



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)

**MOVING FORWARD TO A
BRIGHTER
FUTURE**
INTERIM REPORT 2015/16



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

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* (resigned on 29 February 2016)
Shi Qi* (appointed on 29 February 2016)
Huang Te-Wei
Xu Chendi (appointed on 29 February 2016)
Qiu Yonghao (appointed on 29 February 2016)
Chan Oi Fat (resigned on 29 February 2016)
Pai Chih-Kang (resigned on 29 February 2016)

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
Pai Chih-Kang

* 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 GT 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 2016

	Notes	Six months ended 31 January	
		2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Turnover	4	222,123	231,567
Cost of sales		(179,199)	(203,904)
Gross profit		42,924	27,663
Other operating income		11,767	6,143
Selling and distribution expenses		(14,334)	(16,206)
Administrative expenses		(38,033)	(47,664)
Other expenses		(39,607)	(23,260)
Share of results of associates		–	(472)
Share of results of joint ventures		–	629
Finance costs	6	(322)	(374)
Loss before tax		(37,605)	(53,541)
Income tax credit	7	846	253
Loss for the period	8	(36,759)	(53,288)
Loss for the period attributable to:			
Owners of the Company		(36,759)	(52,971)
Non-controlling interests		–	(317)
		(36,759)	(53,288)
Loss per share	9		
Basic		(HK 4.71 cents)	(HK 6.80 cents)
Diluted		(HK 4.71 cents)	(HK 6.80 cents)

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 31 January 2016

	Six months ended 31 January	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Loss for the period	(36,759)	(53,288)
Other comprehensive income (expenses)		
Items that will not be reclassified subsequently to profit or loss:		
Gain on revaluation of properties	9,325	–
Gain on revaluation of prepaid lease payments	8,290	–
	17,615	–
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translating foreign operations	(13,378)	3,620
Release of exchange reserves upon deregistration/disposal of subsidiaries	(2,791)	–
	(16,169)	3,620
Available-for-sale financial assets		
Net loss arising on revaluation of available-for-sale financial assets for the period	(189)	(3,872)
Reclassification adjustments for impairment loss included in the condensed consolidated statement of profit or loss	870	1,686
	681	(2,186)
Share of other comprehensive expenses of associates and joint ventures		
Share of exchange difference of associates	–	(244)
Share of exchange difference of joint ventures	–	(629)
	–	(873)
Other comprehensive income for the period, net of tax	2,127	561
Total comprehensive expenses for the period, net of tax	(34,632)	(52,727)
Total comprehensive expenses for the period, net of tax, attributable to:		
Owners of the Company	(34,632)	(52,420)
Non-controlling interests	–	(307)
	(34,632)	(52,727)

Condensed Consolidated Statement of Financial Position

As at 31 January 2016

	Notes	31/1/2016 HK\$'000 (Unaudited)	31/7/2015 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment	11	72,812	100,085
Intangible assets		–	–
Prepaid lease payments		7,402	10,840
Investment properties		91,499	54,647
Available-for-sale financial assets		19,407	19,596
Interests in joint ventures		–	–
Interests in associates		–	–
Deposits for acquisition of land use rights	12	12,066	13,163
		203,186	198,331
Current assets			
Inventories		52,044	62,172
Trade and other receivables	13	139,577	150,930
Prepaid lease payments		246	321
Amount due from an associate		65	–
Income tax recoverable		513	–
Held-to-maturity investments	14	41,691	43,442
Held-for-trading investments		6,787	9,120
Short-term bank deposits		–	86,298
Bank balances and cash		173,249	103,556
		414,172	455,839
Current liabilities			
Trade and other payables	15	86,826	97,612
Derivative financial instruments		21,106	17,017
Amount due to a joint venture		–	202
Income tax payable		21,185	22,376
Secured bank borrowings	16	33,282	33,282
		162,399	170,489
Net current assets		251,773	285,350
Total assets less current liabilities		454,959	483,681

