



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)

2014/15

INTERIM REPORT



TaYang

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Corporate Information

DIRECTORS

Executive Directors

Huang Sheng-Shun (Chairman)
Huang Te-Wei (Chief Executive Officer)
Wong Tak Leung
Kwok Yiu Kai (Appointed on 1 August 2014)

Non-Executive Director

Wu Ih Chen

Independent Non-Executive Directors

Hsieh Yu
Jou Yow-Jen
Yeung Chi Tat
Kirk Yang

COMMITTEES

Executive Committee

Huang Sheng-Shun*
Huang Te-Wei
Chan Oi Fat
Pa Chih-Kang (Appointed on 30 September 2014)
Li Yung-Ming (Resigned on 30 September 2014)

Audit Committee

Yeung Chi Tat*
Hsieh Yu
Jou Yow-Jen
Kirk Yang

Remuneration Committee

Yeung Chi Tat*
Hsieh Yu
Jou Yow-Jen
Kirk Yang

Nomination Committee

Yeung Chi Tat*
Hsieh Yu
Jou Yow-Jen
Kirk Yang

Compliance Committee

Yeung Chi Tat*
Huang Te-Wei
Chan Oi Fat
Pa Chih-Kang (Appointed on 30 September 2014)
Li Yung-Ming (Resigned on 30 September 2014)

* Committee Chairman

Corporate Information

| | |
|---|--|
| Company Secretary | Chan Oi Fat |
| Financial Controller | Chan Oi Fat |
| Auditor | SHINEWING (HK) CPA Limited |
| Principal Share Registrar and Transfer Office | Royal Bank of Canada Trust Company (Cayman) Limited 4th Floor, Royal Bank House 24 Shedden Road, George Town Grand Cayman, KY1-1110 Cayman Islands |
| Hong Kong Branch Share Registrar and Transfer Office | Union Registrars Limited A18/F, Asia Orient Tower Town Place, 33 Lockhart Road Wanchai Hong Kong |
| Registered Office | Cricket Square Hutchins Drive P. O. Box 2681 Grand Cayman KY1-1111 Cayman Islands |
| 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 |
| Company Website | http://www.tayang.com |

Condensed Consolidated Statement of Profit or Loss

For the six months ended 31 January 2015

| | Notes | Six months ended 31 January | |
|--------------------------------------|-------|---------------------------------|---------------------------------|
| | | 2015 HK\$'000 (Unaudited) | 2014 HK\$'000 (Unaudited) |
| Turnover | 4 | 231,567 | 261,426 |
| Cost of sales | | (203,904) | (259,641) |
| Gross profit | | 27,663 | 1,785 |
| Other operating income | | 6,143 | 19,149 |
| Selling and distribution expenses | | (16,206) | (14,855) |
| Administrative expenses | | (47,664) | (63,186) |
| Other expenses | | (23,260) | (3,804) |
| Share of results of associates | | (472) | 384 |
| Share of results of joint ventures | | 629 | (23) |
| Finance costs | 6 | (374) | (215) |
| Loss before tax | | (53,541) | (60,765) |
| Income tax credit | 7 | 253 | 1,274 |
| Loss for the period | 8 | (53,288) | (59,491) |
| Loss for the period attributable to: | | | |
| Owners of the Company | | (52,971) | (58,247) |
| Non-controlling interests | | (317) | (1,244) |
| | | (53,288) | (59,491) |
| Loss per share | 9 | | |
| Basic and diluted | | (HK6.80 cents) | (HK7.48 cents) |

