follows:

	31/1/2011 HK\$'000 (Unaudited)
Property, plant and equipment	10,507
Construction in progress	35
Inventories	1,666
Trade and other receivables	935
Bank balances and cash	3,281
Total assets classified as held for sale	16,424
Trade and other payables	5,433
Total liabilities associated with assets classified as held for sale	5,433

16. TRADE AND OTHER PAYABLES

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

	31/1/2011 HK\$'000 (Unaudited)	31/7/2010 HK\$'000 (Audited)
Due within 1 month or on demand	26,677	26,083
Due after 1 month but less than 3 months	27,679	33,844
Due after 3 months but within 12 months	400	3,986
Due after 12 months	1,688	1,663
	56,444	65,576

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 31 January 2011

17. SHARE CAPITAL

(a) Authorised and issued share capital

	Number of shares (in thousands)	Amount HK\$'000
<u>Ordinary share of HK\$0.1 each</u>		
Authorised:		
At 1 August 2009, 31 January 2010, 31 July 2010 and 31 January 2011	20,000,000	2,000,000
Issued and fully paid:		
At 1 August 2009 and 31 January 2010	800,000	80,000
Share repurchased and cancelled	(22,014)	(2,201)
Exercise of share options	20	2
At 31 July 2010	778,006	77,801
Share repurchased and cancelled	(2,186)	(219)
Exercise of share options	2,721	272
At 31 January 2011	778,541	77,854

(b) Repurchase of own shares

During the six months ended 31 January 2011, the Company repurchased its own ordinary shares on the Stock Exchange as follows:

Period	Notes	Number of shares repurchased (in thousands)	Highest price paid per share HK\$	Lowest price paid per share HK\$	Aggregate price paid HK\$'000
12-31 July 2010	(i)	1,082	1.16	1.10	1,219
3-17 August 2010	(ii)	1,104	1.29	1.19	1,364
		2,186			2,583

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 31 January 2011

17. SHARE CAPITAL (CONTINUED)

(b) Repurchase of own shares (continued)

- (i) The repurchased shares were pending for cancellation at 31 July 2010 and the amount paid for the repurchase of the shares of HK\$1,219,000 was charged to the share repurchase reserve. The repurchased shares were cancelled on 11 August 2010. Pursuant to section 37(4) of the Companies Law (2007 Revision) of the Cayman Islands, an amount equivalent to the par value of the shares cancelled of HK\$108,000 was transferred from retained profits to the capital redemption reserve. The par value of the shares cancelled of HK\$108,000 and the premium paid on the repurchased shares of HK\$1,111,000 was transferred from the share repurchase reserve to issued share capital and share premium respectively.
- (ii) The repurchased shares were cancelled and accordingly the issued share capital of the Company was reduced by the nominal value of these shares. Pursuant to section 37(4) of the Companies Law (2007 Revision) of the Cayman Islands, an amount equivalent to the par value of the shares cancelled of HK\$111,000 was transferred from retained profits to the capital redemption reserve. The premium paid on the repurchase of the shares of HK\$1,253,000 was charged to share premium.

18. SHARE OPTION SCHEMES

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

Number of share options	Six months ended	
	31 January	
	2011	2010
Outstanding at 1 August	17,244,000	7,085,000
Grant during the period	5,994,000	10,950,000
Exercised during the period	(2,721,000)	–
Lapsed during the period	(548,000)	(30,000)
Outstanding at 31 January	19,969,000	18,005,000

In the current period, share options with vesting period ranging from half to one year were granted to the directors and eligible employees on 11 January 2011. The closing price of the Company's shares immediately before 11 January 2011, the date of grant, was HK\$1.05. Those who were granted the options can exercise their rights in two periods starting from 11 July 2011 to 10 January 2021 as below:

Lot 1: From 11 July 2011 to 10 January 2021

Lot 2: From 11 January 2012 to 10 January 2021

The fair value of the options determined at the date of grant using the Black-Scholes Option Pricing Model was approximately HK\$2,266,000.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 31 January 2011

18. SHARE OPTION SCHEMES (CONTINUED)

The following assumptions were used to calculate the fair values of share options:

	Share option granted on 11 January 2011	
	Lot 1	Lot 2
Grant date share price	HK\$1.05	HK\$1.05
Exercise price	HK\$1.05	HK\$1.05
Expected volatility	63.28%	63.28%
Expected life	5.25 years	5.5 years
Risk-free rate	1.75%	1.84%
Expected dividend yield	5.66%	5.66%

Expected volatility was determined based on historical volatility of the share prices of the Company. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioral considerations.

The Black-Scholes Option Pricing Model has been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. Changes in variables and assumptions may result in changes in the fair value of the options.