Condensed Consolidated Statement of Financial Position

As at 31 January 2016

	Note	31/1/2016 HK\$'000 (Unaudited)	31/7/2015 HK\$'000 (Audited)
Capital and reserves			
Share capital	17	78,012	77,892
Reserves		364,213	397,769
Total equity		442,225	475,661
Non-current liabilities			
Deferred income		3,763	3,946
Deferred tax liabilities		8,971	4,074
		12,734	8,020
		454,959	483,681

Condensed Consolidated Statement of Changes in Equity

For the six months ended 31 January 2016

	Attributable to owners of the Company												Non-controlling interests	Total
	Share capital	Share premium	Other reserve	Share options reserve	Accumulated losses	Exchange reserve	Investments revaluation reserve	Properties 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	HK\$'000 (Note 2)	HK\$'000 (Note 3)	HK\$'000 (Note 4)	HK\$'000	HK\$'000	
At 1 August 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)
Forfeiture of share options	-	-	-	(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
Loss for the period	-	-	-	-	(103,364)	-	-	-	-	-	-	(103,364)	(2,730)	(106,094)
Other comprehensive (expenses) income for the period	-	-	-	-	-	(3,938)	242	9,249	-	-	-	5,553	9	5,562
Total comprehensive (expenses) income for the period	-	-	-	-	(103,364)	(3,938)	242	9,249	-	-	-	(97,811)	(2,721)	(100,532)
Exercise of share options	38	468	-	(127)	-	-	-	-	-	-	-	379	-	379
Forfeiture of share options	-	-	-	(835)	835	-	-	-	-	-	-	-	-	-
Capital contribution	-	-	(3,331)	-	-	-	-	-	-	-	-	(3,331)	1,446	(1,885)
At 31 July 2015 (audited)	77,892	634,254	(3,380)	9,290	(437,876)	149,579	773	9,249	2,420	33,411	49	475,661	-	475,661
Loss for the period	-	-	-	-	(36,759)	-	-	-	-	-	-	(36,759)	-	(36,759)
Other comprehensive (expenses) income for the period	-	-	-	-	-	(16,169)	681	17,615	-	-	-	2,127	-	2,127
Total comprehensive (expenses) income for the period	-	-	-	-	(36,759)	(16,169)	681	17,615	-	-	-	(34,632)	-	(34,632)
Exercise of share options	120	1,488	-	(412)	-	-	-	-	-	-	-	1,196	-	1,196
Forfeiture of share options	-	-	-	(340)	340	-	-	-	-	-	-	-	-	-
At 31 January 2016 (unaudited)	78,012	635,742	(3,380)	8,538	(474,295)	133,410	1,454	26,864	2,420	33,411	49	442,225	-	442,225

Condensed Consolidated Statement of Changes in Equity

For the six months ended 31 January 2016

Notes:

1. Other reserve

Other reserve represents the difference between the capital contribution received from (paid to) a non-controlling interest of a subsidiary and the increase (decrease) 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 2016

	Six months ended	
	31 January	
	2016	2015
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net cash generated from (used in) operating activities	1,322	(24,166)
Net cash generated from (used in) investing activities	68,081	(30,258)
Net cash generated from (used in) financing activities	964	(12,637)
Net increase (decrease) in cash and cash equivalents	70,367	(67,061)
Cash and cash equivalents at 1 August	103,556	200,111
Effect of foreign exchange rate changes	(674)	1,232
Cash and cash equivalents at 31 January, represented bank balances and cash	173,249	134,282

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 31 January 2016

1. GENERAL

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

The addresses of the registered office and principal place of business of the Company are disclosed in the "Corporate Information" section of the 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 2016, 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 34 "Interim Financial Reporting", issued by the Hong Kong Institute of Certified Public Accountants 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 investment properties, which are measured at fair values.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 31 January 2016 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 July 2015.