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 31 January 2015

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

Condensed Consolidated Statement of Financial Position

As at 31 January 2015

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

Condensed Consolidated Statement of Financial Position

As at 31 January 2015

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

Condensed Consolidated Statement of Changes in Equity

For the six months ended 31 January 2015

| | Attributable to owners of the Company | | | | | | | | | | | Non-controlling interests | Total |
|---|---------------------------------------|---------------|----------------------|-----------------------|--------------------|------------------|--------------------------------|----------------------------|---------------------------|----------------------|-----------|---------------------------|-----------|
| | Share capital | Share premium | Other reserve | Share options reserve | Accumulated losses | Exchange reserve | Investment revaluation reserve | Capital redemption reserve | Statutory surplus reserve | Legal reserve | Total | | |
| | HK\$'000 | HK\$'000 | HK\$'000 (Note 1) | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 (Note 2) | HK\$'000 (Note 3) | HK\$'000 (Note 4) | HK\$'000 | HK\$'000 | HK\$'000 |
| At 1 August 2013 (audited) | 77,854 | 633,786 | 489 | 13,638 | (69,199) | 166,018 | 4,462 | 2,420 | 33,411 | 49 | 862,928 | 4,860 | 867,788 |
| Loss for the period | - | - | - | - | (58,247) | - | - | - | - | - | (58,247) | (1,244) | (59,491) |
| Other comprehensive (expenses) income for the period | - | - | - | - | - | (2,313) | (1,506) | - | - | - | (3,819) | 85 | (3,734) |
| Total comprehensive expenses for the period | - | - | - | - | (58,247) | (2,313) | (1,506) | - | - | - | (62,066) | (1,159) | (63,225) |
| Transfer to reserve for value of share options lapsed | - | - | - | (117) | 117 | - | - | - | - | - | - | - | - |
| Capital contribution by non-controlling interests | - | - | 479 | - | - | - | - | - | - | - | 479 | 7,081 | 7,560 |
| At 31 January 2014 (unaudited) | 77,854 | 633,786 | 968 | 13,521 | (127,329) | 163,705 | 2,956 | 2,420 | 33,411 | 49 | 801,341 | 10,782 | 812,123 |
| Loss for the period | - | - | - | - | (158,316) | - | - | - | - | - | (158,316) | (2,551) | (160,867) |
| Other comprehensive expenses for the period | - | - | - | - | - | (12,925) | (239) | - | - | - | (13,164) | (226) | (13,390) |
| Total comprehensive expenses for the period | - | - | - | - | (158,316) | (12,925) | (239) | - | - | - | (171,480) | (2,777) | (174,257) |
| Transfer to reserve for value of share options lapsed | - | - | - | (1,829) | 1,829 | - | - | - | - | - | - | - | - |
| Capital contribution by non-controlling interests | - | - | (954) | - | - | - | - | - | - | - | (954) | (6,486) | (7,440) |
| At 31 July 2014 (audited) | 77,854 | 633,786 | 14 | 11,692 | (283,816) | 150,780 | 2,717 | 2,420 | 33,411 | 49 | 628,907 | 1,519 | 630,426 |
| Loss for the period | - | - | - | - | (52,971) | - | - | - | - | - | (52,971) | (317) | (53,288) |
| Other comprehensive income (expenses) for the period | - | - | - | - | - | 2,737 | (2,186) | - | - | - | 551 | 10 | 561 |
| Total comprehensive (expenses) income for the period | - | - | - | - | (52,971) | 2,737 | (2,186) | - | - | - | (52,420) | (307) | (52,727) |
| Transfer to reserve for value of share options lapsed | - | - | - | (1,440) | 1,440 | - | - | - | - | - | - | - | - |
| Capital contribution | - | - | (63) | - | - | - | - | - | - | - | (63) | 63 | - |
| At 31 January 2015 (unaudited) | 77,854 | 633,786 | (49) | 10,252 | (335,347) | 153,517 | 531 | 2,420 | 33,411 | 49 | 576,424 | 1,275 | 577,699 |

Condensed Consolidated Statement of Changes in Equity

For the six months ended 31 January 2015

Notes:

1. Other reserve

Other reserve represents the difference between the capital contribution received from a non-controlling interest of a subsidiary and the increase in its shares of net asset value of that subsidiary.