The Group recognised total expenses of approximately HK\$1,331,000 for the six months ended 31 January 2011 (six months ended 31 January 2010: HK\$1,455,000) in relation to the fair value of the share options granted by the Company and vested during the period.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 31 January 2011

19. RELATED PARTY TRANSACTIONS

- (a) Other than disclosed in Note 14 in the condensed consolidated interim financial information, the Group entered into the following material transactions with related parties:

Name of company	Nature of transactions	Six months ended 31 January	
		2011 HK\$'000 (Unaudited)	2010 HK\$'000 (Unaudited)
SiTY Silcum & Ta Yang International GmbH ("SiTY") (Note i)	Sales of rubber keypads Receipt of fixture charges	2,227 3	4,556 3
Formosan Union Chemical Corp. ("Formosan") (Note ii)	Acquisition of 2,586,618 shares of Formosan (included in available-for-sale investments)	8,666	—

Notes:

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

(b) Compensation of key management personnel

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

	Six months ended 31 January	
	2011 HK\$'000 (Unaudited)	2010 HK\$'000 (Unaudited)
Short-term benefits	3,771	3,371
Post-employment benefits	51	60
Share-based payments	457	506
	4,279	3,937

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 31 January 2011

20. CAPITAL COMMITMENTS

	31/1/2011	31/7/2010
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Capital expenditure contracted for but not provided in the condensed consolidated interim financial information in respect of the acquisition of		
– Property, plant and equipment	7,839	7,482
– Land use right	–	1,081
– Land in Indonesia	17,957	–
– Equity interest in a private company in Malaysia	2,554	–
	28,350	8,563

INDEPENDENT REVIEW REPORT



SHINEWING (HK) CPA Limited
43/F., The Lee Gardens
33 Hysan Avenue
Causeway Bay, Hong Kong

TO THE DIRECTORS OF TA YANG GROUP HOLDINGS LIMITED

大洋集團控股有限公司

(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 4 to 25, which comprises the condensed consolidated statement of financial position of Ta Yang Group Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") as at 31 January 2011 and the related condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

SHINEWING (HK) CPA Limited

Certified Public Accountants

Ip Yu Chak

Practising Certificate Number: P04798

Hong Kong

24 March 2011

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Being one of the leading silicone rubber input device manufacturers in the world, the Group recorded continuous stable growth in turnover for the period. The recovery in global economies had led to a steady increase in demand for 4C products (consumer electronic devices, mobile phones, computers and notebooks and automobiles). The continuous integration of 4C products brought about challenging market conditions to the Group and weakened the demand for traditional consumer electronic products because consumers continued to shift their preferences to innovative products. The Group has captured this opportunity by producing high quality products with advanced technological features to meet the needs of customers.

At the same time, the tough operating environment in the People of Republic of China ("PRC") during the period presented difficulties for manufacturers. Raw material prices continued to rise rapidly. Production cost and overhead cost increased due to the inflation in China and the appreciation of Renminbi ("RMB") as well as increases in labour cost resulting from labour shortages and the rise of statutory minimum wage in China. These cost increments were only partially offset by increased business volume, the Group's continuation of stringent cost control and improvement in operational efficiency.

The owned-brand "SIPALS" which was established for producing fancy daily living products with silicone rubber also recorded an improvement in its operation. The Group will continue to develop this brand by offering more innovative products and exploring the new markets.

OUTLOOK

Looking into the future, the aftershocks of Eurozone debt crisis and the disorder and instability in North Africa will keep the global economic recovery remains sluggish. The overall market sentiment may thereby become conservative and volatile from time to time. However, it is our belief that the innovative 4C products market will be flourishing continuously and the management is still cautiously optimistic about prospects of the business.

The Group will aim to improve the overall profitability by reaffirming its commitment to the research and development of new products and the optimization of its products portfolio. In order to expand the market share and enjoy the economies of scale, the Group has plan for horizontal integration by acquiring appropriate competitors. Meanwhile, the Group will continue to diversify our product mix and explore new business opportunities.

In addition, the Group has started to relocate certain production facilities to Guangxi province where the production cost, especially the wages, is relatively lower than that of eastern China.

With the view to raise funds for the Group's future business development and broaden our shareholders base with an additional fund-raising platform, the Group has made an application to Taiwan Stock Exchange and Taiwan Central Bank. The application is still in the progress at the moment.

We believe that those effort can maintain the Group's position as the market leader and set a solid foundation for our future development.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

TURNOVER

The global economy remained stable which led to the demand for the electronic products increase steady. The turnover for the period was HK\$406.9 million which represents an increase of HK\$9.3 million compared with the corresponding period in 2010. The rapid changing environment for the innovative electronic products such as smart phones and netbooks continued to cause the sales to increase for the period. To sustain the growth, the Group also explore the market of silicone rubber products other than keypads products so as to broaden the products mix.

For the sales of our owned-brand "SIPALS" which provide a wide range of new lifestyle products with environmentally friendly features and cultural concepts, there was a steady growth with increasingly market awareness.

GROSS PROFIT

The gross profit was HK\$86.4 million, a decrease of HK\$15.5 million or 15.2% as compared with the corresponding period in 2010. The overall profit margin for the period decreased from 25.6% to 21.2%. The decrease in profit margin was due to the continuous rise in labour cost and appreciation of RMB which was difficult to shift all the increasing costs to the customers in the current circumstances.