No standards or interpretations are effective for the first time for this interim period adopted by the Group.

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 of the Company, 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.

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 31 January 2016

6. FINANCE COSTS

	Six months ended 31 January	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Interest on secured bank borrowings wholly repayable within one year	322	374

7. INCOME TAX CREDIT

	Six months ended 31 January	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Current tax		
— PRC Enterprise Income Tax	—	(85)
Deferred taxation		
— Current period	846	338
	846	253

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 for 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 for both periods.

No provision for Indonesia Income Tax for the six months ended 31 January 2016 and 2015 has been made as the subsidiary operating in Indonesia did not generate any assessable profits in Indonesia.

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

No provision for Taiwan Profit-Seeking Enterprise Income Tax for the six months ended 31 January 2016 and 2015 has been made as the Group did not generate any assessable profits in Taiwan.

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

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 31 January 2016

8. LOSS FOR THE PERIOD

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

	Six months ended 31 January	
	2016	2015
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Allowance for inventories (included in cost of sales)	768	–
Reversal of allowance for inventories (included in cost of sales)	(5,264)	(7,195)
Amortisation of intangible assets	–	178
Amortisation of prepaid lease payments	124	181
Cost of inventories recognised as expenses	183,695	211,099
Depreciation of property, plant and equipment	2,369	9,168
Dividend income	(851)	(747)
Exchange loss, net	1,885	1,403
Fair value loss on derivative financial instruments	4,089	9,711
Fair value loss on held-for-trading investments	2,207	1,665
Fair value loss on investment properties	1,383	–
Gain on deregistration of subsidiaries	(2,850)	–
Gain on disposal of subsidiaries	(1,534)	–
Gain on financial assets designated at fair value through profit or loss	–	(40)
Gain on held-for-trading investments	(52)	(320)
Government grants		
— Amortisation of deferred income	(24)	(25)
— Grants related to expenses recognised as other operating income	(90)	–
Gross rental income	(2,840)	(875)
Less: Outgoings incurred for investment properties that generated rental income during the period (included in administrative expenses)	77	79
Net rental income	(2,763)	(796)
Impairment loss recognised in respect of trade receivables	441	–
Reversal of impairment loss recognised in respect of trade receivables	–	(820)
Interest income	(2,438)	(2,710)
Investment loss from derivative financial instruments	15,665	764
Loss on disposal of available-for-sale financial assets	–	125
Loss on disposal of property, plant and equipment	13,508	7,506
Research and development costs	2,194	2,191
Share of taxation of an associate	–	(1)

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 31 January 2016

9. LOSS PER SHARE

Basic

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

	Six months ended 31 January	
	2016 (Unaudited)	2015 (Unaudited)
Loss attributable to owners of the Company (HK\$'000)	(36,759)	(52,971)
Weighted average number of ordinary shares in issue ('000)	780,074	778,541
Loss per share (HK cents)	(4.71)	(6.80)

Diluted

	Six months ended 31 January	
	2016 (Unaudited)	2015 (Unaudited)
Loss attributable to owners of the Company (HK\$'000)	(36,759)	(52,971)
Weighted average number of ordinary shares in issue ('000)	780,074	778,541
Effect of dilutive potential ordinary shares derived from exercising of share options (Note)	188	–
	780,262	778,541
Loss per share (HK cents)	(4.71)	(6.80)

Note: For the six months ended 31 January 2015, the computation of diluted loss per share did not assume the exercise of the Company's outstanding share options as the exercise prices of those options were higher than the average market price for shares.

10. DIVIDENDS

The directors of the Company do not recommend the payment of an interim dividend for the six months ended 31 January 2016 and 2015.