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 2015

| | Six months ended 31 January | |
|---|---------------------------------|---------------------------------|
| | 2015 HK\$'000 (Unaudited) | 2014 HK\$'000 (Unaudited) |
| Net cash (used in) generated from operating activities | (24,166) | 934 |
| Net cash used in investing activities | (30,258) | (12,902) |
| Net cash (used in) generated from financing activities | (12,637) | 27,301 |
| Net (decrease) increase in cash and cash equivalents | (67,061) | 15,333 |
| Cash and cash equivalents at 1 August | 200,111 | 104,910 |
| Effect of foreign exchange rate changes | 1,232 | (1,665) |
| Cash and cash equivalents at 31 January, represented bank balances and cash | 134,282 | 118,578 |

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 31 January 2015

1. GENERAL

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

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

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

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

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

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

2. BASIS OF PREPARATION

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

3. PRINCIPAL ACCOUNTING POLICIES

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

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

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 31 January 2015

3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

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

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

* IFRIC represents the International Financial Reporting Interpretations Committee.

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

4. TURNOVER

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

5. SEGMENT INFORMATION

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

6. FINANCE COSTS

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

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 31 January 2015

7. INCOME TAX CREDIT

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

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

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

No provision for Indonesia Income Tax for the six months ended 31 January 2015 and 2014 has been made as the subsidiary operating in Indonesia did not generate any assessable profits in Indonesia.

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

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

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

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

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 31 January 2015

8. LOSS FOR THE PERIOD

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

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

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 31 January 2015

9. LOSS PER SHARE

Basic and diluted

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

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

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

10. DIVIDENDS

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

11. PROPERTY, PLANT AND EQUIPMENT

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

12. CONSTRUCTION IN PROGRESS

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

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 31 January 2015

13. DEPOSITS PAID

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

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

14. TRADE AND OTHER RECEIVABLES

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

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

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

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

15. HELD-TO-MATURITY INVESTMENTS

Held-to-maturity investments comprise:

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

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

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 31 January 2015

16. TRADE AND OTHER PAYABLES

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

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

17. SECURED BANK BORROWINGS

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

18. SHARE CAPITAL

Authorised and issued share capital

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

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 31 January 2015

19. SHARE OPTION SCHEMES

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

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

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

20. RELATED PARTY TRANSACTIONS

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

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

Notes:

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

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 31 January 2015

20. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Compensation of key management personnel

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

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

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

21. CAPITAL COMMITMENTS

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

Management Discussion and Analysis

BUSINESS REVIEW

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

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

OUTLOOK

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

FINANCIAL REVIEW

Turnover

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

Gross Profit

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

Management Discussion and Analysis

Other Operating Income

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

Selling and Distribution Expenses

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

Administrative Expenses

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

Loss for the Period

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

Liquidity and Financial Resources

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

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

Financial Management and Treasury Policy

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

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

Management Discussion and Analysis

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

Use of Proceeds

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

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

| Particular | Planned amount HK\$ million | Utilised amount HK\$ million |
|---|--------------------------------|---------------------------------|
| Expansion of production facilities for silicone rubber based products | 468 | (325) |
| Upgrade and expansion of upstream production facilities | 56 | – |
| Strengthening research and development capabilities | 39 | (39) |
| Implementation of resources planning system | 22 | (1) |
| General working capital | 50 | (50) |
| Total | 635 | (415) |

HUMAN RESOURCES AND REMUNERATION POLICIES

As the Group is committed to develop high value-added products with excellent quality, experienced workers, engineers and professionals are the most important assets to the Group. We offer on-the-job training and encourage staff to attend continuous professional training in order to update their skills and knowledge.

We offer competitive remuneration package, including quality staff quarters, trainings, medical, insurance coverage and retirement benefits, to all employees in Hong Kong and in the PRC. As at 31 January 2015, the Group employed about 2,460 employees.