OTHER OPERATING INCOME

Other operating income increased by HK\$1.8 million or 22.8% to HK\$9.6 million as compared with the corresponding period in 2010. The increase was mainly due to the gain on disposal of available-for-sale investments which was partly set off by the continuous decrease in the interest income from bank deposits.

SELLING AND DISTRIBUTION EXPENSES

Selling and distribution expenses increased by approximately 6.3% to HK\$0.8 million as compared with the corresponding period in 2010. The slight increase was a result of the inflation in expenses and appreciation of RMB. When counted as a percentage of the Group's turnover, the total amount was 3.2%, 0.1% increased as compared with the corresponding period in 2010.

ADMINISTRATIVE EXPENSES

Administrative expenses increased from HK\$46.7 million to HK\$54.4 million as compared with the corresponding period in 2010. When counted as a percentage of the Group's turnover, the total amount of administrative expenses was 13.4%, 1.6% increased compared with the corresponding period in 2010. The increase was a result of the inflation in expenses and appreciation of RMB.

PROFIT FOR THE PERIOD

Profit for the period was HK\$21.5 million, representing a decrease of HK\$23.8 million or 52.6% as compared with the corresponding period in 2010.

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY AND FINANCIAL RESOURCES

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

	As at 31 January, 2011 HK\$'000	As at 31 July, 2010 HK\$'000
Cash and cash equivalents	185,999	333,789
Net current assets	586,440	641,346
Current Ratio	5.1	4.9
Quick Ratio	3.9	3.9

FINANCIAL MANAGEMENT AND TREASURY POLICY

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

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

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

USE OF PROCEEDS

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

The usage of net proceeds until 31 January 2011 are as follows:

Particular	Planned amount	Utilised amount
	HK\$ million	HK\$ million
Expansion of production facilities for silicone rubber based products	468	(248)
Upgrade and expansion of upstream production facilities	56	–
Strengthening research and development capabilities	39	(27)
Implementation of resources planning system	22	(1)
General working capital	50	(50)
Total	635	(326)

MANAGEMENT DISCUSSION AND ANALYSIS

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 January 2011, the Group employed more than 6,665 employees.

The Group adopted a Pre-IPO Share Option Scheme on 16 May 2007 for the purpose of recognition of employees' contribution before the Listing. As at 31 January 2011, 6,335,000 share options were still outstanding under the Pre-IPO Share Option Scheme, of which 4,505,000 options are held by employees of the Group.

The Company also adopted a Post-IPO Share Option Scheme on 16 May 2007. As at 31 January 2011, 7,640,000 share options were still outstanding under Post-IPO Share Option Scheme granted on 24 December 2009, of which 5,089,000 options are held by employees of the Group.

As at 31 January 2011, 5,994,000 share options were still outstanding under Post-IPO Share Option Scheme granted on 11 January 2011, of which 4,370,000 options are held by employees of the Group.

INTERIM DIVIDEND

The Board does not recommend the payment of interim dividend for the six months ended 31 January 2011 (31 January 2010: Nil).

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS (FOR INTERIM REPORT ONLY)

As at 31 January 2011, the interests and short positions of the Directors and the Chief Executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") as recorded in the register kept by the Company pursuant to Section 352 of the SFO or otherwise notified to the Company and the Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

(a) LONG POSITIONS IN SHARES AND UNDERLYING SHARES IN THE COMPANY

Name of Director	Capacity in which interests are held	Number of shares/underlying shares held in the Company			Approximate percentage of issued share capital of the Company ⁵	Notes
		Interests in shares	Equity derivatives (Share Options)	Total interests		
Huang Sheng-Shun	Settlor of Sunshiny Trust Beneficial Owner	413,940,000	-	423,070,000	54.34%	1 & 2
		7,874,000	1,256,000			
Huang Te-Wei	Beneficiary of Sunshiny Trust/ Beneficial Owner	413,940,000	-	415,270,000	53.34%	1 to 3
		540,000	790,000			
Lin Hung-Ming	Beneficial Owner	9,640,000	1,180,000	10,820,000	1.39%	
Wong Tak Leung	Beneficial Owner	5,760,000	1,135,000	6,895,000	0.88%	
Wu Ih Chen	Beneficial Owner	1,875,000	1,160,000	3,035,000	0.38%	
Kirk Yang	Beneficial Owner	-	146,000	146,000	0.01%	
Hsieh Yu	Beneficial Owner	-	146,000	146,000	0.01%	
Jou Yow-Jen	Beneficial Owner	-	46,000	46,000	0.005%	
Yeung Chi Tat	Beneficial Owner	-	146,000	146,000	0.01%	

Notes:

1. Sunshiny Trust is a discretionary trust of which Mr. Huang Sheng-Shun is the settlor, Hang Seng Bank Trustee (International) Limited Corp. (the "Hang Seng Bank Trustee") is the trustee and family members of Mr. Huang Sheng-Shun (including Mr. Huang Te-Wei) are beneficiaries.