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 31 January 2016

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 31 January 2016, the Group acquired items of property, plant and equipment with a cost of approximately HK\$7,894,000 (unaudited) (six months ended 31 January 2015: approximately HK\$3,271,000 (unaudited)) for the expansion of production facilities. Items of property, plant and equipment with a carrying amount of approximately HK\$15,328,000 (unaudited) were disposed of during the six months ended 31 January 2016 (six months ended 31 January 2015: approximately HK\$9,549,000 (unaudited)), with approximately HK\$13,508,000 (unaudited) loss on disposal (six months ended 31 January 2015: HK\$7,506,000 (unaudited)). Besides, certain properties with a carrying amount of approximately HK\$14,254,000 were reclassified as investment properties upon the commencement of the leases.

12. DEPOSITS PAID FOR ACQUISITION OF LAND USE RIGHTS

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

	31/1/2016 HK\$'000 (Unaudited)	31/7/2015 HK\$'000 (Audited)
Land use right in Indonesia	12,066	13,163

13. 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:

	31/1/2016 HK\$'000 (Unaudited)	31/7/2015 HK\$'000 (Audited)
0 to 90 days	91,670	99,786
91 days to 1 year	31,650	31,004
Over 1 year to 2 years	–	13
	123,320	130,803

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 31 January 2016

14. HELD-TO-MATURITY INVESTMENTS

Held-to-maturity investments comprise:

	31/1/2016 HK\$'000 (Unaudited)	31/7/2015 HK\$'000 (Audited)
Unlisted debt securities		
— Fixed-rate	41,691	43,442

As at 31 January 2016, the fixed-rate unlisted debt securities carried interest at 3% per annum, payable at maturity date in July 2016.

15. 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.

	31/1/2016 HK\$'000 (Unaudited)	31/7/2015 HK\$'000 (Audited)
Within 1 month or on demand	16,783	15,144
More than 1 month but less than 3 months	11,084	13,567
More than 3 months but less than 12 months	2,566	1,473
More than 12 months	2,317	1,768
	32,750	31,952

16. SECURED BANK BORROWINGS

During the six months ended 31 January 2016, no new bank loan (unaudited) was obtained (six months ended 31 January 2015: nil (unaudited)). During the six months ended 31 January 2016 and 2015, the loans carried variable interest rate at 1.75% (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 2.03% (unaudited) (six months ended 31 January 2015: 1.94% (unaudited)) per annum.

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 31 January 2016

17. 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 2014 (audited), 31 July 2015 (audited) and 31 January 2016 (unaudited)	20,000,000	2,000,000
Issued and fully paid:		
At 1 August 2014 (audited)	778,541	77,854
Issue of shares under the Company's share option schemes	382	38
At 31 July 2015 (audited)	778,923	77,892
Issue of shares under the Company's share option schemes	1,193	120
At 31 January 2016 (unaudited)	780,116	78,012

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	
	2016	2015
Outstanding at 1 August (audited)	11,570,000	14,638,000
Exercised during the period	(1,193,000)	–
Forfeited during the period	(356,000)	(1,634,000)
Outstanding at 31 January (unaudited)	10,021,000	13,004,000

No share option was granted during the six months ended 31 January 2016 and 2015 (unaudited).

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 31 January 2016

19. 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	
		2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
SiTY Silcum & Ta Yang International GmbH ("SiTY") (Note i)	Sales of rubber keypads	–	2,031
Formosan Union Chemical Corp. ("Formosan") (Note ii)	Dividend income	475	493
United Performance Materials Corporation ("United Performance") (Note iii)	Dividend income	64	48

Notes:

- (i) SiTY is an associate company of the Group. The Group disposed of SiTY in January 2015.
- (ii) Formosan is a company listed on the Taiwan Stock Exchange in which Huang Sheng-Shun is the common director of the Company and Formosan.
- (iii) United Performance is a company listed on the Taiwan Stock Exchange in which Huang Sheng-Shun is the common director of the Company and United Performance.

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 31 January 2016

19. 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	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Short-term benefits	2,634	2,625
Post-employment benefits	61	61
	2,695	2,686

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.