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

The Company also adopted a Post-IPO Share Option Scheme on 16 May 2007. As at 31 January 2015, for share options granted under Post-IPO Share Option Scheme on 24 December 2009, 4,864,000 share options were still outstanding, of which 2,913,000 options are held by employees of the Group.

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

INTERIM DIVIDEND

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

Other Information

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has complied with the applicable code provisions set out in the Corporate Governance Code contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the six months ended 31 January 2015, except the code provision C.1.2 which requires the management of the Company to provide all members of the Board with monthly updates giving a balanced and understandable assessment of the Company's performance, position and prospects in sufficient detail to enable the Board as a whole and each Director to discharge their duties.

During the review period, the management of the Company did not provide monthly updates to all members of the Board as required by the code provision C.1.2, as all the executive Directors were involved in the daily operation of the Group and were fully aware of the performance, position and prospects of the Company, and the management has provided all Directors (including non-executive Director and independent non-executive Directors) quarterly updates giving a balanced and understandable assessment of the Company's performance, position and prospects in sufficient detail prior to the regular board meetings of the Company.

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

CHANGES IN THE INFORMATION OF DIRECTORS PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES

Upon specific enquiry by the Company and following confirmations from Directors, save as otherwise set out in this Report, there is no change in the information of the Directors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the Company's last published annual report. The Directors' updated information is set out below:

Mr. Wu Ih Chen, Non-Executive Director

- Mr. Wu ceased to be an adviser of the Company on 1 February 2015.

Mr. Yeung Chi Tat, Independent Non-Executive Director

- Mr. Yeung ceased to be a vice-president of Hong Kong Wine Merchants' Chamber of Commerce and was admitted as a council member of the Hong Kong Wine Chamber of Commerce in January 2015.
- Mr. Yeung has been the Greater China Development Working Committee member of The Association of Hong Kong Accountants since September 2014.

Mr. Kirk Yang, Independent Non-Executive Director

- Mr. Yang was ranked #1 by AsiaMoney and #2 by Institutional Investor (#1 individually) in 2014.

AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENTS

The Audit Committee of the Company comprises Mr. Yeung Chi Tat (chairman), Mr. Hsieh Yu, Professor Jou Yow-Jen and Mr. Kirk Yang, all of whom are independent non-executive Directors of the Company. The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Company and discussed internal controls and financial reporting matters.

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

Other Information

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS

As at 31 January 2015, 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 required to be kept by the Company under section 352 of the SFO or otherwise required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code, 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 | | | Percentage of shares in issue of the Company (Note 1) | Notes |
|------------------|--------------------------------------|--|---|-----------------|---|-------|
| | | Interests in shares | Equity derivatives (share options) (Note 5) | Total interests | | |
| Huang Sheng-Shun | Founder of Sunshiny II Trust | 413,940,000 | – | 461,510,000 | 59.28% | 2 & 3 |
| | Beneficial owner | 46,314,000 | 1,256,000 | | | |
| Huang Te-Wei | Beneficiary of Sunshiny II Trust | 413,940,000 | – | 415,270,000 | 53.34% | 2 & 4 |
| | Beneficial owner | 540,000 | 790,000 | | | |
| Wong Tak Leung | Beneficial owner | 3,988,000 | 1,135,000 | 5,123,000 | 0.66% | |
| Wu Ih Chen | Beneficial owner | 2,100,000 | 1,160,000 | 3,260,000 | 0.42% | |
| Hsieh Yu | Beneficial owner | – | 146,000 | 146,000 | 0.02% | |
| Jou Yow-Jen | Beneficial owner | – | 46,000 | 46,000 | 0.01% | |
| Yeung Chi Tat | Beneficial owner | – | 146,000 | 146,000 | 0.02% | |
| Kirk Yang | Beneficial owner | – | 100,000 | 100,000 | 0.01% | |