OTHER INFORMATION

2. The 413,940,000 shares, representing approximately 53.17% shareholding of the Company, are directly held by the following seven British Virgin Islands companies ("7 BVI Companies") in aggregate as follows:

Name of the 7 BVI Companies	No. of Shares held	Approximate percentage of issued share capital of the Company⁵
Ace Chain Investments Corporation ("Ace Chain")	149,100,000	19.15%
China Gain Holdings Limited ("China Gain")	103,560,000	13.30%
Highwise Investment Group Corporation ("Highwise")	57,600,000	7.40%
Join Success Business Inc. ("Join Success")	34,560,000	4.44%
Jumbo Regent Investment Limited ("Jumbo Regent")	34,560,000	4.44%
Master Rich Business Limited ("Master Rich")	28,800,000	3.70%
Million Era Holding Corporation ("Million Era")	5,760,000	0.74%
Total	413,940,000	53.17%

The 7 BVI Companies are respectively 100% owned subsidiaries of Acuwake Enterprises Limited (the "Acuwake"). Acuwake is 100% owned by Bluebell Global Enterprises Limited. ("Bluebell"). Bluebell is wholly owned by Hang Seng Bank Trustee. Hang Seng Bank Trustee as trustee of Sunshiny Trust, Mr. Huang Sheng-Shun as the settlor of Sunshiny Trust are taken to be interested in such shares. Mr. Huang Sheng-Shun is also a director of each of the 7 BVI Companies.

3. Mr. Huang Te-Wei is a son of Mr. Huang Sheng-Shun and a beneficiary of Sunshiny Trust. As such, Mr. Huang Te-Wei is taken to be interested in the same block of 413,940,000 shares held by the 7 BVI Companies.
4. Details of the Directors' interests in the share options granted by the Company are set out under the heading "Directors' Rights to Acquire Shares" below.
5. The issued capital of the Company as at 31 January 2011 is 778,541,000 shares.

OTHER INFORMATION

Directors' Rights to Acquire Shares

Name of Director	Date of Grant	Exercise Period (subject to vesting period)	Balance as at 1.8.2010	Grant during the period	Exercise price per share HK\$	Exercise during the period	Number of Shares subject to outstanding options as at 31.1.2011	Approximate percentage of the Company's issued capital
Huang Sheng-Shun	16.05.2007	08.06.2008–15.05.2017	550,000	–	2.20	–	550,000	0.07%
	24.12.2009	24.06.2010–23.12.2019	750,000	–	0.96	(374,000)	376,000	0.05%
	11.01.2011	11.07.2011–10.01.2021	–	330,000	1.05	–	330,000	0.04%
							1,256,000	0.16%
Huang Te-Wei	16.05.2007	08.06.2008–15.05.2017	230,000	–	2.20	–	230,000	0.03%
	24.12.2009	24.06.2010–23.12.2019	600,000	–	0.96	(300,000)	300,000	0.04%
	11.01.2011	11.07.2011–10.01.2021	–	260,000	1.05	–	260,000	0.03%
							790,000	0.10%
Lin Hung-Ming	16.05.2007	08.06.2008–15.05.2017	320,000	–	2.20	–	320,000	0.04%
	24.12.2009	24.06.2010–23.12.2019	600,000	–	0.96	–	600,000	0.08%
	11.01.2011	11.07.2011–10.01.2021	–	260,000	1.05	–	260,000	0.03%
							1,180,000	0.15%
Wong Tak Leung	16.05.2007	08.06.2008–15.05.2017	275,000	–	2.20	–	275,000	0.04%
	24.12.2009	24.06.2010–23.12.2019	600,000	–	0.96	–	600,000	0.08%
	11.01.2011	11.07.2011–10.01.2021	–	260,000	1.05	–	260,000	0.03%
							1,135,000	0.15%

OTHER INFORMATION

Name of Director	Date of Grant	Exercise Period (subject to vesting period)	Balance as at 1.8.2010	Grant during the period	Exercise price per share HK\$	Exercise during the period	Number of Shares subject to outstanding options as at 31.1.2011	Approximate percentage of the Company's issued capital
Wu Ih Chen	16.05.2007	08.06.2008– 15.05.2017	455,000	–	2.20	–	455,000	0.06%
	24.12.2009	24.06.2010– 23.12.2019	750,000	–	0.96	(375,000)	375,000	0.05%
	11.01.2011	11.07.2011– 10.01.2021	–	330,000	1.05	–	330,000	0.04%
							1,160,000	0.15%
Kirk Yang	24.12.2009	24.06.2010– 23.12.2019	100,000	–	0.96	–	100,000	0.01%
	11.01.2011	11.07.2011– 10.01.2021	–	46,000	1.05	–	46,000	0.005%
							146,000	0.015%
Jou Yow-Jen	11.01.2011	11.07.2011– 10.01.2021	–	46,000	1.05	–	46,000	0.005%
							46,000	0.005%
Hsieh Yu	24.12.2009	24.06.2010– 23.12.2019	100,000	–	0.96	–	100,000	0.01%
	11.01.2011	11.07.2011– 10.01.2021	–	46,000	1.05	–	46,000	0.005%
							146,000	0.015%
Yeung Chi Tat	24.12.2009	24.06.2010– 23.12.2019	100,000	–	0.96	–	100,000	0.01%
	11.01.2011	11.07.2011– 10.01.2021	–	46,000	1.05	–	46,000	0.005%
							146,000	0.015%

Further details of the share options are set out in the section headed "Share Option Scheme" below.