20. CAPITAL COMMITMENTS

	31/1/2016 HK\$'000 (Unaudited)	31/7/2015 HK\$'000 (Audited)
Capital expenditure contracted for but not provided for in the condensed consolidated interim financial information in respect of the acquisition of:		
— Property, plant and equipment	1,467	1,357
— Land use rights	4,775	4,775
	6,242	6,132

Management Discussion and Analysis

BUSINESS REVIEW

During the period, while the worldwide condition remained challenging and volatile such as the slowdown of China and economic growth and U.S. interest hike, the Group experienced its own transitional period. Among the stiff challenges, the Group faced included delay placement of orders of some customers and escalating operating costs in China. Nonetheless, the Group remained committed to raising the Group's competitiveness, electing to dispose of certain subsidiaries as part of streamlining efforts.

The lackluster global economic recovery has resulted in a weak consumer sentiment in traditional consumer electronic products. Certain customers have postponed their product launches. Besides, 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. Hence, these factors ultimately deteriorated the performance of the customers. The Group is devoted to explore the new markets especially the non-keypads products.

For the operating side, the environment in the PRC was still very tough to manufacturing industries. The manufacturing costs kept on surging in the PRC. During the period, the Group continued its tight cost controls and improvement in operational efficiency. By those measures of streamlining the operations, the gross profit has continued to improve. 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 economic challenges.

OUTLOOK

The global economy remains challenging and volatile. The Group will persist to focus the strategy of driving higher profit margin growth with continuing cost improvement. 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. The operating environment for manufacturing in China remains tough with increase in wages and inflation. To counter these cost increases, the Group will continue to improve operational efficiencies by implementing the cost control measures and restructuring. At the same time, the Group will explore other business opportunities, including the feasibility of diversifying the income stream of the Group by exploring business and investment opportunities into different business areas such as medical and healthcare industry.

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. These competitive edges will enable the Group to serve the customers better and may eventually expand the Group's market share.

Management Discussion and Analysis

FINANCIAL REVIEW

Turnover

During the period, the Group has recorded a revenue of HK\$222.1 million, representing a decrease of 4.1% compared with the corresponding period in 2015. The major contributors of the revenue were still from consumer electronic devices peripheral products, keypads for computers and notebooks which accounted for approximately 57.3% 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\$42.9 million, an increase of HK\$15.3 million as compared with the corresponding period in 2015. The overall profit margin for the period increased from 11.9% to 19.3%. 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 utilisation rate. It led the average unit cost to decrease and hence the gross profit margin to increase.

Other Operating Income

Other operating income increased by HK\$5.6 million or 91.6% to HK\$11.8 million as compared with the corresponding period in 2015. The increase was mainly due to the gain on disposal of certain subsidiaries which are not related to the core business and the increase in rental income because of the increased premises for lease.

Selling and Distribution Expenses

Selling and distribution expenses decreased by 11.6% to HK\$14.3 million as compared with the corresponding period in 2015. The decrease was in line with the decrease in turnover. When counted as a percentage of the Group's turnover, the total amount of selling and distribution expenses was 6.5%, 0.5% decrease as compared with the corresponding period in 2015.

Administrative Expenses

Administrative expenses decreased from HK\$47.7 million to HK\$38.0 million as compared with the corresponding period in 2015. When counted as a percentage of the Group's turnover, the total amount of administrative expenses was 17.1%, 3.5% decreased compared with the corresponding period in 2015. 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\$53.3 million to HK\$36.8 million as compared with the corresponding period in 2015.