Other Information

(B) Interest in Associated Corporations of the Company

| Name of Director | Name of associated corporation | Capacity in which interests are held | Number of ordinary share(s) interested (at US\$1.00 each) | Percentage of the relevant associated corporation's shares in issue | |
|-----------------------------------|--|--------------------------------------|---|---|------|
| Huang Sheng-Shun (Notes 2 & 3) | Acuwake Enterprises Limited ("Acuwake") | Founder of Sunshiny II Trust | 1 | 100% | |
| | Ace Chain Investments Corporation ("Ace Chain") | Founder of Sunshiny II Trust | 1 | 100% | |
| | China Gain Holdings Limited ("China Gain") | Founder of Sunshiny II Trust | 1 | 100% | |
| | Highwise Investment Group Corporation ("Highwise") | Founder of Sunshiny II Trust | 1 | 100% | |
| | Join Success Business Inc. ("Join Success") | Founder of Sunshiny II Trust | 1 | 100% | |
| | Jumbo Regent Investment Limited ("Jumbo Regent") | Founder of Sunshiny II Trust | 1 | 100% | |
| | Master Rich Business Limited ("Master Rich") | Founder of Sunshiny II Trust | 1 | 100% | |
| | Million Era Holdings Corporation ("Million Era") | Founder of Sunshiny II Trust | 1 | 100% | |
| | Huang Te-Wei (Notes 2, 3 & 4) | Acuwake | Beneficiary of Sunshiny II Trust | 1 | 100% |
| | | Ace Chain | Beneficiary of Sunshiny II Trust | 1 | 100% |
| China Gain | | Beneficiary of Sunshiny II Trust | 1 | 100% | |
| Highwise | | Beneficiary of Sunshiny II Trust | 1 | 100% | |
| Join Success | | Beneficiary of Sunshiny II Trust | 1 | 100% | |
| Jumbo Regent | | Beneficiary of Sunshiny II Trust | 1 | 100% | |
| Master Rich | | Beneficiary of Sunshiny II Trust | 1 | 100% | |
| Million Era | | Beneficiary of Sunshiny II Trust | 1 | 100% | |

Other Information

Notes:

1. Based on 778,541,000 shares in issue as at 31 January 2015.
2. Sunshiny II Trust is a trust, of which Mr. Huang Sheng-Shun is the founder, BNP Paribas Singapore Trust Corporation Limited ("BNP-STC") is the trustee and family members of Mr. Huang Sheng-Shun (including Mr. Huang Te-Wei) are beneficiaries.
3. The 413,940,000 shares, representing approximately 53.17% shareholding of the Company, are directly held by the following seven British Virgin Islands companies (the "7 BVI Companies") in aggregate as follows:

| Name of the 7 BVI Companies | Number of shares held | Percentage of shares in issue of the Company (Note 1) |
|-----------------------------|-----------------------|---|
| Ace Chain | 149,100,000 | 19.15% |
| China Gain | 103,560,000 | 13.30% |
| Highwise | 57,600,000 | 7.40% |
| Join Success | 34,560,000 | 4.44% |
| Jumbo Regent | 34,560,000 | 4.44% |
| Master Rich | 28,800,000 | 3.70% |
| Million Era | 5,760,000 | 0.74% |
| Total | 413,940,000 | 53.17% |

The 7 BVI Companies are respectively 100% owned subsidiaries of Acuwake. Acuwake is wholly owned by Sunny Stars Investments Limited ("Sunny Stars"). Sunny Stars is wholly owned by BNP Paribas Corporate Services Pte Ltd ("BNP-CSP") which is held in favour of BNP-STC as Trustee of Sunshiny II Trust. Mr. Huang Sheng-Shun as the founder of Sunshiny II Trust is taken to be interested in such shares. Mr. Huang Sheng-Shun is also a director of each of the 7 BVI Companies.

4. Mr. Huang Te-Wei is a son of Mr. Huang Sheng-Shun and a beneficiary of Sunshiny II 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.
5. Details of the Directors' interests in the share options granted by the Company are set out in the section headed "SHARES OPTION SCHEMES" below.