OTHER INFORMATION

(b) INTEREST IN ASSOCIATED CORPORATIONS OF THE COMPANY

Name of Director	Name of associated corporation*	Capacity in which interests are held	Class of shares	Number of shares interested	Percentage of the relevant associated corporation's issued share capital
Huang Sheng-Shun	Hang Seng Bank Trustee as trustee of Sunshiny Trust	Settlor of Sunshiny Trust	Ordinary shares of US\$1.00 each	1	100%
	Acuwake	Settlor of Sunshiny Trust	Ordinary shares of US\$1.00 each	1	100%
	Ace Chain	Settlor of Sunshiny Trust	Ordinary shares of US\$1.00 each	1	100%
	China Gain	Settlor of Sunshiny Trust	Ordinary shares of US\$1.00 each	1	100%
	Highwise	Settlor of Sunshiny Trust	Ordinary shares of US\$1.00 each	1	100%
	Join Success	Settlor of Sunshiny Trust	Ordinary shares of US\$1.00 each	1	100%
	Jumbo Regent	Settlor of Sunshiny Trust	Ordinary shares of US\$1.00 each	1	100%
	Master Rich	Settlor of Sunshiny Trust	Ordinary shares of US\$1.00 each	1	100%
Huang Te-Wei	Million Era	Settlor of Sunshiny Trust	Ordinary shares of US\$1.00 each	1	100%
	Hang Seng Bank Trustee as trustee of Sunshiny Trust	Beneficiary of Sunshiny Trust	Ordinary shares of US\$1.00 each	1	100%
	Acuwake	Beneficiary of Sunshiny Trust	Ordinary shares of US\$1.00 each	1	100%

OTHER INFORMATION

Name of Director	Name of associated corporation*	Capacity in which interests are held	Class of shares	Number of shares interested	Percentage of the relevant associated corporation's issued share capital
Huang Te-Wei	Ace Chain	Beneficiary of Sunshiny Trust	Ordinary shares of US\$1.00 each	1	100%
	China Gain	Beneficiary of Sunshiny Trust	Ordinary shares of US\$1.00 each	1	100%
	Highwise	Beneficiary of Sunshiny Trust	Ordinary shares of US\$1.00 each	1	100%
	Join Success	Beneficiary of Sunshiny Trust	Ordinary shares of US\$1.00 each	1	100%
	Jumbo Regent	Beneficiary of Sunshiny Trust	Ordinary shares of US\$1.00 each	1	100%
	Master Rich	Beneficiary of Sunshiny Trust	Ordinary shares of US\$1.00 each	1	100%
	Million Era	Beneficiary of Sunshiny Trust	Ordinary shares of US\$1.00 each	1	100%

*Note

For details of the corporate structure of each of the associated companies, please see Notes 1 and 2 of the sub-section headed "(a) Long positions in Shares and underlying shares held in the Company".

Save as disclosed above, as at 31 January 2011, none of the Directors and the Chief Executive of the Company nor their respective associates had any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) notified to the Company and the Stock Exchange pursuant to the Model Code.

OTHER INFORMATION

INTERESTS OF THE SUBSTANTIAL SHAREHOLDERS

As at 31 January 2011, so far as is known to the Directors of the Company, the following, not being a Director or the Chief Executive of the Company, have an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provision of Divisions 2 and 3 of Part XV of the SFO and are recorded in the register kept by the Company under section 336 of SFO:

LONG POSITIONS IN THE SHARES AND UNDERLYING SHARES

Name of shareholder	Nature of interests	Number of shares held in the Company	Number of shares subject to options	Total	Percentage of interests as to the issued share capital of the Company ¹⁰	Note(s)
Acuwake Enterprises Limited	Interest of controlled corporation	413,940,000	–	413,940,000	53.16%	1
Bluebell Global Enterprises Limited	Interest of controlled corporation	413,940,000	–	413,940,000	53.16%	1
Hang Seng Bank Trustee International Limited	Trustee of Sunshiny Trust	413,940,000	–	413,940,000	53.16%	1 & 4
Hang Seng Bank Limited	Interest of controlled Corporation	413,940,000	–	413,940,000	53.16%	4 & 5
The Hongkong and Shanghai Banking Corporation Limited	Interest of controlled Corporation	413,940,000	–	413,940,000	53.16%	5
HSBC Asia Holdings BV	Interest of controlled Corporation	413,940,000	–	413,940,000	53.16%	5
HSBC Asia Holdings (UK) Limited	Interest of controlled Corporation	413,940,000	–	413,940,000	53.16%	5
HSBC Holdings BV	Interest of controlled Corporation	413,940,000	–	413,940,000	53.16%	5
HSBC Finance (Netherlands)	Interest of controlled Corporation	413,940,000	–	413,940,000	53.16%	5
HSBC Holdings plc	Interest of controlled Corporation	413,940,000	–	413,940,000	53.16%	5