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 2016 HK\$'000	As at 31 July 2015 HK\$'000
Cash and cash equivalents	173,249	103,556
Net current assets	251,773	285,350
Current Ratio	2.6	2.7
Quick Ratio	2.2	2.3

Financial Management and Treasury Policy

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

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

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

Use of Proceeds

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

Management Discussion and Analysis

The usage of net proceeds until 31 January 2016 are as follows:

Particular	Planned amount HK\$ million	Utilised amount HK\$ million
Expansion of production facilities for silicone rubber based products	468	(338)
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	(428)

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 2016, the Group employed about 1,590 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 2016, 3,865,000 share options were still outstanding under the Pre-IPO Share Option Scheme, of which 2,355,000 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 2016, for share options granted under Post-IPO Share Option Scheme on 24 December 2009, 3,572,000 share options were still outstanding, of which 1,621,000 options are held by employees of the Group.

As at 31 January 2016, for share options granted under Post-IPO Share Option Scheme on 11 January 2011, 2,584,000 share options were still outstanding, of which 1,266,000 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 2016 (31 January 2015: Nil).

Other Information

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has complied with the applicable code provisions set out in the Corporate Governance Code ("CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the six months ended 31 January 2016, 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.

Other Information

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, 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 except the information of Mr. Yeung Chi Tat. Set out below is the updated information of Mr. Yeung Chi Tat:

Mr. Yeung Chi Tat, Independent Non-Executive Director

Mr. Yeung Chi Tat, aged 46, is an Independent Non-Executive Director of the Company. He holds a bachelor degree in business administration from the University of Hong Kong and a master degree in professional accounting from Hong Kong Polytechnic University. He is a fellow member of the Hong Kong Institute of Certified Public Accountants, a member of the Institute of Chartered Accountants in England and Wales, the founding executive council member and deputy president of The Hong Kong Independent Non-executive Director Association, the president of the Hong Kong headquarter of the International Financial Management Association, the Greater China Development Working Committee member of the Association of Hong Kong Accountants, a council member of the Hong Kong Wine Chamber of Commerce and vice president of Hong Kong General Chamber of Wine and Spirits. He is currently the financial controller and company secretary of Dynasty Fine Wines Group Limited (Stock Code: 828), an Independent Non-Executive Director of ANTA Sports Products Limited (Stock Code: 2020), Boer Power Holdings Limited (Stock Code: 1685) and Sitoy Group Holdings Limited (Stock Code: 1023), all of which are listed on the Main Board of the Stock Exchange in Hong Kong. He was an Independent Non-Executive Director of Billion Industrial Holdings Limited (Stock Code: 2299) and KFM Kingdom Holdings Limited (Stock Code: 3816), both listed on the Main Board of the Stock Exchange in Hong Kong, from 31 March 2011 to 21 May 2014 and from 7 September 2015 to 3 February 2016 respectively. Mr. Yeung had previously worked at a major international accounting firm for over ten years. He possesses experience in auditing, corporate restructuring and corporate financial services. Save as disclosed above, Mr. Yeung did not hold directorships in any public companies the securities of which are listed in Hong Kong or overseas in the last three years and he does not hold any position in other members of the Group.

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 2016 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 2016.

DIRECTORS’ AND CHIEF EXECUTIVE’S INTERESTS

As at 31 January 2016, the interests and short positions of the Directors and the Chief Executive of the Company in the shares of the Company (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			Approximate percentage of shares in issue of the Company (Note 1)	Notes
		Interests in Ordinary Shares	Equity derivatives (share options) (Note 5)	Total interests		
Huang Sheng-Shun	Founder of Sunshiny II Trust	413,940,000	–	461,510,000	59.16%	2 & 3
	Beneficial owner	46,314,000	1,256,000			
Huang Te-Wei	Beneficiary of Sunshiny II Trust	413,940,000	–	415,270,000	53.23%	2, 3 & 4
	Beneficial owner	540,000	790,000			
Wong Tak Leung	Beneficial owner	2,988,000	1,135,000	4,123,000	0.53%	
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 780,116,000 Shares in issue as at 31 January 2016.
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 53.06% 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	Approximate percentage of Shares in issue of the Company <i>(Note 1)</i>
Ace Chain	149,100,000	19.11%
China Gain	103,560,000	13.28%
Highwise	57,600,000	7.38%
Join Success	34,560,000	4.43%
Jumbo Regent	34,560,000	4.43%
Master Rich	28,800,000	3.69%
Million Era	5,760,000	0.74%
Total	413,940,000	53.06%

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 "SHARE OPTION SCHEMES" below.