Save as disclosed above, as at 31 January 2015, none of the Directors and the Chief Executive of the Company had any interests or short positions 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) to be notified to the Company and the Stock Exchange pursuant to the Model Code.

Other Information

SHARE OPTION SCHEMES

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

Details of the grants are as follows:

| Date of grant | Option type | Exercise period | Exercise price per share HK\$ |
|------------------|---|-------------------------|----------------------------------|
| 16 May 2007 | Pre-IPO Share Option Scheme ("Share Option Scheme I") | 08.06.2008 – 15.05.2017 | 2.20 |
| 24 December 2009 | Post-IPO Share Option Scheme ("Share Option Scheme II- First Grant") | 24.06.2010 – 23.12.2019 | 0.96 |
| 11 January 2011 | Post-IPO Share Option Scheme ("Share Option Scheme II- Second Grant") | 11.07.2011 – 10.01.2021 | 1.05 |

Movements in the share options during the period are set out below:

| Category and name of grantees | Option type | Number of shares subject to options | | | | Balance as at 31.1.2015 | Exercise period (subject to vesting period) (Notes 1 to 3) | Exercise price per share HK\$ |
|-------------------------------|--------------------------------------|-------------------------------------|---------------------------|--------------------------|-----------------------------|-------------------------|--|----------------------------------|
| | | Balance as at 1.8.2014 | Granted during the period | Lapsed during the period | Exercised during the period | | | |
| Directors | | | | | | | | |
| Huang Sheng-Shun | Share Option Scheme I | 550,000 | – | – | – | 550,000 | 08.06.2008 – 15.05.2017 | 2.20 |
| | Share Option Scheme II- First Grant | 376,000 | – | – | – | 376,000 | 24.06.2010 – 23.12.2019 | 0.96 |
| | Share Option Scheme II- Second Grant | 330,000 | – | – | – | 330,000 | 11.07.2011 – 10.01.2021 | 1.05 |
| | | | | | | 1,256,000 | | |

Other Information

| Category and name of grantees | Option type | Number of shares subject to options | | | | | Balance as at 31.1.2015 | Exercise period (subject to vesting period) (Notes 1 to 3) | Exercise price per share HK\$ |
|-------------------------------|--------------------------------------|-------------------------------------|---------------------------|--------------------------|-----------------------------|------------------|-------------------------|--|-------------------------------|
| | | Balance as at 1.8.2014 | Granted during the period | Lapsed during the period | Exercised during the period | | | | |
| Huang Te-Wei | Share Option Scheme I | 230,000 | - | - | - | 230,000 | 08.06.2008 – 15.05.2017 | 2.20 | |
| | Share Option Scheme II- First Grant | 300,000 | - | - | - | 300,000 | 24.06.2010 – 23.12.2019 | 0.96 | |
| | Share Option Scheme II- Second Grant | 260,000 | - | - | - | 260,000 | 11.07.2011 – 10.01.2021 | 1.05 | |
| | | | | | | 790,000 | | | |
| Wong Tak Leung | Share Option Scheme I | 275,000 | - | - | - | 275,000 | 08.06.2008 – 15.05.2017 | 2.20 | |
| | Share Option Scheme II- First Grant | 600,000 | - | - | - | 600,000 | 24.06.2010 – 23.12.2019 | 0.96 | |
| | Share Option Scheme II- Second Grant | 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- First Grant | 375,000 | - | - | - | 375,000 | 24.06.2010 – 23.12.2019 | 0.96 | |
| | Share Option Scheme II- Second Grant | 330,000 | - | - | - | 330,000 | 11.07.2011 – 10.01.2021 | 1.05 | |
| | | | | | | 1,160,000 | | | |
| Hsieh Yu | Share Option Scheme II- First Grant | 100,000 | - | - | - | 100,000 | 24.06.2010 – 23.12.2019 | 0.96 | |
| | Share Option Scheme II- Second Grant | 46,000 | - | - | - | 46,000 | 11.07.2011 – 10.01.2021 | 1.05 | |
| | | | | | | 146,000 | | | |