OTHER INFORMATION

Name of shareholder	Nature of interests	Number of shares held in the Company	Number of shares subject to options	Total	Percentage of interests as to the issued share capital of the Company ¹⁰	Note(s)
Ace Chain Investments Corporation	Beneficial interests	149,100,000	–	149,100,000	19.15%	1
China Gain Holdings Limited	Beneficial interests	103,560,000	–	103,560,000	13.30%	1
Highwise Investment Group Corporation	Beneficial interests	57,600,000	–	57,600,000	7.39%	1
Huang Sheng-Shun	Settlor of Sunshiny Trust/ Beneficial interests	413,940,000 7,874,000	– 1,256,000	423,070,000	54.34%	2
Tong Mei-Jen	Spouse interests Spouse Interests	413,940,000 7,874,000	– 1,256,000	423,070,000	54.34%	3
Huang Te-Wei	Beneficiary of Sunshiny Trust/ Beneficial interests	413,940,000 540,000	– 790,000	415,270,000	53.34%	8
Chao Yu Ting	Spouse interests Spouse Interests	413,940,000 540,000	– 790,000	415,270,000	53.34%	9
Wu Pei Min	Corporate Interests/ Beneficial Interests	57,000,000 150,000	– –	57,150,000	7.34%	6
Wu Chung-chieh, Jack	Corporate interests/ Beneficial interests	57,000,000 –	– 58,000	57,058,000	7.32%	6 & 7

OTHER INFORMATION

Notes:

- (1) The 413,940,000 shares relate to the same block of shares in the Company. These shares were directly held by the 7 BVI companies, all of which were wholly-owned by Acuwake Enterprises Limited ("Acuwake") which in turn was wholly-owned by Bluebell Global Enterprises Limited ("Bluebell"). Bluebell was wholly-owned by Hang Seng Bank Trustee International Limited ("Hang Seng Bank Trustee") as trustee of Sunshiny Trust. Ace Chain Investments Corporation, China Gain Holdings Limited and Highwise Investment Group Corporation are three of the 7 BVI companies which hold their respective shareholding of the Company directly as detailed in the above table. For details of the interests of Sunshiny Trust in the Company, please refer to notes 1 and 2 of the sub-section headed "(a) Long positions in Shares and underlying Shares in the Company" under the section headed "Directors' and Chief Executive's Interests" in the above.
- (2) Mr. Huang Sheng-Shun as settlor of Sunshiny Trust is taken to have an interest in such shares. Details of Mr. Huang Sheng-Shun's share options, please refer to sub-section headed "Share Option Scheme" for details.
- (3) Ms. Tong Mei-Jen, the spouse of Mr. Huang Sheng-Shun, is also deemed to be interested in such shares which Mr. Huang Sheng-Shun is interested in.
- (4) Hang Seng Bank Trustee International Limited was a wholly-owned subsidiary of Hang Seng Bank Limited. Hang Seng Bank Limited was owned as to approximately 62.14% by The Hongkong and Shanghai Banking Corporation Limited.
- (5) The Hongkong and Shanghai Banking Corporation Limited was wholly owned by HSBC Asia Holdings BV which was a wholly owned subsidiary of HSBC Asia Holdings (UK) Limited. HSBC Asia Holdings (UK) Limited was wholly owned by HSBC Holdings BV which in turn was wholly-owned by HSBC Finance (Netherlands). HSBC Finance (Netherlands) was a wholly owned subsidiary of HSBC Holdings plc.
- (6) 57,000,000 shares out of 57,150,000 are beneficially-owned by Golden King Holdings Limited and Joint Kingdom International Holdings Limited which were 50% held by Ms. Wu Pei Min and 50% held by Mr. Wu Chung-chieh, Jack respectively. Accordingly, Ms. Wu Pei Min and Mr. Wu Chung-chieh, Jack are deemed to have beneficial interests in all these shares by virtue of SFO.
- (7) The 40,000 shares out of 58,000 represent shares exercisable pursuant to options granted to Mr. Wu Chung-chieh, Jack on 24 December 2009 under the Post-IPO Share Option Scheme of the Company which is exercisable at a price of HK\$0.96 per share during the period from 24 June 2010 to 23 December 2019.