Save as disclosed above, as at 31 January 2016, 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) 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) 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	Option to subscribe for Shares				Balance as at 31.1.2016	Exercise period (subject to vesting period) (Notes 1 to 3)	Exercise price per share HK\$
		Balance as at 1.8.2015	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	Option to subscribe for Shares					Balance as at 31.1.2016	Exercise period (subject to vesting period) (Notes 1 to 3)	Exercise price per share HK\$
		Balance as at 1.8.2015	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	Option to subscribe for Shares				Balance as at 31.1.2016	Exercise period (subject to vesting period) (Notes 1 to 3)	Exercise price per share HK\$
		Balance as at 1.8.2015	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	2,515,000	-	(160,000)	-	2,355,000	08.06.2008– 15.05.2017	2.20
	Share Option Scheme II-First Grant	2,245,000	-	(10,000)	(614,000)	1,621,000	24.06.2010– 23.12.2019	0.96
	Share Option Scheme II-Second Grant	2,031,000	-	(186,000)	(579,000)	1,266,000	11.07.2011– 10.01.2021	1.05
Total for Employees		6,791,000	-	(356,000)	(1,193,000)	5,242,000		
All Categories	Share Option Scheme I	4,025,000	-	(160,000)	-	3,865,000	08.06.2008– 15.05.2017	2.20
	Share Option Scheme II-First Grant	4,196,000	-	(10,000)	(614,000)	3,572,000	24.06.2010– 23.12.2019	0.96
	Share Option Scheme II-Second Grant	3,349,000	-	(186,000)	(579,000)	2,584,000	11.07.2011– 10.01.2021	1.05
Total		11,570,000	-	(356,000)	(1,193,000)	10,021,000		

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 option was cancelled during the period.

Save as disclosed above, no share option was granted under the 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, its subsidiaries or fellow 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 2016, so far as is known to the Directors, 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 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	Approximate percentage of shares in issue of the Company (Note 1)	Note(s)
Acuwake	Interest of controlled corporation	413,940,000	–	413,940,000	53.06%	2
Sunny Stars	Interest of controlled corporation	413,940,000	–	413,940,000	53.06%	2
BNP-STC	Trustee of Sunshiny II Trust	413,940,000	–	413,940,000	53.06%	2, 5&6
BNP-CSP	Nominee of BNP-STC	413,940,000	–	413,940,000	53.06%	2, 5&6
Ace Chain	Beneficial owner	149,100,000	–	149,100,000	19.11%	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	Approximate percentage of shares in issue of the Company (Note 1)	Note(s)
China Gain	Beneficial owner	103,560,000	–	103,560,000	13.28%	2
Highwise	Beneficial owner	57,600,000	–	57,600,000	7.38%	2
Huang Sheng-Shun	Founder of Sunshiny II Trust Beneficial owner	413,940,000 46,314,000	– 1,256,000	461,510,000	59.16%	3
Tong Mei-Jen	Beneficiary of Sunshiny II Trust Spouse interests	413,940,000 46,314,000	– 1,256,000	461,510,000	59.16%	4
Huang Te-Wei	Beneficiary of Sunshiny II Trust Beneficial owner	413,940,000 540,000	– 790,000	415,270,000	53.23%	7
Chao Yu Ting	Spouse interests Spouse interests	413,940,000 540,000	– 790,000	415,270,000	53.23%	8

Notes:

- Based on 780,116,000 Shares in issue as at 31 January 2016.
- 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 sub-section headed "(A) Long Positions in Shares and Underlying Shares in the Company" under 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 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 2016, 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 2016, 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, 30 March 2016