Other Information

| Category and name of grantees | Option type | Number of shares subject to options | | | | Balance as at 31.1.2015 | Exercise period (subject to vesting period) (Notes 1 to 3) | Exercise price per share HK\$ |
|-------------------------------|-------------------------------------|-------------------------------------|---------------------------|--------------------------|-----------------------------|-------------------------|--|-------------------------------|
| | | Balance as at 1.8.2014 | Granted during the period | Lapsed during the period | Exercised during the period | | | |
| Jou Yow-Jen | Share Option Scheme II-Second Grant | 46,000 | - | - | - | 46,000 | 11.07.2011 – 10.01.2021 | 1.05 |
| | | | | | | 46,000 | | |
| Yeung Chi Tat | Share Option Scheme II-First Grant | 100,000 | - | - | - | 100,000 | 24.06.2010 – 23.12.2019 | 0.96 |
| | Share Option Scheme II-Second Grant | 46,000 | - | - | - | 46,000 | 11.07.2011 – 10.01.2021 | 1.05 |
| | | | | | | 146,000 | | |
| Kirk Yang | Share Option Scheme II-First Grant | 100,000 | - | - | - | 100,000 | 24.06.2010 – 23.12.2019 | 0.96 |
| | | | | | | 100,000 | | |
| Total for Directors | | 4,779,000 | - | - | - | 4,779,000 | | |
| Employees | Share Option Scheme I | 3,535,000 | - | (660,000) | - | 2,875,000 | 08.06.2008 – 15.05.2017 | 2.20 |
| | Share Option Scheme II-First Grant | 3,353,000 | - | (440,000) | - | 2,913,000 | 24.06.2010 – 23.12.2019 | 0.96 |
| | Share Option Scheme II-Second Grant | 2,971,000 | - | (534,000) | - | 2,437,000 | 11.07.2011 – 10.01.2021 | 1.05 |
| Total for Employees | | 9,859,000 | - | (1,634,000) | - | 8,225,000 | | |
| All Categories | Share Option Scheme I | 5,045,000 | - | (660,000) | - | 4,385,000 | 08.06.2008 – 15.05.2017 | 2.20 |
| | Share Option Scheme II-First Grant | 5,304,000 | - | (440,000) | - | 4,864,000 | 24.06.2010 – 23.12.2019 | 0.96 |
| | Share Option Scheme II-Second Grant | 4,289,000 | - | (534,000) | - | 3,755,000 | 11.07.2011 – 10.01.2021 | 1.05 |
| Total | | 14,638,000 | - | (1,634,000) | - | 13,004,000 | | |

Other Information

Notes:

1. The vesting period of the Share Option Scheme I is from the date of grant until the commencement of the exercise period.
2. The vesting period of the Share Option Scheme II-First Grant is from the date of grant until the commencement of the exercise period.
3. The vesting period of the Share Option Scheme II-Second Grant is from the date of grant until the commencement of the exercise period.
4. No share options were cancelled during the period.

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

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 or subsidiaries a party to any arrangements to enable the Directors or the Chief Executive 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.