The 18,000 shares represent shares exercisable pursuant to options granted to Mr. Wu Chung-chieh, Jack on 11 January 2011 under the Post-IPO Share Option Scheme of the Company which is exercisable at a price of HK\$1.05 per share during the period from 11 July 2011 to 10 January 2021.
- (8) Mr. Huang Te-Wei is the son of Mr. Huang Sheng-Shun and a beneficiary of Sunshiny Trust. As such, Mr. Huang Te-Wei is taken to be interested in the 413,940,000 shares directly held by the 7 BVI Companies as controlled companies of Sunshiny Trust. Details of Mr. Huang Te-Wei's share options, please refer to sub-section headed "Share Option Scheme" for details.
- (9) Ms. Chao Yu Ting is the spouse of Mr. Huang Te-Wei and accordingly is deemed to be interested in all the Shares which Mr. Huang Te-Wei is interested in.
- (10) As at 31 January 2011, the issued capital of the Company is 778,541,000 shares

OTHER INFORMATION

Save as disclosed above, as at 31 January 2011, the Directors and the Chief Executive of the Company were not aware of any person who has an interest or short position in the Shares, or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed above, at no time during the period was the Company, any of its holding companies, subsidiaries or fellow subsidiaries a party to any arrangements to enable the directors or the Chief Executives of the Company or any of their respective spouses or children under 18 years of age to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

SHARE OPTION SCHEME

The Company operates two share schemes, the Pre-IPO Share Options Scheme and Post-IPO Share Options Scheme under which the Board may, at its discretion, offer any employee including Directors of the Company to subscribe for shares in the Company subject to the terms and conditions stipulated in two schemes. Both Share Options Scheme were approved by the shareholders of the Company on 16 May 2007.

Details of specific categories of options are as follows:

Option Type	Date of Grant	Exercise Period	Exercise Price HK\$
Pre-IPO Share Option Scheme ("Share Option Scheme I")	16 May 2007	08.06.2008 – 15.05.2017	2.20
Post-IPO Share Option Scheme ("Share Option Scheme II-A")	24 December 2009	24.06.2010 – 23.12.2019	0.96
Post-IPO Share Option Scheme ("Share Option Scheme II-B")	11 January 2011	11.07.2011 – 10.01.2021	1.05

OTHER INFORMATION

The following table disclose movements in the share options during the period:

		Option to subscribe for shares of the Company					Exercise period (subject to vesting period)	Exercise price per share HK\$
Category or name of grantees	Option Type	Balance as at 1.8.2010	Granted during the period	Lapsed during the period	Exercised during the period	Balance as at 31.1.2011		
Directors								
Huang Sheng-Shun	Share Option Scheme I	550,000	-	-	-	550,000	08.06.2008 – 15.05.2017	2.20
	Share Option Scheme II-A	750,000	-	-	(374,000)	376,000	24.06.2010 – 23.12.2019	0.96
	Share Option Scheme II-B	-	330,000	-	-	330,000	11.07.2011 – 10.01.2021	1.05
						1,256,000		
Huang Te-Wei	Share Option Scheme I	230,000	-	-	-	230,000	08.06.2008 – 15.05.2017	2.20
	Share Option Scheme II-A	600,000	-	-	(300,000)	300,000	24.06.2010 – 23.12.2019	0.96
	Share Option Scheme II-B	-	260,000	-	-	260,000	11.07.2011 – 10.01.2021	1.05
						790,000		
Lin Hung-Ming	Share Option Scheme I	320,000	-	-	-	320,000	08.06.2008 – 15.05.2017	2.20
	Share Option Scheme II-A	600,000	-	-	-	600,000	24.06.2010 – 23.12.2019	0.96
	Share Option Scheme II-B	-	260,000	-	-	260,000	11.07.2011 – 10.01.2021	1.05
						1,180,000		
Wong Tak Leung	Share Option Scheme I	275,000	-	-	-	275,000	08.06.2008 – 15.05.2017	2.20
	Share Option Scheme II-A	600,000	-	-	-	600,000	24.06.2010 – 23.12.2019	0.96
	Share Option Scheme II-B	-	260,000	-	-	260,000	11.07.2011 – 10.01.2021	1.05
						1,135,000		
Wu Ih Chen	Share Option Scheme I	455,000	-	-	-	455,000	08.06.2008 – 15.05.2017	2.20
	Share Option Scheme II-A	750,000	-	-	(375,000)	375,000	24.06.2010 – 23.12.2019	0.96
	Share Option Scheme II-B	-	330,000	-	-	330,000	11.07.2011 – 10.01.2021	1.05
						1,160,000		