INTERESTS OF THE SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS

As at 31 January 2015, so far as is known to the Company, the following persons 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 provisions of Divisions 2 and 3 of Part XV of the SFO and are recorded in the register required to be kept by the Company under section 336 of the SFO:

Long Positions in the Shares and Underlying Shares

| Name of shareholder | Capacity in which interests are held | Number of shares held in the Company | Number of shares subject to options | Total | Percentage of shares in issue of the Company (Note 1) | Note(s) |
|---------------------|--------------------------------------|--------------------------------------|-------------------------------------|-------------|---|----------|
| Acuwake | Interest of controlled corporation | 413,940,000 | – | 413,940,000 | 53.17% | 2 |
| Sunny Stars | Interest of controlled corporation | 413,940,000 | – | 413,940,000 | 53.17% | 2 |
| BNP-STC | Trustee of Sunshiny II Trust | 413,940,000 | – | 413,940,000 | 53.17% | 2, 5 & 6 |
| BNP-CSP | Nominee of BNP-STC | 413,940,000 | – | 413,940,000 | 53.17% | 2, 5 & 6 |
| Ace Chain | Beneficial owner | 149,100,000 | – | 149,100,000 | 19.15% | 2 |

Other Information

| Name of shareholder | Capacity in which interests are held | Number of shares held in the Company | Number of shares subject to options | Total | Percentage of shares in issue of the Company (Note 1) | Note(s) |
|---------------------|--|--------------------------------------|-------------------------------------|-------------|---|---------|
| China Gain | Beneficial owner | 103,560,000 | – | 103,560,000 | 13.30% | 2 |
| Highwise | Beneficial owner | 57,600,000 | – | 57,600,000 | 7.40% | 2 |
| Huang Sheng-Shun | Founder of Sunshiny II Trust Beneficial owner | 413,940,000 46,314,000 | – 1,256,000 | 461,510,000 | 59.28% | 3 |
| Tong Mei-Jen | Beneficiary of Sunshiny II Trust Spouse interests | 413,940,000 46,314,000 | – 1,256,000 | 461,510,000 | 59.28% | 4 |
| Huang Te-Wei | Beneficiary of Sunshiny II Trust Beneficial owner | 413,940,000 540,000 | – 790,000 | 415,270,000 | 53.34% | 7 |
| Chao Yu Ting | Spouse interests Spouse interests | 413,940,000 540,000 | – 790,000 | 415,270,000 | 53.34% | 8 |

Notes:

- Based on 778,541,000 shares in issue as at 31 January 2015.
- 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 which in turn was wholly-owned by Sunny Stars. Sunny Stars was wholly-owned by BNP-CSP which is held in favour of BNP-STC as trustee of Sunshiny II Trust. Ace Chain, China Gain and Highwise 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 II Trust in the Company, please refer to notes 2 and 3 of the section headed "DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS" above.
- Mr. Huang Sheng-Shun as founder of Sunshiny II Trust is taken to have an interest in such shares. For details of Mr. Huang Sheng-Shun's share options, please refer to section headed "SHARE OPTION SCHEMES".
- Ms. Tong Mei-Jen, the spouse of Mr. Huang Sheng-Shun, is the beneficiary of Sunshiny II Trust. As such, she is taken to be interested in the 413,940,000 shares directly held by the 7 BVI Companies as controlled companies of Sunshiny II Trust. Ms. Tong Mei-Jen is also deemed to be interested in such shares which Mr. Huang Sheng-Shun is interested in.
- BNP-STC is the Trustee of the Sunshiny II Trust. BNP-STC is ultimately owned by BNP Paribas SA Group which is listed on Paris Stock Exchange.
- BNP-CSP is the sole corporate shareholder of Sunny Stars. BNP-CSP holds the shares of Sunny Stars in favour of BNP-STC via a Declaration of Trust.
- Mr. Huang Te-Wei is the son of Mr. Huang Sheng-Shun and a beneficiary of Sunshiny II 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 II Trust. For details of Mr. Huang Te-Wei's share options, please refer to section headed "SHARE OPTION SCHEMES".
- 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.

Other Information

Save as disclosed above, as at 31 January 2015, the Company was not notified by any person (other than Directors and Chief Executive of the Company) 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 which were recorded in the register required to be kept by the Company under section 336 of the SFO.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

On behalf of the Board

Ta Yang Group Holdings Limited

Huang Sheng-Shun

Chairman

Hong Kong, 27 March 2015