OTHER INFORMATION

Option to subscribe for shares of the Company								
Category or name of grantees	Option Type	Balance as at 1.8.2010	Granted during the period	Lapsed during the period	Exercised during the period	Balance as at 31.1.2011	Exercise period (subject to vesting period)	Exercise price per share HK\$
Kirk Yang	Share Option Scheme II-A	100,000	-	-	-	100,000	24.06.2010 – 23.12.2019	0.96
	Share Option Scheme II-B	-	46,000	-	-	46,000	11.07.2011 – 10.01.2021	1.05
						146,000		
Jou Yow-Jen	Share Option Scheme II-B	-	46,000	-	-	46,000	11.07.2011 – 10.01.2021	1.05
						46,000		
Hsieh Yu	Share Option Scheme II-A	100,000	-	-	-	100,000	24.06.2010 – 23.12.2019	0.96
	Share Option Scheme II-B	-	46,000	-	-	46,000	11.07.2011 – 10.01.2021	1.05
						146,000		
Yeung Chi Tat	Share Option Scheme II-A	100,000	-	-	-	100,000	24.06.2010 – 23.12.2019	0.96
	Share Option Scheme II-B	-	46,000	-	-	46,000	11.07.2011 – 10.01.2021	1.05
						146,000		
Total for Directors		5,430,000	1,624,000	-	(1,049,000)	6,005,000		
Employees								
Employees	Share Option Scheme I	4,830,000	-	(325,000)	-	4,505,000	08.06.2008 – 15.05.2017	2.20
	Share Option Scheme II-A	6,984,000	-	(223,000)	(1,672,000)	5,089,000	24.06.2010 – 23.12.2019	0.96
	Share Option Scheme II-B	-	4,370,000	-	-	4,370,000	11.07.2011 – 10.01.2021	1.05
Total for Employees		11,814,000	4,370,000	(548,000)	(1,672,000)	13,964,000		
All Categories	Share Option Scheme I	6,660,000	-	(325,000)	-	6,335,000	08.06.2008 – 15.05.2017	2.20
	Share Option Scheme II-A	10,584,000	-	(223,000)	(2,721,000)	7,640,000	24.06.2010 – 23.12.2019	0.96
	Share Option Scheme II-B	-	5,994,000	-	-	5,994,000	11.07.2011 – 10.01.2021	1.05
Total		17,244,000	5,994,000	(548,000)	(2,721,000)	19,969,000		

OTHER INFORMATION

Notes:

1. The closing price of the shares of the Company immediately before the date on which the share options granted on 11 January 2011 was HK\$1.05 per share.
2. The vesting period of the Pre-IPO Share Option Scheme I is from the date of grant until the commencement of the exercise period.
3. The vesting period of the Post-IPO Share Option Scheme II-A is from the date of grant until the commencement of the exercise period.
4. The vesting period of the Post-IPO Share Option Scheme II-B is from the date of grant until the commencement of the exercise period.
5. The share options were held by grantees who ceased to be the employees of the Group during the period.
6. No share option were cancelled during the period.

Save as disclosed above, no share option were granted under the Pre-IPO Share Option Scheme and Post-IPO share options Scheme.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the six months ended 31 January 2011, the Company had repurchased a total of 2,186,000 shares of HK\$0.10 each of the Company on the Stock Exchange at an aggregate HK\$2,583,000, all the shares repurchased had been cancelled during the Relevant Period. Details of the repurchases are set out below:

Period	Number of shares repurchased	Purchase price per share		Aggregate purchase price
		Highest	Lowest	
12-31 July 2010	1,082,000	HK\$1.16	HK\$1.10	HK\$1,219,000
3-17 August 2010	1,104,000	HK\$1.29	HK\$1.19	HK\$1,364,000

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

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 31 January 2011.

OTHER INFORMATION

UPDATED DIRECTOR'S INFORMATION

Below sets out the changes and updated information regarding certain Directors of the Company:

1. Mr. Huang Te-Wei was re-designated as the Chief Executive Officer of the Company on 1 February 2011.
2. Mr. Wu Ih Chen retired on 1 February 2011 and was re-designated as a Non-executive Director and a consultant of the Company on 1 February 2011.
3. Mr. Lin Hung-Ming was appointed as a member of Compliance Committee of the Company on 1 February 2011.
4. On 1 February 2011, Mr. Kirk Yang and the Company signed a Deed of waiver whereas Mr. Yang agreed to forgo to receive the Director's fee from the Company commencing on 1 February 2011.

Save as disclosed above, as at 31 January 2011, there had not been any other changes to the Directors' information as required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

CORPORATE GOVERNANCE

The Company has complied with the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the six months ended 31 January 2011.

Despite the removal of the requirement for a qualified accountant in the Main Board Listing Rules effective 1 January 2011, the Group continues to maintain a qualified accountant to oversee its financial reporting and other accounting-related issues in accordance with the relevant laws, rules and regulations.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules as the code for Directors' securities transactions (the "Model Code"). Having made specific enquiry, all the Directors confirmed their compliance with the required standard set out in the Model Code throughout the six months ended 31 January 2011.

AUDIT COMMITTEE

The Audit Committee of the Company comprises Mr. Yeung Chi Tat (chairman), Mr. Hsieh Yu and Professor Jou Yow-Jen, all of whom are independent non-executive Directors of the Company.

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Company and discussed internal controls and financial reporting matters.

The Company's unaudited consolidated financial statements for the six months ended 31 January 2011 has been reviewed by the Audit Committee.

By Order of the Board

Ta Yang Group Holdings Limited

Huang Sheng-Shun

Chairman

Hong Kong, 24 March 2011